



Capra

A Complete Guide to Carbon Offsetting

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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)

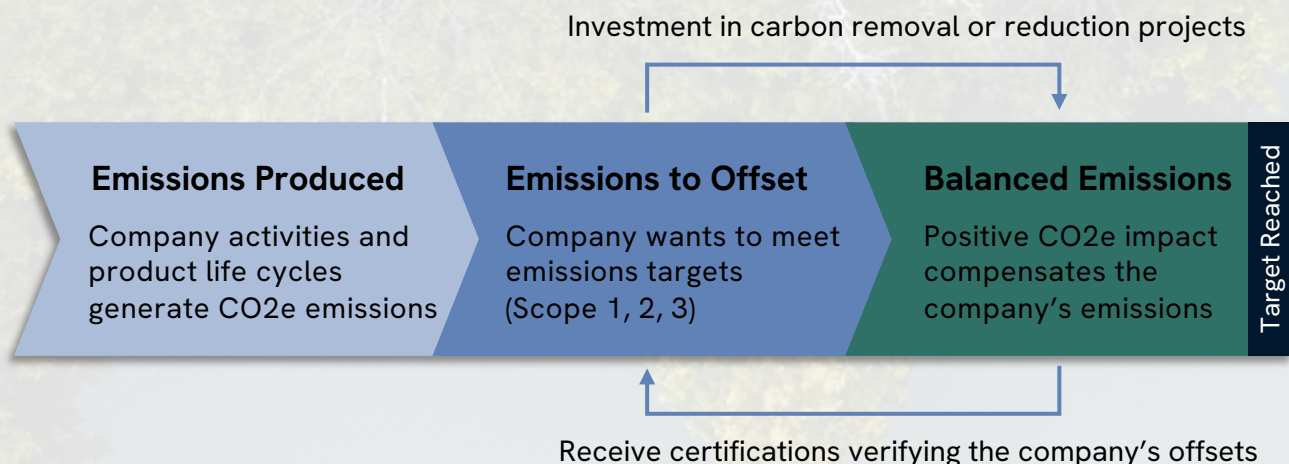
Compliance carbon markets were first to come before VCM's.

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.



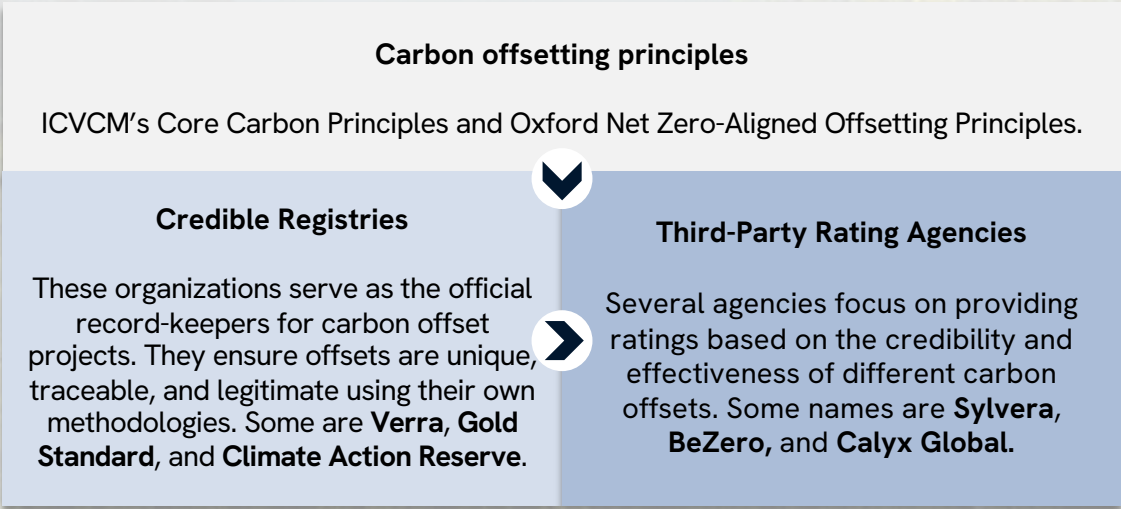
Carbon offsets are traded through tradable certificates which represent the reduction or removal of one ton of CO₂e.

Below are some examples of carbon offsetting projects:

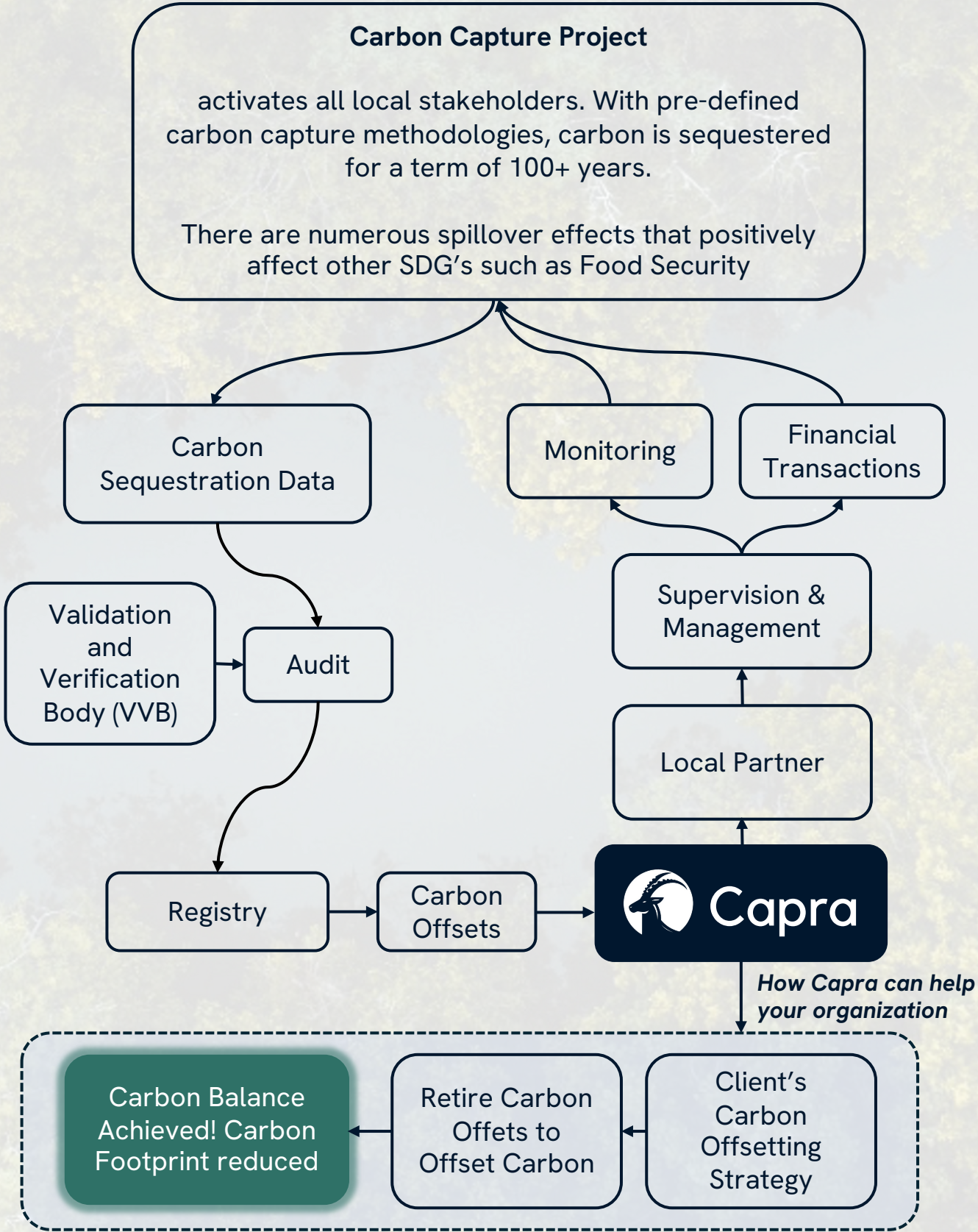
Nature-Based	<ul style="list-style-type: none">• Preservation of forest land to avoid its degradation or conversion into farmland	<ul style="list-style-type: none">• Reforestation/ Afforestation• Regenerative Agriculture practices sequester atmospheric carbon into soils and vegetation
	<ul style="list-style-type: none">• Carbon Capture and Storage• Renewable Energy• Electric Cook Stoves as alternatives to using wood and fuel• Waste Management	<ul style="list-style-type: none">• Direct Air Capture of GHGs from the atmosphere.
Avoidance		Removal

Due Diligence Process

The VCM is oversupplied and faces challenges with poor quality offsets with risks of greenwashing. The following is a guideline to ensure the quality of the carbon offsets you purchase:



Meeting your Carbon Offsetting needs



Businesses worldwide are accelerating their climate commitments and carbon offsets have become an essential component of corporate sustainability strategies.

Fortune 500 companies like Microsoft, Google and Amazon are integrating carbon offsets into their Net Zero roadmaps, using them to complement emissions reductions and demonstrate climate leadership.

However, while the carbon offset market presents a significant opportunity, it is not without risks. The credibility of some offset projects has come under scrutiny, with concerns about overstated impact, lack of additionality, and inadequate verification. Without a rigorous approach, organizations risk investing in offsets that fail to deliver real climate benefits or meet stakeholder expectations.

To mitigate these risks, companies must adopt a strategic, well-informed approach to carbon offsetting - one that involves robust due diligence, alignment with best practices, and a clear integration into their broader sustainability goals.

Our expertise in carbon markets enables us to guide organizations through this process, ensuring they select high-quality offsets that drive real impact.

If you're looking for a trusted partner to help navigate this complex landscape, reach us at **info@caprasustainability.com**



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