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A Complete Guide to Carbon Offsetting

February 2025

Introduction to Carbon Markets

As the world intensifies its efforts to combat climate change, businesses and individuals face increasing pressure to set and pursue emissions reduction targets. In line with efforts to reduce carbon footprints, carbon offsetting is gaining a lot of traction.

This white paper explains the process of carbon offsetting, key elements, and how they can be applied effectively.

Carbon Trading and Markets formally started with the introduction of the Kyoto Protocol in 1997. It started with the primary goal of setting a cap on the amount of Greenhouse Gases (GHG) - measured by CO2 equivalent (CO2e), that an industry could emit.

Since then, carbon markets have evolved in two forms.

Voluntary Carbon Market (VCM)

VCM's are driven by private initiatives and are completely voluntary, with a key aspect of lacking regulation and transparency.

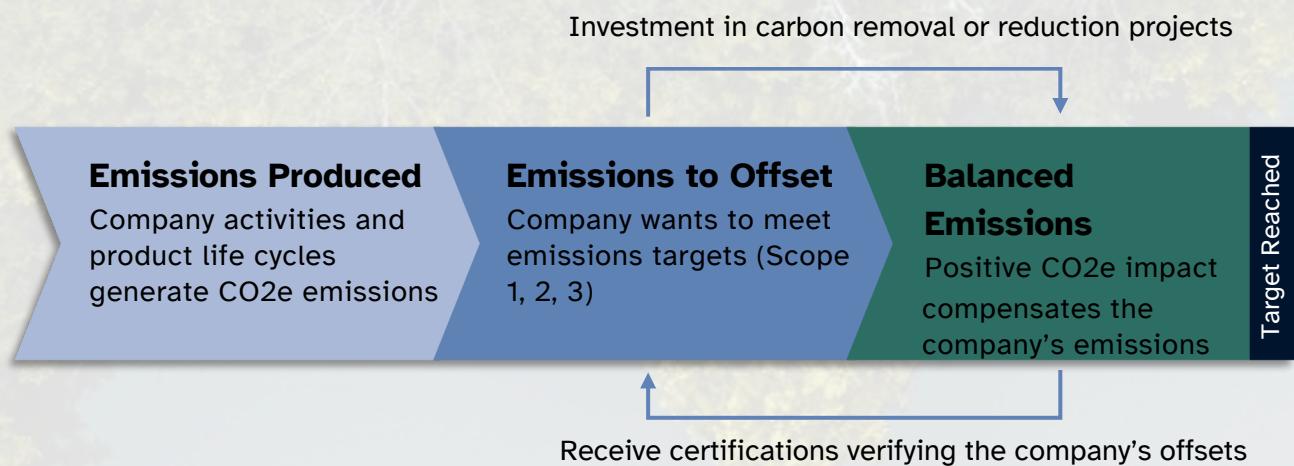
Private parties directly engage in buying and selling of carbon offsets, where removals or reductions of GHG's are certified.

Compliance Carbon Market (Regulated)

Compliance carbon markets were first to come before VCM's. The Kyoto Protocol and Paris Agreement prompted the need for national agreements to meet legally binding emissions targets. The EU ETS (Emissions Trading Scheme) is currently the second largest carbon market tailing behind China.

Carbon Offsetting

A carbon offset is a reduction in CO₂e emissions or equivalent removal of CO₂e in a sector that isn't subject to an emissions cap (realized outside of a compliance market).



Carbon Offsetting for your Organization

Carbon offsetting plays a vital role in an organization's climate strategy. Below is an overview of its significance and integration:

Compensate for Unavoidable Emissions

Address residual emissions that cannot yet be reduced.

Accelerate Net Zero Goals

Complement emission reduction efforts with offsetting to meet Paris Agreement targets and achieve Net Zero.

Align with Science-Based Targets

Prioritize emission reductions across the value chain while supporting global climate efforts through carbon offset investments.

Enhance Sustainability Contributions

Select projects aligned with the UN Sustainable Development Goals (SDGs) to amplify your organization's impact.



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Want to know more?

Download our **full whitepaper** with one click or
contact one of our experts