



Carbon Credit Claims Guidance

Introduction

Congratulations on your recent purchase of carbon credits. Your investment shows commitment to urgent climate action and supports projects that avoid, reduce, or remove greenhouse gas (GHG) emissions from the atmosphere. Your next step is to determine how your carbon credit purchase is integrated into internal and external communication about your organization's climate strategy. Accurate and transparent communication about your voluntary carbon credit purchases creates value for your stakeholders and inspires other organizations to take similar action.

At 3Degrees, we specialize in advising our customers on developing impactful, accurate marketing messaging about

their climate work. We encourage you to openly discuss your decarbonization targets, plans, and progress, ensuring that your messaging accurately conveys the environmental impacts of your positive actions. Inadvertently overstating claims could put your company at risk and devalue progress towards your climate goals. This guidance focuses specifically on effectively and transparently communicating the benefits of your carbon credit purchase.

Regardless of the type of climate commitment your organization has set, general guidance for the types of claims you should make around your carbon credit purchase can be found below:

GENERAL GUIDANCE FOR ENVIRONMENTAL CLAIMS

DO:

- + Do place boundaries around all claims.
- + Do make claims that are accurate and simple to understand.
- + Do be prepared to substantiate comparative or superlative claims (ex: being the first to do a certain activity).
- + Do link claims to publicly available supporting information when possible.
- + Do disclose caveats, limitations, and assumptions associated with the claim.
- + Do adhere to relevant legal and regulatory requirements.

DO NOT:

- + Do not make unqualified or general claims.
- + Do not overstate, directly or by implication, the environmental benefits of an action. Whether or not a claim is deceptive is based on the overall impression the average reader has of the claim.

This paper reflects 3Degrees' perspective on best practices for making public-facing carbon credit claims. It should not be interpreted as guidance on how to comply with specific regulatory requirements or legal advice.

Carbon credits 101

The emission reductions or removals associated with a carbon credit are quantified according to scientifically supported methodologies and verified against internationally recognized standards. Since carbon emissions and their impacts are global in nature, avoiding emissions or removing carbon in one region is equally beneficial to reducing or removing emissions elsewhere from a climate change perspective. Carbon credits should be used to address ongoing emissions as organizations make progress towards short- and long-term climate targets. Carbon credits must complement, not substitute for, internal emission reductions.

3Degrees provides carbon credits from projects that undergo third-party verification using internationally recognized standards that are managed and maintained by independent, not-for-profit organizations. Your organization's carbon credit purchase from 3Degrees will produce impactful, measurable, and verified climate benefits.

We work with all of the leading not-for-profit organizations, including:



QUALITY CRITERIA

Credits must be **permanent**, meaning the emission reductions or removals either cannot be reversed or are supported by measures to protect and/or insure against reversals.

Credits must be **additional**, meaning the project has to represent a change in behavior from business-as-usual.

Credits must be **verified** before issuance, meaning the emission reductions are calculated according to internationally recognized standards and protocols and verified by independent third parties.

Credits must be **enforceable**, meaning the emission reduction must be backed by a legal instrument or contract that defines exclusive ownership.

Credits must be **real**, meaning the emission reduction must represent actual global emission reductions backed by scientifically sound accounting.

Transition from compensation to contribution

In recent years, the voluntary carbon market and organizations undertaking voluntary measures to offset unabated emissions have faced increased scrutiny. To protect against this criticism and align with emerging best practices, 3Degrees recommends that buyers pursue a “contribution-based approach” to carbon credit procurement, which is a transparent alternative to volumetrically matching carbon credits to unabated emissions. The contribution approach involves establishing a financial target for carbon credit procurement through an internal carbon price or different transparent benchmark, and prioritizing carbon credit impact over quantity. 3Degrees also recommends that buyers make contribution claims, which describe how carbon credits contribute to global climate mitigation measures. Unlike more traditional compensation, offsetting, and

carbon neutrality claims, these actions do not imply that an organization’s direct emissions have been counterbalanced or netted out.

Carbon offsetting and neutrality claims are increasingly susceptible to accusations of greenwashing, which can undermine the credibility of organizations that make such claims. Should companies choose to make offsetting claims, it is critical to adhere to established guidelines and best practices to mitigate potential risk and preempt public criticism. We discourage customers from setting new carbon neutrality targets, as they tend to mask the distinction between emission reduction efforts and the procurement of carbon credits, and are increasingly subject to scrutiny from media and regulatory bodies.

Best practices for making credible carbon credit claims:

DO use the term “carbon credit” instead of “carbon offset.”

Historically, the terms carbon credit and carbon offset have been used interchangeably to refer to one metric ton of greenhouse gas emissions that have been avoided, reduced, or removed from the atmosphere. However, we now recommend exclusive use of the term “carbon credit,” as carbon offset implies that purchasers will be offsetting (or counterbalancing) their own emissions through the purchase of the credit. In reality, purchasers may use carbon credits for many different reasons, including to contribute to global greenhouse gas mitigation without offsetting their own emissions.



YES

“We purchased carbon credits to address our unabated emissions from shipping and packaging in 2023.”



NO

“We purchased carbon offsets in 2023.”

DO *be specific about the scope and boundaries of your claim.*

The emissions associated with your business operations can be vast and difficult to quantify. Therefore, when making carbon credit claims, it is essential to establish clear boundaries. Which activities are covered? For what time period?

DO NOT *say or imply that your business activities do not lead to GHG emissions.*

Purchasing carbon credits does not directly reduce the actual carbon emissions associated with your business activities. Therefore, when reporting on your carbon emissions, it is essential to quantify and disclose your scope 1, scope 2, and scope 3 emissions separately, alongside the total metric tons of emissions that have been reduced or removed elsewhere through your purchase of carbon credits.

DO *provide specific information on the types of projects you support, and be careful not to overstate your role in credit creation.*

In order to become third-party verified, carbon credits must adhere to strict additionality criteria. These criteria include demonstrating that the associated project was not legally mandated and that it would not have been implemented without the existence of a carbon market. However, it is inappropriate to imply that your specific purchase led to the creation of a carbon credit if the timing of your purchase occurred after the project was developed. It is more appropriate to talk about the additionality of the project itself, rather than the impact of your specific purchase.

 **YES**

“We are taking responsibility for the emissions from company air travel in 2022 by purchasing carbon credits from projects that avoid emissions at landfills.”

 **NO**

“Our business operations are carbon neutral.”

 **YES**

“We are addressing our scope 3 footprint by supporting carbon credit* projects outside of our value chain.”

 **NO**

“Our company now produces zero emissions from employee travel.”

**We encourage people to name the specific types of projects they support.*

 **YES**

“The carbon credit projects we support avoid emissions at landfills in the United States.”

 **NO**

“Our carbon credit purchase avoids emissions at landfills in the United States.”

DO be explicit about whether you're supporting emissions reductions or removals that have already occurred (known as ex-post reductions/removals) or have yet to occur (known as ex-ante reductions/removals).

Companies should not imply they are counterbalancing their historical value chain emissions with reductions or removals that have yet to occur. Companies should separately disclose their ex-ante and ex-post investments.

Credible claim examples

EXAMPLE LANGUAGE TO DISCUSS YOUR CREDIT PURCHASE:

"[Company Name] has partnered with 3Degrees, one of the leading North American carbon specialists, to source [X] MT of carbon credits from third-party verified [project type] projects. These efforts are furthering our organization's commitment to support carbon reduction and removal activities outside of our value chain."

For companies that want to include more details on the specific carbon credit projects they are supporting, reach out to 3Degrees directly for appropriate project description language.

✔ YES

"We are supporting carbon credit projects that are anticipated to reduce methane emissions over the next years."

✘ NO

"We have offset our historical emissions with projects that are expected to reduce methane over the next 10 years."

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3Degrees, a certified B Corporation, makes it possible for businesses and their customers to take urgent action on climate change. We help organizations around the world achieve renewable energy and decarbonization goals through our work with global Fortune 500 companies, utilities, and other organizations that want to join the fight against climate change.

For additional information visit [3Degrees.com](https://www.3degrees.com).

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