

How can we ensure carbon offsets really result in carbon being offset?

Corporate net-zero pledges are once again under fire, with “major credibility gaps” found in global business’ plans to eliminate the impact of their operations on the climate.

Temps de lecture : minute

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The Energy and Climate Intelligence Unit (ECIU) and the University of Oxford’s latest Net Zero Tracker report has taken aim at, among other things, an over-reliance on carbon offsetting to meet net zero. (*Reuters*)

Why does this matter?

It’s now almost inconceivable to think large corporate entities would at least not be thinking about making a net-zero pledge to run their business at some point in the future with no overall impact on the climate. Indeed, before COP26, the *i reported* that 80% of the FTSE 100 had some form of net-zero goal in place.

Making these pledges is all well and good, but it's also true the plans behind the promises have received considerable criticism over recent months. Alongside the Net Zero Tracker analysis above, a *report* published in February by NewClimate Institute generated a great deal of coverage and stated the majority of net-zero plans don’t add up to much beyond business as usual.

A common theme is the overuse of voluntary offsets, which the Science Based Targets initiative says should only make up 5-10% of emission-reduction efforts.

Dodgy credits

The idea behind offsets is relatively simple. It may be challenging to cut CO2 out of your business operations, and so you could invest in a scheme elsewhere that stops a tonne of CO2 being emitted into the atmosphere, or that takes a tonne out of it.

There's a problem though. You've invested with the assurance that a certain number of molecules - that are invisible to the human eye - are not floating into our shared life support system in a location that's likely over the other side of the world. How do you verify this is actually the case? How do you measure the counterfactual?

It's well known there are a lot of junk carbon credits floating around - there are even fake ones. If you've picked up something cheap to balance out your CO2, chances are you're not getting what you paid for.

According to the Taskforce on Scaling Voluntary Carbon Markets, only 4% of offsets actually remove CO2 from the atmosphere. And sometimes businesses are getting duped.

Earlier this year, eBay, among others, bought credits from a scheme where captured CO2 was used to pump more oil out the ground in a process called enhanced oil recovery (EOR). Clearly, if your offsetting strategy is resulting in you putting more oil into the market to be burned, you may want to rethink it.

What's being done?

These issues around market opaqueness and functionality are well known, and a number of groups are now trying to address them. Most recently, the *Voluntary Carbon Markets Integrity Initiative* is now working with the likes of *Google and Unilever* to *develop* a Claims Code of Practice to aid transparency and rank firms' use of offsets.

The *Taskforce on Scaling Voluntary Carbon Markets*, set up in 2020, has recently *changed its remit* to focus less on increasing the size of the market, and more on ensuring the quality of it.

Given the timescales needed to address climate change it's important these initiatives get up to speed quickly, so companies can't claim they're balancing out their emissions by buying credits from things like EOR.

Lateral thought

Startup Kita is taking a *different approach* to bolstering the offset market – providing insurance for carbon credit buyers against undelivered CO2 reductions. This could lower risk, improve trust and ultimately increase much-needed income for and investment in sound CO2 removal projects.

Marc Height is Head of Sustainability at *Curation* where this article was originally published



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Article by Marc Height