Comment, Opinion

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Corporate climate action: How do you solve a problem like an offset?

By Gabrielle Walker

An open cast mine excavating coal. Currently, companies are buying cheaper avoidance credits rather than neutralising their own emissions (Photo: Lukas Schulze/Getty Images)

Companies need to focus on reducing emissions and buying carbon removals, not "avoidance" credits

The ambition to reach net zero is now all but universal. At the last count, 93 per cent of the companies that generate global GDP had either set their own target for achieving net zero carbon emissions, or were operating in a territory that had set such a goal.

You would think, therefore, that there would be a universal plan for how to reach net zero. Not so. Though the main part of the target is straightforward, if hard – we all need to reduce carbon emissions as fast as feasibly possible – debate around how to offset the remaining residual emissions through the use of carbon credits has become increasingly confused and toxic.

The crux of the issue lies not just in the integrity of the credits, but also in what kind of credits to buy: avoidance or removal. This is where the revised Oxford Offsetting Principles, published this week, come in. Produced by leading scientists to recommend how companies should navigate the vexed world of carbon offsets, they are the first rule-setters in the voluntary carbon market to exhort corporates to buy carbon removals starting now.

This emphasis on starting now with purchases of carbon removals matters because many corporate offsetting strategies currently focus on buying the much cheaper "avoidance" carbon credits now and worrying about removals later. And, as the updated version of the principles conclude, this strategy means "the vast majority of current offsetting approaches are not net zero aligned".

Avoidance credits are a way to pay someone else to avoid generating their greenhouse emissions – usually in developing countries where land and labour are relatively cheap. Typical examples include paying to prevent a forest from being chopped down or helping locals to switch to cleaner cookstoves. One challenge with this, however, is that avoidance credits put the onus on someone else to reduce their emissions, rather than you neutralising your own.

In line with the Science Based Targets initiative's net zero standard, however, residual emissions have to be balanced by taking carbon dioxide out of the air and storing it somewhere safe; in other words, by carbon removal.

Since everyone in the world ultimately needs to reduce their emissions and remove what's left if we are to reach net zero, the clear conclusion is that offsetting strategies must move away from avoidance and towards 100 per cent removal credits.

The question has been: when should this start, and how quickly should it happen? When they were first published three years ago, the Oxford Offsetting Principles highlighted the need for companies to gradually move away from avoidance credits and towards durable removals to achieve their net zero targets. However, they unwittingly encouraged corporates to wait, by drawing on the "mitigation hierarchy", which emphasises the importance of avoiding and reducing emissions before removing the rest.

The updated principles make it abundantly clear that a good offsetting strategy means companies need to start buying removals now – and progressively increase the amount bought, ultimately reaching 100 per cent by the net zero date. What's more, the updated principles also clarify the need to buy more high-durability (and higher cost) removals, which are currently in short supply.

Financing a new industry

The major reason to start now is to help the nascent removals industry to grow at the speed and scale needed. Just 4 million tonnes of high durability removals have been purchased to date, a figure that needs to grow to around 10 billion tonnes a year by 2050 if we are to have a fighting chance of reaching net zero.

If companies commit to buying today through advanced market commitments, this will unlock the flow of finance that the early projects need. The likes of Microsoft, JPMorgan Chase and British Airways are already doing just that.

So what does this imply for avoidance credits? The updated principles make it clearer than ever that they continue to be essential to stop deforestation and finance green alternatives to fossil fuel infrastructure in the global south.

The transition from avoidance to removals can't happen overnight, and nor should it. Besides taking responsibility for their own emissions, any responsible climate actor should make their fair contribution to protecting nature and achieving net zero for the world.

The bottom line is that neither of those can wait. We need to protect nature now; we need to start building the carbon removals industry now. The adoption of the updated Oxford Offsetting Principles should be a shoo-in for every responsible corporate.

This is not just to avoid painting a big green target on your back but also to ensure your offsetting strategy takes you towards a net zero target that "does what it says on the tin", namely: protects nature, reduces your own emissions, and involves buying carbon removals now.

Gabrielle Walker is co-founder of and chief scientist at CUR8 and co-founder of Rethinking Removals.

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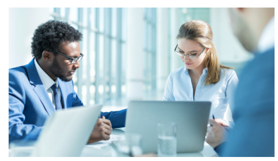

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