

PEATLAND CODE



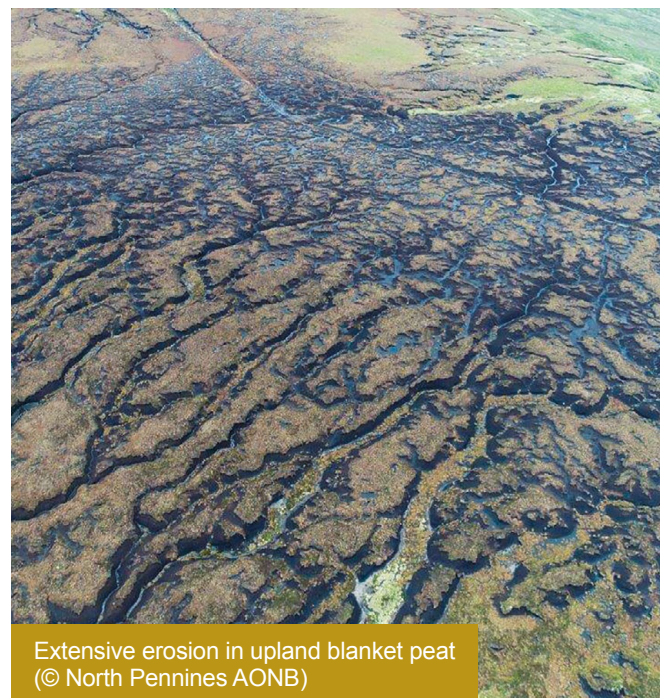
Buying carbon units from peatland restoration

Why invest in peatlands?

Healthy UK peatlands provide multiple benefits for people and nature. Our largest natural carbon store, peatlands are critical to mitigating and adapting to the effects of climate change and conserving global biodiversity. However, peatlands are under serious threat with almost 80% of the UK's peatlands in a damaged state with further deterioration every year. It's estimated that these damaged peatlands release around 23,000 kilo-tonnes of greenhouse gases every year – that's enough to negate the carbon benefit of all forests in the UK. Or to put it another way, that's the same amount of carbon emissions from around 5 million cars each year. What's worse is that the carbon locked up in peatlands has formed very slowly over millennia – yet this could all be released into the atmosphere in just a matter of decades.

So how do we stop this happening? Thankfully, restoring peatlands is an effective method of reducing the emissions being released into the atmosphere, protecting the carbon store, and helping to mitigate climate change. As peatlands cover around 12% of the UK, there is significant potential for peatland restoration to make a major contribution to the UK's climate change efforts to reduce greenhouse gas (GHG) emissions whilst simultaneously saving unique habitats and the biodiversity they support.

The Peatland Code is managed by the IUCN UK Peatland Programme. It supports investment, through the purchase of carbon units, to contribute towards peatland restoration and to preserve the many ecosystem services peatlands deliver for society – including providing a natural filter for the UK's drinking water, reducing flood peaks in vulnerable catchments



– whilst helping landowners to take the next step in sustainable land use and management.

To help restore our peatlands, buyers can purchase carbon units through the UK Land Carbon Registry. By investing through the Peatland Code, buyers will be able to directly contribute to projects across the UK, ensuring these peatlands are restored and stay in a good condition for decades to come. The United Kingdom Accreditation Service (UKAS) has determined that the Peatland Code conforms to ISO/IEC 14065 and EA-1/22 assessment schemes. The Peatland Code is also integrated into the UK Government's [Environmental Reporting Guidelines](#).



Near-natural bog (© Emma Goodyer)

What are the benefits for buyers?

Purchasing Peatland Carbon Units demonstrates a buyer's commitment to reducing their impact on the global climate and compensate for their UK based emissions. The UK Government's [Environmental Reporting Guidelines](#) detail how verified Peatland Carbon Units can be used to reduce buyers' net emissions.

Investors, stakeholders and consumers are increasingly concerned about green issues, and this has been shown to influence their purchasing / investment decisions – choosing to preferentially buy from / invest in companies that are making significant changes to their business practices that protect the environment. Peatland projects also offer an opportunity for visible climate change action in the UK, helping staff and customers see environmental improvement.

What are carbon units and how do you buy them?

Peatland Carbon Units are only available to purchase from Peatland Code projects in the UK; the [Peatland Code Registry](#) on IHS Markit, now a part of S&P Global, displays all projects and available carbon units. Buyers can also employ a carbon broker to actively search for a suitable project on their behalf. A non-exhaustive list of brokers is available on the Peatland Code website: www.iucn-uk-peatlandprogramme.org/peatland-code/introduction-peatland-code/useful-links. The IUCN UK Peatland Programme does not sell Peatland Code units.



Gully re-profiling (© North Pennines AONB)

Peatland Carbon Units represent measurable amounts of greenhouse gases that are no longer being released into the atmosphere. Peatlands emit several different greenhouse gases (e.g. methane, carbon dioxide, nitrous oxide), so to simplify this and still account for the different climate change potential for each greenhouse gas, every tonne of greenhouse gas is measured in carbon dioxide equivalents (CO₂e). Every tonne of carbon dioxide equivalent that a restoration project prevents from being released into the atmosphere is awarded one carbon unit.

There are two unit types available to purchase:

- **A Pending Issuance Unit (PIU)** is effectively a 'promise to deliver' a Peatland Carbon Unit in the future. It is not 'guaranteed' and therefore cannot be used to report against emissions until verified. However, it allows companies to plan to compensate for future emissions. At the start of a project, all units available are PIUs as the restored peatland hasn't yet made any emissions savings.
- **A Peatland Carbon Unit (PCU)** is a tonne of CO₂e emissions savings from a Peatland Code certified peatland. It has been independently verified, is guaranteed to have been achieved, and can be used to report against a business's emissions as soon as it is purchased.

Five years after a peatland has been restored, and every 10 years thereafter, projects are checked by an independent verification body, and assuming the peatland is still in a good condition, a proportion of the PIUs are turned into PCUs. For example, after 5 years a restored and well-maintained peatland will have had 5 years' worth of guaranteed reduced emissions that can be quantified as PCUs, and still have a further 25 years' worth of 'promised carbon savings' as PIUs.

What can buyers do with Peatland units?

A PIU is not 'guaranteed' and cannot be used to report against UK-based emissions until verified and converted to a PCU. However, it allows companies to plan and compensate for future UK-based emissions as part of the transition to Net Zero emissions by 2050. Buyers of PIUs can make a statement about their purchase, provided they clearly state the timescale over which the expected emissions reductions will take place. No claims of offsetting, use, compensating for, balancing emissions, or carbon neutrality can be made until these units are converted to PCUs at verification.

A PCU is only made available after it has been independently verified. It can be used to report against UK-based emissions.

PCUs can be used to offset, compensate for, or balance a company's current Greenhouse Gas emissions as part of reporting on their scope 1, 2 or 3 emissions (see [HM Government Environmental Reporting Guidelines, March 2019](#)).

How much do carbon units cost?

Once buyers have identified carbon units they would like to purchase, a price is then agreed with the project or project developer (if employed). Projects can market the benefits of their peatland restoration at any time over the project duration, which is a minimum of 30 years. Indicative prices of Peatland Code carbon units are available on the FAQ section of the Peatland Code website.

The cost of peatland carbon varies depending upon several factors, including:

- **Capital costs:** the costs for the restoration work varies a great deal due to the type of damage being repaired, the restoration methods used, the scale of the restoration (larger sites tend to be more cost effective per tonne or per hectare), site access and other related costs.
- **Miscellaneous costs:** Contracts for the sale of carbon units from peatland projects are negotiated on a site-by-site basis. Project costs include capital costs but may also include additional payments for corporate social responsibility benefits (e.g., water, biodiversity, cultural), ongoing management costs, required surveys such as Ordinary Watercourse Consents, or re-imburement for landowner opportunity costs which are foregone due to the restoration. Choosing the right project really depends on what the buyer is wishing to pay for.
- **Public funding:** The availability of Government finance for the project costs alongside the Peatland Code can, in effect, reduce the carbon unit price. To meet additionality requirements, a project must demonstrate that the restoration activity would not have taken place without carbon finance.
- **Risk management:** The agreed risk owner, in the event a Pending Issuance Unit fails to be verified, may also influence unit price, as well as who is responsible for the organisation, administration, and cost of ongoing verification.

Related publications:

Unlocking private finance for peatland restoration – the Peatland Code
Creating peatland restoration projects eligible for the Peatland Code

Agreeing a Contract

A contract between buyers and projects details the number and price of units in the transaction, as well as terms and conditions, for example the use of specific land management activities or funding for additional elements such as research and monitoring, species re-introductions or community engagement.

The Peatland Code has a risk buffer, in which every project allocates 15% of their PIUs at the start of the project. This provides a contingency to be drawn upon if restoration activities are unable to deliver the expected climate benefit due to no fault of the project, e.g. due to a wildfire. If the buyer is purchasing PIUs the contract should also specify which party carries the risk of the PIU not getting verified.

The IUCN UK Peatland Programme is not able to offer guidance or model contracts and encourages buyers to take their own legal advice. Buyers and/or projects may wish to employ a Project Developer or broker - www.iucn-uk-peatlandprogramme.org/peatland-code/introduction-peatland-code/useful-links

Finding a peatland restoration project or peatland carbon units

Peatland Carbon Units and projects registered for Peatland Code validation and verification can be found on the UK Land Carbon Registry, see www.iucn-uk-peatlandprogramme.org/peatland-code/introduction-peatland-code/peatland-code-registry



PEATLAND
CODE

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The Peatland Code is issued by the IUCN UK National Committee and is managed on its behalf by an Executive Board facilitated by IUCN UK Peatland Programme staff.

The IUCN UK Peatland Programme exists to promote peatland restoration in the UK and advocates the multiple benefits of peatlands through partnerships, strong science, sound policy and effective practice.

This publication has been developed by the IUCN UK Peatland Programme in collaboration with, and funded by, the partners in the Pennine PeatLIFE project, in support of the Peatland Code - helping to unlock private finance to scale-up peatland conservation in the UK.



Pennine PeatLIFE delivery partners

