

Facility for technical carbon removals being launched by major corporations

- Boston Consulting Group, LGT, Mitsui O.S.K. Lines, Swiss Re, and UBS team up to purchase technological carbon removals from 2022
- The NextGen CDR Facility will bring together climate leaders from across industries and geographies to scale up high-quality removals today

The NextGen CDR Facility
aims to purchase +1M tonnes of carbon removals by 2025 to meet the goals of the Paris Agreement.

BCG



MOL
Mitsui O.S.K. Lines

Swiss Re

UBS

south pole

Davos, Switzerland, 23 May, 2022 –Today, five leading companies from across Asia, Europe, and North America announced their plan to join the NextGen CDR Facility (NextGen) as founding buyers to dramatically scale up carbon removal technologies and catalyze the market for high-quality carbon removals. Founding buyers in NextGen will include Boston Consulting Group, LGT, Mitsui O.S.K. Lines, Swiss Re, and UBS.

The establishment of NextGen follows last year's announcement by South Pole, recently approved as an Implementing Partner of the First Movers Coalition (FMC), and its development was strongly influenced by the Carbon Removal Climate Action Group of the World Economic Forum Alliance of CEO Climate Leaders. The FMC, a partnership between the U.S. State Department's U.S. Special Presidential Envoy for Climate and the World Economic Forum, is an ambitious alliance of companies harnessing their purchasing power to create early markets for innovative climate technologies.

As a first step, NextGen plans to purchase over one million tonnes of verified carbon dioxide removals (CDRs) from projects generated from a range of technologies by 2025, with verified

CDRs to be delivered by 2030. Companies joining the facility are making an immediate impact by providing the financial mechanisms to scale up high-quality solutions that aim to meet robust industry standards set by the International Carbon Reduction & Offsetting Alliance (ICROA).

Credible CDR solutions must be scaled up exponentially to achieve the removal of 3 Gigatons of carbon annually by 2030* in order to avoid overshooting the 1.5° C global warming target**. However, the cost of carbon removals from technological projects today is very high, preventing mass market adoption that is critical in reaching this global climate milestone in less than a decade. Purchasing CDRs that can be realized this decade allow technology providers to finance their operations and to scale up, resulting in lower prices over time. By aggregating the demand for CDRs from leading companies, NextGen will create a market for more permanent technical carbon removals and allow these innovative projects to scale.

NextGen has successfully curated a pipeline of projects using five innovative removal approaches (Biomass Carbon Removal and Storage (BiCRS), Direct Air Capture and Storage (DACs), Enhanced Weathering, High-Temperature Biochar, and Product Mineralization) that require capital for deployment. Going forward, NextGen will continue basing its purchase decisions on the best available science and with reference to best-practice guidance as it continues to evolve.

Despite growing interest for technical CDRs, purchases of CDRs remain limited, with estimates of purchases in 2021 amounting to less than 100 ktCO₂ tonnes. Nonetheless, projections from a recent study suggest demand for these removals could increase by as much as 623 MtCO₂ per year by 2030***. However, supply of removals needed to meet this demand – especially high-quality and verified CDRs – remains severely limited. Projections from the same study indicate supply could fall short by as much as 66% of this demand in 2030.

To address this gap, NextGen will ensure alignment with ICROA-endorsed methodological frameworks including the CCS+ Initiative, an alliance of organizations focused on establishing credible, scientifically backed methodologies and verification standards that advance carbon accounting for a range of carbon capture, utilization, storage and removal technologies, to ensure environmental integrity.

“Investment in emerging climate technologies is needed today to unlock their potential and achieve net-zero emissions by 2050. We look forward to becoming an anchor buyer in the Next Gen Facility and supporting pioneering carbon removal technologies that will permanently remove emissions from the atmosphere at scale,” says **Christoph Schweizer, CEO of Boston Consulting Group.**

"We are still a long way from achieving our climate goals. Business, society and politics are moving in the right direction far too slowly. To become net zero as quickly as possible, we need innovative technical solutions for CO2 removal. We are convinced that NextGen is exactly the right model to find, promote and scale these carbon dioxide removal (CDR) solutions. Because it pools the commitment and ensures that the money flows into the right projects," says **H.S.H. Prince Max von und zu Liechtenstein, Chairman LGT.**

"Recognizing the coming 10 years will be the decisive decade for our livable future, we are thrilled to become an anchor buyer in the Next Gen CDR Facility to support carbon removal technologies which must scale to limit global warming to safe levels. This effort is a part of MOL's broader goal to achieve net-zero emissions by 2050. By taking responsible actions before regulations tell us what to do, we will ensure a prosperous future by contributing to the sustainable growth of people, society, and the planet, for all life living in the next generation," says **Takeshi Hashimoto, President & CEO of Mitsui O.S.K. Lines, Ltd.**

"One of the ambitions of the World Economic Forum Alliance of CEO Climate Leaders is to support its members in accessing the nascent market for high-quality technological carbon removal. In NextGen we have found the ideal implementation partner to collectively source verified removals from a broad range of suppliers, technologies and geographies. I'm delighted that Swiss Re joins forces with the fellow NextGen participants in helping to accelerate the net-zero transition," says **Christian Mumenthaler, Swiss Re Group Chief Executive Officer and Co-Chair of the World Economic Forum Alliance of CEO Climate Leaders.**

"As the world shifts toward a lower carbon future, we are committed to partnering with other leading organizations to identify and advance innovative, scalable ways forward through technological progress. In support of this goal, we are delighted to participate in the launch of the NextGen CDR Facility comprehensive carbon removal initiative, an exciting step on the journey to develop the solutions the world needs to achieve net-zero emissions by 2050," says **Ralph Hamers, UBS Group CEO.**

"We are halfway between the Paris Agreement and 2030, by which time we need to have halved our emissions to be on track for net zero in 2050. Yet we are nowhere close to meeting that goal. Technological carbon removals are one important tool in our toolbox to tackle this enormous challenge. South Pole is proud to have been part of developing a facility that can create a removals market today by buying over 1 million tonnes of emission reductions by 2025, developing

*credible standards and using significant financial commitments to scale up emerging technologies that help remove gigatons of carbon dioxide from the atmosphere ,” says **Renat Heuberger, CEO of South Pole.***

*“Ensuring the quality of carbon removals will be central in building a credible carbon removals market. What this Facility is doing is instrumental to the creation of such a robust removals market. Science-based targets and the use of carbon credits for Beyond Value Chain Mitigation require a full verification and assurance of the related corporate climate claims, and the use of carbon removals is no exception. Regardless of the type of investment or timeline, there is still a need for clear benchmarks and verification when it comes to corporate climate action,” says **Mark Kenber, co-Executive Director, Voluntary Carbon Markets Integrity initiative (VCMi).***

*“Carbon removal is evolving from ideas into real projects on the ground. As the market matures to support scale-up and deployment of these solutions, initiatives like this facility are crucial in creating transparent, reliable places to buy and sell carbon removal products and services,” says **Marcus Extavour, Chief Scientists and EVP of Climate & Energy at XPrize.***

ENDS

Notes to editors

** According to the Energy Transitions Commission (ETC), we need to remove 3.6Gt of carbon every year by 2030 in order to keep global temperature increase below 1.5 ° C*
<https://www.energy-transitions.org/publications/mind-the-gap-cdr>

*** According to the IPCC Special Report “Global Warming of 1.5 ° C” (SR15) there is an urgent need to scale up efforts to remove carbon from the atmosphere in order to achieve the 100-1,000 Gt of carbon removals by 2050 required to keep global warming within 1.5° C. If we are to reach net zero GHG emissions by 2050, we will require both nature-based and technological solutions in addition to steep decarbonisation and emissions avoidance efforts (such as forest conservation).*

**** Tuck School of Business at Dartmouth, 2022*

What makes NextGen unique

- **Ambition:** NextGen aims to buy over a million tonnes of technological carbon removals by 2025, with verified CDRs to be delivered by 2030.
- **Quality:** Credible, verifiable quality CDRs that can meet an ICROA-approved standard to satisfy corporate net-zero requirements

- **Price:** A target average price of \$200/ tonne, to demonstrate the pathway for technical CDRs to be part of climate solutions and to align with emerging corporate carbon levies
- **Delivery:** Dedicated team to optimize delivery through active due diligence, portfolio diversification and experienced monitoring experts
- **Pipeline:** Companies joining the facility have access to existing portfolio of removals from a range of technologies, including Biomass Carbon Removal and Storage (BiCRS), Direct Air Capture and Storage (DACs), Enhanced Weathering, High-Temperature Biochar and Product Mineralization
- **Design:** Innovative model that allows leading corporations to procure CDRs on a long-term basis.

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About Boston Consulting Group: Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

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About LGT: LGT is a leading international private banking and asset management group that has been fully controlled by the Liechtenstein Princely Family for over 90 years. As of 31 December 2021, LGT managed assets of CHF 285.8 billion (USD 313.7 billion) for wealthy private individuals and institutional clients. LGT employs over 4100 people who work out of more than 20 locations in Europe, Asia, the Americas and the Middle East. www.lgt.com

About Mitsui O.S.K. Lines: Mitsui O.S.K. Lines, Ltd. (MOL) is a global corporate group that develops various social infrastructure businesses centering on ocean shipping, technologies, and

services to meet ever-changing social needs including environmental protection. The group carry iron ore, coal, wood chips, etc. with dry bulkers, crude oil and petroleum/chemical products, etc. with tankers, liquefied natural gas with LNG carriers, all kinds of commodities and finished products with car carriers and containerships. Moreover, offshore businesses engaged in development of oil and natural gas reserves, terminal and logistics businesses connecting sea and land, and wind power and associated businesses are also our field. Our activities—backed by the world’s largest merchant fleet and 130-plus years of history, experience, and technology—are borderless. The MOL Group aims to be a strong and resilient corporate group, improving daily life for people around the world, opening up bright new horizons, and providing new value to all stakeholders.

www.mol.co.jp/en/index.html

About South Pole: South Pole, a social enterprise recognised by the World Economic Forum's Schwab Foundation, is the world's leading climate solutions provider and carbon project developer. Since its creation in 2006, it has developed nearly 1,000 projects in over 50 countries to reduce over one gigaton of CO2 emissions, and to provide social benefits to less privileged communities who are particularly vulnerable to climate change. South Pole also advises thousands of leading companies on their sustainability journeys to achieve net-zero emissions. With its global Climate Solutions platform, South Pole develops and implements comprehensive strategies that turn climate action into long-term business opportunities for companies, governments and organizations around the world. South Pole is committed to becoming a B Corp globally across all of its local entities, building on its existing B Corp certification in Australia and the U.S.

www.southpole.com

About SwissRe: The Swiss Re Group is one of the world’s leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber-crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.

www.swissre.com

About UBS: UBS convenes the global ecosystem for investing, where people and ideas are connected and opportunities brought to life, and provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as to private clients in Switzerland. UBS

offers investment solutions, products and impactful thought leadership, is the leading global wealth manager, provides large-scale and diversified asset management, focused investment banking capabilities, and personal and corporate banking services in Switzerland. The firm focuses on businesses that have a strong competitive position in their target markets, are capital efficient and have an attractive long-term structural growth or profitability outlook. UBS is present in all major financial centers worldwide. It has offices in more than 50 regions and locations, with about 30% of its employees working in the Americas, 30% in Switzerland, 19% in the rest of Europe, the Middle East and Africa and 21% in Asia Pacific. UBS Group AG employs more than 72,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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