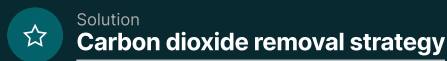


CASE STUDY

Leading North American bank enhances its climate strategy with carbon removal

In 2023, Carbon Direct worked with one of the top ten North American banks to define the future role of carbon removal credits in their net zero strategy.



In the transition to a net-zero economy, Carbon Direct recognizes the significant potential for financial institutions to have an outsized role to play, provided that their actions are grounded in verifiable and measurable climate strategies. Estimates suggest that the annual capital investment needed for carbon removal could total between \$7 billion and \$100 billion through 2050—yet limited investment to date suggests that this could fall substantially short without public and private sector intervention. Banks, asset managers, and insurers can contribute to the global net-zero transition by accelerating the investment needed to mitigate the worst impacts of climate change.

The challenge: accelerating permanent carbon removal to achieve net-zero by 2050

To achieve long-term net-zero targets, financial institutions will need to neutralize any residual emissions through rigorously validated and permanent carbon removal, coupled with measurable emissions reductions across their operations and financed activities, ensuring that all claims are

Accounting for and mitigating financed emissions

According to one study by [S&P Global](#), less than one quarter of financial institutions have committed to reducing their financed emissions. Yet financial institutions are facing increasing pressure to measure and disclose their financed emissions for regulators assessing climate risks (the potential economic impacts of climate change).

In addition, standards bodies such as the Net-Zero Banking Alliance and Science-Based Targets Initiative are working to clarify the role of carbon credits in addressing financed emissions in the net-zero transition. In response to these standards, Carbon Direct collaborated with the North American bank to evaluate the impact of different emission drivers and reduction pathways on long-term residual emissions and carbon removal requirements across their portfolios.

[Take action on your financed emissions with a custom climate strategy →](#)

fully compliant with anti-greenwashing standards. Permanent carbon removal is defined by the capacity to store carbon for over 100 years with a low risk of reversal. Yet, of the hundreds of millions of credits on the voluntary carbon market, just [4% are from pure removal projects](#)—and only a fraction of those projects offer permanent carbon removal.

To prepare accordingly, Carbon Direct worked with the North American bank to gradually incorporate more permanent carbon removal into their carbon credit portfolio through a procurement strategy that spans their near- and long-term climate goals. The client selected Carbon Direct to develop a multi-year carbon removal procurement strategy because of our [scientific](#) and commercial expertise, as well as experience in working with established and emerging climate leaders.

Carbon Direct recognized the client's need to balance immediate mitigation needs with long-term carbon removal investments. Working with Carbon Direct helped them to develop a technical understanding of carbon removals and determine how to best model future carbon removal needs, and from there they are now able to build science-based Enterprise Guidance for future procurement.

Determining quality in the voluntary carbon market

A key aspect of the North American bank's climate plan is a focus on rigorous data measurement and emissions quantification. It extends the same rigor for carbon footprinting and emissions reductions to determining quality in carbon removal projects.

Carbon Direct worked with the North American bank to execute the 2023 update of its organization-wide carbon credit guidance to reflect the latest commercial and scientific developments on the voluntary carbon market, and plan to apply these principles in their procurement of carbon credits and RECs from 2024 onward.

For large buyers like this North American bank, quality remains a key challenge for carbon removal procurement strategy and will be a continued focus in the years to come. This is why there is a growing need for data, science-backed guidelines, and technical expertise to guide carbon removal procurement, all of which Carbon Direct is able to provide.

About Carbon Direct

Carbon Direct is the leader in science-based carbon management for the enterprise. We help emerging and established climate leaders like Microsoft, JPMorganChase, American Express, Mitsui O.S.K. Lines, and JetBlue drive scalable and just impact through deep decarbonization strategies and carbon dioxide removal. With Carbon Direct's scientific approach, enterprises can confidently set targets and measure their emissions, implement reductions across their operations and supply chain, and build high-quality carbon dioxide removal into their climate plans to accelerate impact.

To learn more visit: www.carbon-direct.com