

# Nordic Dialogue on Voluntary Compensation

Working together  
towards and beyond  
carbon neutrality

**"We will intensify our cooperation in order to [...] encourage Nordic companies, investors, local governments, cities, organizations and consumers to step up their efforts towards carbon neutrality"**

(Helsinki Declaration on Nordic Carbon Neutrality, January 2019).

# Nordic Dialogue on Voluntary Compensation

## Working together towards and beyond carbon neutrality

The Nordic Dialogue on Voluntary Compensation ("Dialogue") aims to inform Nordic and international stakeholders on using voluntary compensation of greenhouse gas (GHG) emissions as part of broader efforts towards and beyond carbon neutrality.

Specifically, the Dialogue's goal is to **promote the high integrity, transparency and harmonisation of voluntary compensation**, and alignment with the principles and long-term goals of the Paris Agreement and the United Nations Sustainable Development Goals.

**The Dialogue brings together Nordic stakeholders from business, civil society, research and the public sector to:**

- foster **a common understanding of key issues and concepts** relating to voluntary compensation; and
- co-create recommendations and action points for a **Nordic best practice approach to voluntary compensation**.

The Dialogue draws on and complements relevant national and international initiatives, serving as a link between the local and the global.

## Activities under the first phase of the Nordic Dialogue on Voluntary Compensation include:

- **Mapping Nordic stakeholders' views** on key issues to be addressed with Nordic cooperation
- **Preparing a report** on international guidance and initiatives, including a glossary of key terms and concepts
- **Co-creating a draft Nordic Code of Best Practice**, including guidance for providers and users of voluntary compensation
- **Co-creating an action plan** for a Nordic approach to voluntary compensation, identifying key opportunities for Nordic cooperation.

## Nordic cooperation: linking local with global

Nordic experiences can contribute to international efforts to promote high-integrity voluntary compensation, and vice versa. The Nordic countries have agreed to jointly promote carbon neutrality, also by non-state actors. They all have ambitious climate targets and activities on voluntary compensation of emissions. Nordic countries are also international carbon market pioneers, with 20 years of experience.

### For example:

- **Finland** has been exploring regulatory options and domestic markets for voluntary compensation
- **Iceland** is discussing good practice guidance for voluntary compensation
- **Sweden and Denmark** have scrutinised carbon neutrality claims in consumer marketing
- **Norway and Sweden** support various initiatives on international market-based cooperation
- **The Nordic Initiative** for Cooperative Approaches (NICA) builds Nordic and international capacity on market-based cooperation in line with Article 6 of the Paris Agreement.

The Nordic Dialogue on Voluntary Compensation links national, Nordic and international efforts by serving as a space for sharing experiences and co-ordinating relevant work among Nordic stakeholders and their international peers.

## What is voluntary compensation of emissions?

Voluntary compensation allows actors to take responsibility for their remaining emissions by supporting additional emission reductions or removals ("mitigation outcomes") achieved elsewhere, for example by projects that promote renewable energy, reforestation or waste management.

There is currently no universal guidance on good practices in voluntary compensation, but efforts are ongoing to develop such guidance. Emerging best practices in voluntary compensation include using high-quality mitigation outcomes that are real, measured, verified and permanent, and not counted towards more than one purpose. **Voluntary compensation is not a substitute for own mitigation action** - reducing own mitigation should always be prioritised.

In the context of the Dialogue, voluntary compensation includes two types of use of mitigation outcomes: offsetting and non-offsetting. Offsetting means support for and ownership of mitigation outcomes to counterbalance an equivalent amount of the actor's own emissions. Actors may make offset-based claims, for example about carbon neutrality or net-zero emissions. However, **offsetting** does not eliminate emissions, and is thus not equivalent to having zero emissions. **Non-offsetting** means supporting mitigation outcomes beyond the actor's boundaries without intending to counterbalance the actor's emissions.



**According to the Dialogue's survey of 68 Nordic stakeholders:**

- **87%** agreed that targets and claims made by private actors about carbon neutrality, net zero or net negative are confusing and hard to understand and compare.
- **90%** agreed that Nordic cooperation should prioritise awareness-raising and common knowledge base on voluntary compensation
- **88%** agreed that Nordic cooperation should prioritise Nordic guidance for marketing and/or claims associated with voluntary compensation



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