

# Global Trends of Corporate Internal Carbon Pricing

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## **Abstract**

As the efforts to combat climate change expanded at the various levels, carbon pricing became a critical issue not only in the international climate negotiations and national politics but also in the private sector. While many governments have adopted mandatory carbon pricing schemes, more and more companies have set their own internal carbon price. This study gives an overview of internal carbon pricing and shows trends of the adoption of the initiatives and price level based on reviewing the CDP's available reports and data from 2015 to 2021. First, the number of companies adopting internal carbon pricing has sharply increased, and Asian and European countries have primarily led this growth. Second, companies in Energy and Utilities sectors tended to be more interested in using internal carbon pricing. Third, most companies adopted internal carbon pricing for multiple purposes rather than serving a single drive. Fourth, the ranges of internal carbon prices vary widely because no global standard for carbon price exists and each company selects its own price based on its business context. Lastly, although there are increasing numbers of companies adopting internal carbon pricing, many challenges and uncertainties still exist regarding the effectiveness of internal carbon pricing.

**Keywords:** climate change; corporate sustainability; internal carbon price; risk management tool; shadow price