

PROPERLY UNDERSTANDING YOUR **CARBON** APPROACH

The action of businesses is crucial in tackling climate change. Companies that wish to act are turning towards carbon offsetting and some have the goal of becoming carbon neutral. This process is effective when it is properly conducted and supplements the reduction of carbon emissions. However, it does have its limits, and a company should keep in mind specific points in order to make good use of carbon offsets.

In addition, this area is still under constant development which will lead to emerging approaches, so it should be kept under review.

With this in mind, Reforest'Action offers some points to help clarify and better understand carbon offsets and carbon neutrality.



CARBON OFFSETTING, WHAT IS IT EXACTLY?

The idea behind “carbon offsetting” is to compensate for greenhouse gases (GHGs) emitted by an activity through the funding of other activities that seek to either sequester CO₂ or avoid the emission of GHGs.

This concept refers to different processes that should be distinguished. On the one hand, there are processes relating to the regulated market (aka the compliance market), and on the other hand, there are those falling under the voluntary carbon market.

- **The regulated market** emerged from the 1997 Kyoto Protocol and falls under the 2015 Paris Agreement. It imposes GHG emission limits on signatory States and their largest polluting industries. Businesses under these limits are obliged to reduce their emissions and set off, where applicable, their excess emissions. This market is governed by regulated prices.
- **The voluntary market** is aimed at businesses not subject to regulatory obligations but seeking to act on a voluntary basis.

We will focus on voluntary carbon offsetting.

The archetypal case is a company contacts a specialised operator from whom the company buys “carbon credits” equal to the volume (in tCO₂e) of greenhouse gas emissions it wants to offset. The amount paid for these credits helps fund a project whose principal objective is to curb CO₂ emissions, sequester carbon, or both.

Voluntary carbon offsetting is not regulated but there are best practices that should be followed in order to gain recognition as a responsible and conscientious climate actor.



KEY POINTS IN CARBON OFFSETTING

One carbon credit equates to one tonne of CO₂ avoided or sequestered by means of the project. “Verified carbon credits” are generated from projects that have been verified and registered by international standards such as VCS or Gold Standard.

The correct approach in terms of carbon offsets revolves around 3 actions:



MEASURING CO₂
EMISSIONS



REDUCING CO₂
EMISSIONS



OFFSETTING REMAINING
EMISSIONS



BENEFITS OF CARBON OFFSETTING

Voluntary carbon offsetting, when done properly, is a positive mechanism that enables organisations (and individuals) to contribute to the global low-carbon transition and the Sustainable Development Goals of the United Nations. Besides their “carbon” benefits, carbon offset projects enable international solidarity by generating supplemental economic, social and environmental gains, such as poverty reduction, soil and biodiversity protection, water conservation and even food security.

LIMITS TO CARBON OFFSETTING

It must be remembered that carbon offsetting is not the miracle solution for climate change. Unfortunately, it is too easily employed for greenwashing. Indeed, the risk with carbon offsetting is that it could allow emission reductions to lose their order of priority and give the impression that offsetting removes all negative environmental impacts. First and foremost, it is a matter of semantics that is ripe for confusion.

- **The term “Offsetting”** implies that, if all emissions are offset, the result is zero (= carbon neutral), suggesting no negative impact.
- **The term “Credit”** connotes a right to emit CO₂ and could thus encourage the shirking of responsibilities to reduce emissions.

For example: a company that purchases carbon credits equal to the amount of its emissions could declare itself to be “carbon neutral”. Yet, this says nothing about that company’s actual efforts to reduce emissions. It could even claim to be carbon neutral even as its emissions increase over the years, just by buying more credits.

Any company that enters into a carbon offset process without establishing an ambitious reduction of its own emissions is taking a path that lacks coherence and sense.

REFOREST’ACTION’S RECOMMENDATIONS ON CARBON OFFSETTING

- **Structure your carbon offset approach around 3 actions – measure, reduce, offset –** and implement ambitious, continual actions to reduce emissions.
- **Provide as much transparency as possible** on the actions taken, to create trust rather than mistrust.
- **Word your communications carefully.** The use of certain words can generate distorted messages that detract from the legitimacy of the action. Follow the best practices applicable to carbon offsetting communications (refer to our best practices guide).
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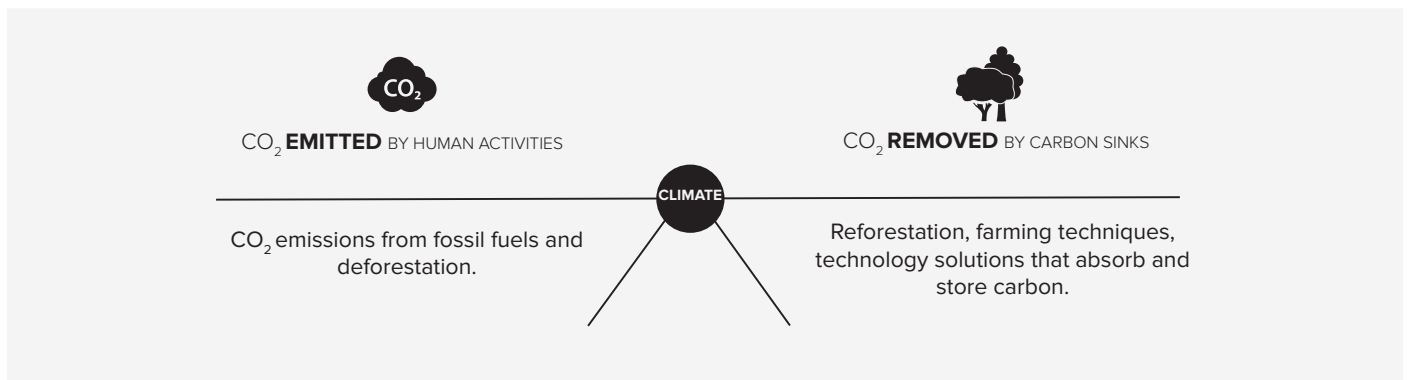
You should try go further by considering carbon offsetting as an accelerant for the ecological transition and not as a means to cancel your carbon footprint. From this perspective, we recommend using phrases such as “contribution to global carbon neutrality” or “helping the climate” rather than “carbon neutral” or “carbon offsetting”.

A BETTER GRASP ON CARBON AND CLIMATE ISSUES

Businesses most often see carbon offsetting as a complement to the reduction of their emissions in achieving carbon neutrality. Yet, this concept of “neutrality” among companies cannot be the sole response to the carbon-neutrality challenge set by the Paris Agreement. That treaty defines carbon neutrality on a planetary scale.

For a better understanding, we should revisit the issue of the climate and the notion of carbon neutrality.

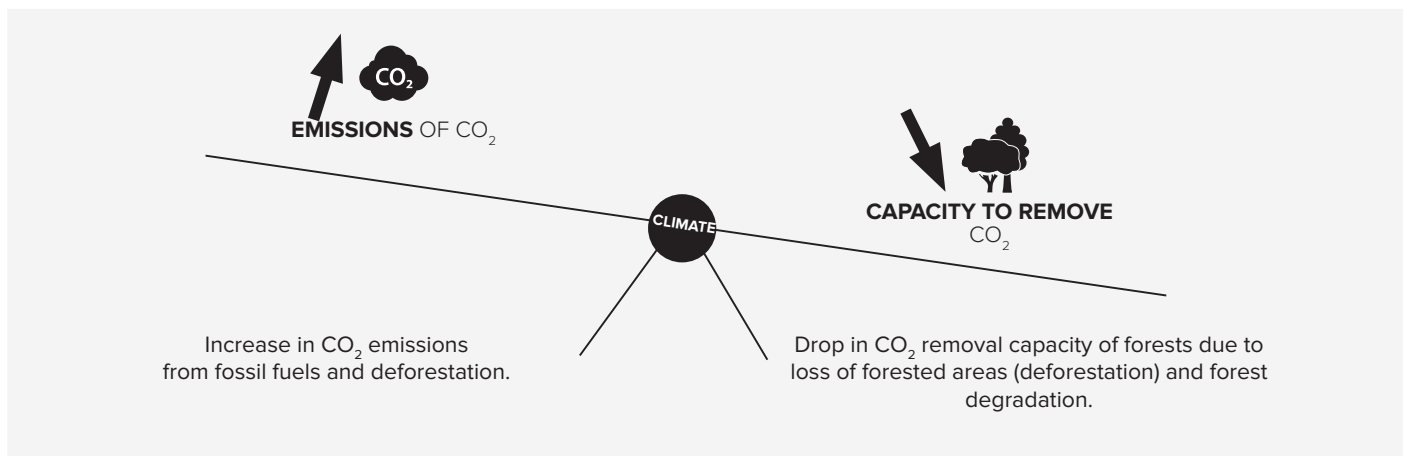
Science has rigorously defined only one type of carbon neutrality. It is collective and on a planetary scale, defined as a balance between:



Removal of as much CO₂ from the atmosphere as is emitted each year is the only way to avoid the accumulation of atmospheric CO₂ and stabilise the planet’s temperatures.

While forests have immense capabilities as the top terrestrial carbon sinks, they still have their limits. At a time when deforestation and forest degradation is gaining pace in the world, we are counting on forests to remove the increasing emissions of CO₂.

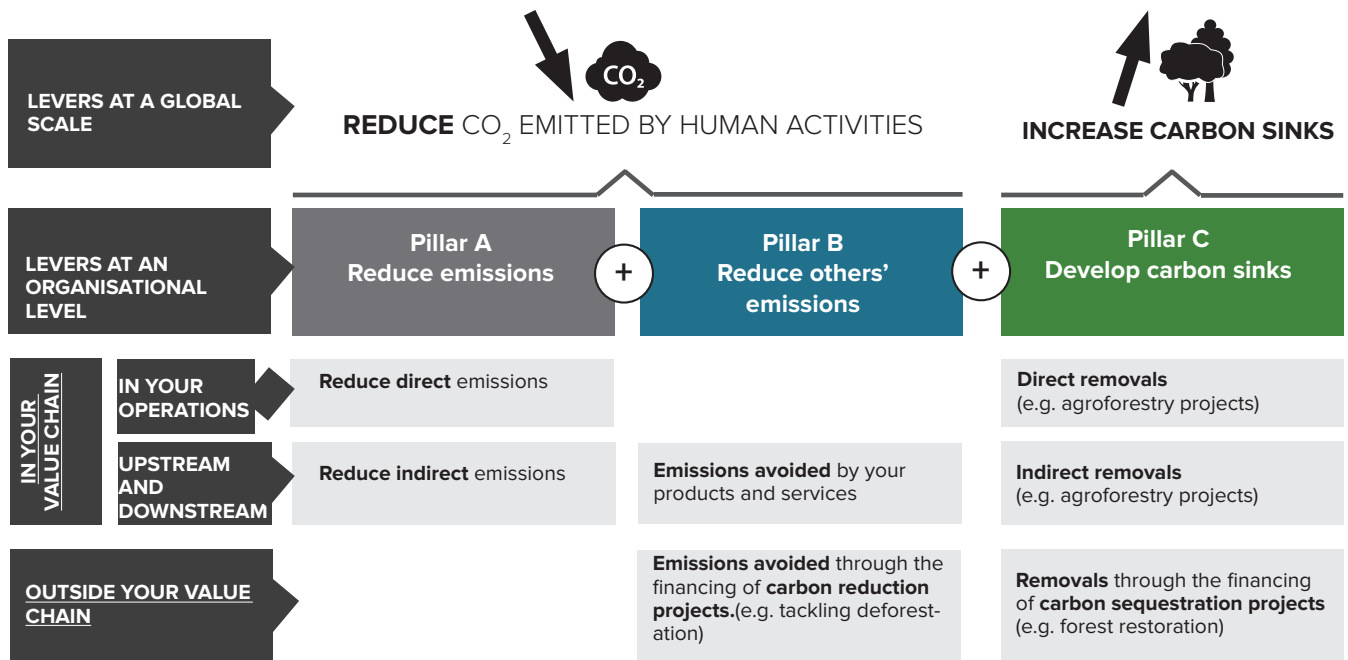
Situation in 2020:



To restore an acceptable balance between CO₂ emissions and removal, the crucial and unavoidable step is to reduce our emissions in conjunction with expanding carbon sinks. **It is not a choice of one over the other or one then the other; it must be one AND the other.**

RECONNECTING WITH THE GOAL OF GLOBAL CARBON NEUTRALITY

Move from an “offset” mindset to a “contribute” mindset! This is the advice of the consultancy firm Carbone 4 with its *Net Zero Initiative*. This approach, supported by Reforest'Action, adapts global action to businesses. It invites every organisation to consider 3 pillars on which it must act.



Through this approach, you do not offset, you contribute! The issue is no longer just a company being carbon neutral, it is a company contributing to a coherent and more inclusive principle—global carbon neutrality, which enables the issues of carbon emissions to be more accurately perceived. This approach encourages reflection on how to improve one’s own value chain.

TO GO FURTHER >> [Carbon 4 frame of reference for collective carbon neutrality](#)

WHAT TYPES OF PROJECTS CONTRIBUTE TO GLOBAL CARBON NEUTRALITY?

1. Projects that reduce emissions >> carbon avoidance

Implementation of projects that should avoid GHG emissions compared with a baseline of emissions that would have been emitted if the project had not been carried out.

Example of a project that avoids deforestation: the cutting of forests releases stored CO₂ into the atmosphere; through actions that preserve the forest, emissions are avoided.

2. Carbon sequestration projects >> removal or “negative emissions”

Implementation of projects that should absorb CO₂ and store it over the long term.

Examples:

- Reforestation/afforestation projects and use of wood in construction.
- Agroforestry projects for increasing carbon storage capacity of agricultural land.
- Restoration of coastal ecosystems and wetlands.



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