Members of the Sustainable Market Initiative’s Financial Services Taskforce (FSTF) recognise that Net Zero strategies must prioritise carbon reduction ahead of purchasing voluntary carbon credits, but that both actions will be necessary to achieve Net Zero targets. Banks strengthen support for the continued scaling of investment and financing in activities generating high quality carbon credits. The FSTF recognises the urgent need for deep, broad-ranging and rapid action to reduce emissions across the economy to align with the goals of the Paris Agreement.

(London – 27 October 2021) Members of the HRH The Prince of Wales’ Financial Services Task Force (FSTF) today signal their collective support for the role of voluntary carbon credits as a critical tool to achieve a Net Zero economy.

In a paper published today, the taskforce announced its support for increasing investment and financing in activities that generate high quality carbon credits, as well as advocating their use as part of their clients’ science-aligned Net Zero strategies, where there are limited technologically or financially viable options to abate. This will involve working alongside and supporting existing initiatives such as the Taskforce on Scaling Voluntary Carbon Markets (TSVCM) and other industry initiatives.

The FSTF recognises that greater rigour, integrity, and scale in voluntary carbon markets is needed to ensure carbon credits meet demand and reach their potential. Building on the work of the TSVCM and the Voluntary Carbon Market Integrity Initiative (VCMI), the FSTF paper sets out how the banking industry can best support the development of the market, with the aim of accelerating the pace of change and delivering ambitious and meaningful progress.

HSBC, Group Chief Executive Officer, Noel Quinn, said: “Carbon markets, coupled with overall emission reductions, offer an important market-based solution which will be a critical component in the transition to a net-zero economy, allowing the increasing need for high-quality carbon reduction and removal projects to be sustained by science-based carbon reductions pledges. At HSBC, we’re mobilising finance and accelerating innovation to establish and scale this voluntary market, working in partnership with our customers and peers to realise the opportunity to build a more sustainable and resilient future. The paper delivered by the FSTF today demonstrates our commitment to deliver ambitious and meaningful progress.”

Standard Chartered, Chief Executive, Bill Winters, said: “At scale, a high quality, high integrity voluntary carbon market will protect nature, drive down green premiums, create jobs and deliver a just transition where no one is left behind. As global banks we have a key role in enabling our clients to use this market to neutralise and compensate for their residual emissions, channelling billions of dollars to where they are needed most.”

Barclays, Group Chief Executive Officer, Jes Staley, said: “We believe that Barclays can be an active agent of change in the transition to a low carbon economy. Whilst we are prioritising support for our clients to cut their absolute carbon emissions, we recognise that high-quality carbon markets are a critical component of the global economy’s journey towards net-zero. We are therefore pleased that
the industry is aligned in support of greater rigor, integrity and scale for the voluntary carbon market.”

Macquarie, Global Head, Green Investment Group, Mark Dooley, said: “Voluntary carbon offsets have a central role to play in the global response to climate change. The market is maturing, helping an ever-larger group of corporates set ambitious sustainability plans and contribute to climate change mitigation, including in sectors and geographies where action remains severely underfunded.”

BNP Paribas, Director and Chief Executive Officer, Jean-Laurent Bonnafé, said: “Voluntary carbon markets can play a key role in the strategies used to achieve the target of net zero carbon. These markets need to rely on high quality carbon projects, and it is imperative that we move collectively to create the standards to develop such reliable carbon markets. The FSTF initiative moves positively in this direction and we must continue to accelerate.”

ENDS

Notes to editors:

Voluntary carbon markets provide a mechanism to match funding to valid decarbonisation projects. The Intergovernmental Panel on Climate Change has found that existing low-carbon technologies only have the potential to reduce about two-thirds of the global emissions that must be addressed. Nature loss also poses an increasing threat to achieving the Paris Agreement and fuelling capital to protect and restore it needs to be mobilised urgently. Strong demand for high-quality carbon credits is therefore expected to increase financing available to technology and nature-based projects that avoid or remove emissions. Importantly, this includes projects that are expected to enhance emerging markets’ resilience to environmental, social and climate risks.

1 His Royal Highness The Prince of Wales’ Sustainable Markets Initiative (SMI) is a strategic partner and supporter of the initiative, which is a priority workstream within its Financial Services Task Force (FSTF).

Important notice:

- The information in this press release, which does not purport to be comprehensive, nor render any form of legal, tax, investment, accounting, financial or other advice, has been provided by members of the Sustainable Markets Initiative Financial Services Task Force (“FSTF”) and has not been independently verified by any person.
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About the Sustainable Markets Initiative
His Royal Highness The Prince of Wales, launched the Sustainable Markets Initiative (SMI) alongside a 10-point action plan at Davos in January 2020. The SMI is a network of global CEOs working together to build prosperous and sustainable economies that generate long-term value through the balanced integration of natural, social, human and financial capital.

The SMI facilitates the development of responsible transition pathways at industry and business levels to decarbonize and achieve net-zero, create a Nature-positive future and support a trust transition towards a sustainable future.

Read more: www.sustainable-markets.org

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