

Press Release

FOR IMMEDIATE RELEASE

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The Nature Conservancy and XL Catlin Collaborate to Bring Blue Carbon Credits to Market

SOUTHAMPTON, BERMUDA. May 10, 2018- TNC and XL Catlin announced today a project to develop “Blue Carbon Resilience Credits”. These will, for the first time, value the combined carbon sequestration and resilience benefits provided by coastal wetland ecosystems. Support provided by XL Catlin will allow TNC to explore the development of a system of credits assigning a market value to the resilience services provided by these ecosystems, which are historically undervalued. The hope behind this initiative is that, for the first time, insurance firms and other businesses will be able to offset their carbon footprint while simultaneously better understanding the contribution they are making to reducing coastal hazards in the world’s most vulnerable coastal areas.

Coastal wetlands – salt marshes, seagrass meadows and mangroves – sequester billions of tonnes of carbon from our atmosphere at concentrations up to five times greater than terrestrial forests. The carbon sequestered and stored in these coastal wetlands is called “blue carbon”. As an increasing number of companies are purchasing carbon credits to offset their footprints, this credit will enable a valuation of the carbon sequestration and coastal resilience benefits that wetlands provide both businesses and communities.

Unlike other climate mitigation solutions coastal wetlands not only sequester carbon, they also protect coastlines by absorbing incoming wave energy and providing storm protection, often at lower costs than built infrastructure like seawalls and levees. Scientists estimate that it only takes 100 meters of mangroves to reduce wave height by 66%, and a recent study found that wetlands prevented USD625 million in direct flood damages from Hurricane Sandy in the United States. As such, coastal wetlands provide both carbon sequestration and resilience services: a powerful combination in a world of changing climate.

“Blue carbon is an emerging opportunity for wetland conservation and restoration, gaining popularity in international policy spheres. Wetlands help to fight both climate change and achieve greenhouse gas mitigation targets, whilst helping to make coasts more resilient to the impacts of climate change. An economic incentive is vital for coastal wetland conservation to curtail wetland destruction by creating a financial value for the

resilience these systems offer; this is why the Blue Carbon Resilience Credits are so important,” said Maria Damanki, Global Managing Director for the Ocean at The Nature Conservancy.

Considering that 40% of the world’s population today lives in coastal areas, protection from sea-level rise and more frequent and intense storms is crucial. Unfortunately, coastal ecosystems are degrading rapidly. It is estimated that half of the world’s mangroves and seagrasses are already gone, and that at the current rate, unprotected mangroves could be gone entirely by 2100. When these systems are lost or degraded, they become a source of greenhouse gases - annual emissions from the loss of blue carbon ecosystems are estimated to be 450 Mt CO₂, up to 19% of terrestrial land use emissions.

Thanks to the support from XL Catlin, the Conservancy will explore different options to value the resilience services provided by coastal wetlands and to develop a credit product to support ongoing wetland conservation. One of these options could include a numeric ranking system assigning a dollar value to wetlands based on factors such as their potential for storm impact reduction, location relative to vulnerable communities, local economic activities and assets, and potential benefits from habitat restoration. The figures generated by the rankings, combined with the carbon storage capacity of a given wetland, would generate Blue Carbon Resilience Credits. These credits would then offer organizations the capacity to manage their carbon footprints whilst acting as the funding mechanism for wetland conservation, increasing coastal resilience for communities.

“In 2017 XL Catlin launched its Ocean Risk Initiative to help identify solutions and build resilience at local, regional and global levels to the implications of ocean related risk. Our collaboration with The Nature Conservancy is an exciting and real-world example of our commitment,” said Paul Jardine, Chief Experience Officer for XL Catlin.

We know the carbon mitigation and risk reduction benefits of coastal wetlands present us with an unprecedented opportunity: natural coastal infrastructure is often the first line of defence when severe weather hits, and a very effective one. Billions of dollars are invested to reduce risks from coastal hazards, but most of these funds are used on grey infrastructure. This pilot’s goal is to establish coastal wetlands as a new frontier for carbon storage. We know that between 30-50% of coastal ecosystems have been lost in the last century. Even if less than a quarter of lost coastal wetlands were restored, they could sequester as much as 350.6 million tonnes of CO₂ per year – enough to power 40 million homes. Add to this tens of millions of tonnes of carbon emissions averted due to avoided wetlands loss and the global scale of this work is undeniable.

The Nature Conservancy is a global conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We are tackling climate change, conserving lands, waters and oceans at an unprecedented scale, providing food and water sustainably and helping make cities more sustainable. Working in 72 countries, we use a collaborative approach that engages local communities, governments, the private sector, and other partners. To learn more, visit www.nature.org or follow [@naturepress](https://twitter.com/naturepress) on Twitter.

XL Catlin, presenting partner of the Ocean Risk Summit, is the global brand used by XL Group Ltd's (NYSE:XL) insurance and reinsurance companies which provide property, casualty, professional and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises throughout the world. Clients look to XL Catlin for answers to their most complex risks and to help move their world forward. www.xlcatlin.com

The Ocean Risk Summit will focus on how governments and the business sector should respond to the risks of existing and projected changes in the ocean which until recently have been poorly understood. The summit is being sponsored by insurance and reinsurance group XL Catlin along with other scientific and Bermuda based partners. For information on the summit go to OceanRiskSummit.com [@OceanRiskSummit](https://twitter.com/OceanRiskSummit).