

SO, YOU WANT TO KNOW ABOUT CARBON CREDITS

To limit global warming to 1.5°C, we need to cut our greenhouse gas emissions in half by 2030 and reach net zero by 2050. But getting there isn't easy, and for some, it may be close to impossible. That's where carbon credits come in.



LET'S START WITH THE BASICS...

WHAT IS A CARBON FOOTPRINT?

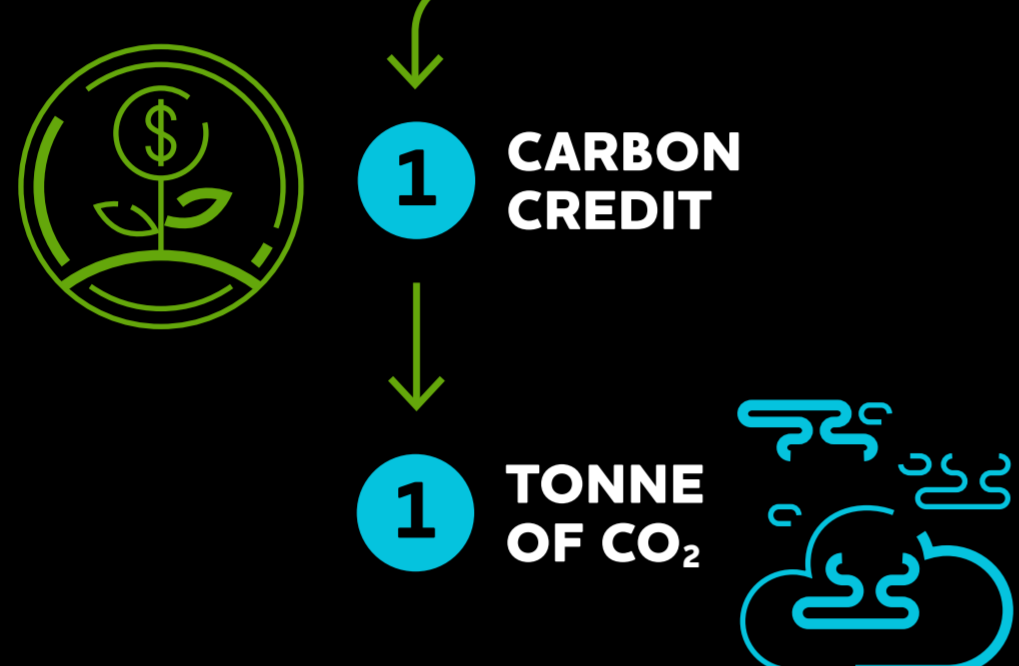
It's the total amount of greenhouse gas emissions created by an individual, event, organisation, or supply chain.

WHAT IS NET ZERO?

Net zero is the state of balancing or 'zeroing' out carbon emissions, or an overall carbon footprint, by removing or eliminating carbon emissions from the atmosphere.

HOW CAN YOU OR YOUR COMPANY GET THERE?

Companies should focus first on reducing carbon emissions through changes in the way they function, where supplies are sourced, and by setting targets for the partners they work with. Anything that can't be addressed or avoided through changes in the way a company operates, makes up their *residual* carbon footprint and can be neutralised through the purchase of carbon credits. Organisations can also buy carbon credits to invest in reducing emissions outside of their immediate supply chains.



WAIT, WHAT'S A CARBON CREDIT?

Carbon credits allow companies and individuals to buy into a project (or carbon credit scheme) that's either removing carbon from the atmosphere or stopping emissions from being released in the first place. There are two types of credits (reduction and removal), and each credit is worth 1 tonne of CO₂.

The carbon market was worth **\$300M IN 2019** and is expected to grow to **\$180B IN 2030**²



OKAY, WHAT'S THE DIFFERENCE BETWEEN REDUCTION AND REMOVAL CREDITS?

Reduction credits cut down or completely avoid emissions that would have been released into the atmosphere had carbon finance not been made available (like a project that maintains a rainforest or restores a peatland)



Removal credits remove carbon that's already in the atmosphere and correspond to carbon "removal" solutions (like a project that uses technology to capture carbon or plants forests to sequester carbon).

WHAT ARE CARBON CREDIT SCHEMES DOING?

There are carbon credit schemes and projects all over the world, designed and implemented by experts. A common example is planting new trees, and while most of these projects are nature-based, the market is quickly expanding as new methods are being tested (like direct air capture machines that suck CO₂ out of the atmosphere) and the science improves.

From protecting and regrowing forests to restoring peatland, improving farming practices, and implementing clean cookstoves in rural areas, carbon credit projects have one goal: to either remove carbon from the atmosphere or avoid emitting it in the first place.



HOW CAN I BUY CARBON CREDITS?

Companies can work directly with project developers to purchase carbon credits based on their net zero plan. That net zero plan should always prioritise reducing a company's emissions first and be aligned with best practice guidance. In an ideal world, an organisation can set up an agreement to buy the credits it needs in advance, as part of a comprehensive plan to reach net zero by 2050.



There's a spot market where companies can 'add to cart' and buy credits from an exchange based on the project description.

Individuals can also buy carbon credits online through retailers that purchase and resell credits from projects.

ARE SOME CARBON CREDITS BETTER THAN OTHERS?

Not all carbon credits are created equal. In fact, some older carbon credits generated under the Kyoto Protocol are no longer viable. Standards are being strengthened across the board to ensure that only high integrity credits are available on the markets where projects deliver on their promises and contribute meaningfully towards global efforts to curb emissions are undermined.

So, what can you do? It's all about the standards and integrity – both your personal or company standards and those bodies holding projects accountable. To avoid greenwashing, ensure that you're doing the work to reduce your emissions first before purchasing credits from reputable projects.