



## Does your company offset its carbon dioxide emissions?

### Rationale for question

Businesses are under increasing pressure to reduce the amount of carbon dioxide they emit and become carbon neutral, i.e. operate without a net burden on air quality. Although becoming energy efficient can significantly reduce the carbon footprint of businesses, it is inevitable that business operations will still result in some carbon dioxide emissions.

Many businesses are seeking to mitigate these effects through carbon offsetting, which involves calculating the company's carbon dioxide emissions, then purchasing the required amount of offsets in the voluntary or regulated market. Carbon offset providers engage in one or more schemes intended to 'balance' the client's emissions. These might include planting trees, investing in renewable energy and developing alternative technology. Carbon offsetting is becoming increasingly popular, with numerous commercial and non-commercial firms providing offsets at different prices and for a variety of schemes.

However, carbon offsetting is not an issue immune from debate. Critics claim offsetting is becoming an excuse for businesses and individuals to avoid changing environmentally damaging practices. They also question the environmental value of some offset schemes and the impact they have on communities where they are implemented, particularly those in the developing world. Another criticism is that many offsetting companies seem to be more focused on yielding profits than effectively balancing carbon dioxide emissions. There is also some

debate about the cost of administration for some of the schemes, which may inhibit smaller businesses from taking part.

The market remains in some flux, but progress is being made towards defining standards. For example, the UK Government has created an approved carbon offsetting brand, [the Quality Assurance Scheme for Carbon Offsetting](#), which is an endorsement of approved schemes to increase consumer confidence and to develop the offsetting market. The scheme only includes programmes using officially recognised carbon credits, Certified Emission Reductions (CERs). The Gold Standard is a certification scheme that also includes a quality standard for Voluntary Emission Reductions, or VERs. Another scheme that complements the [Gold Standard](#) is the [Voluntary Carbon Standard](#), which was launched in November 2007.

Carbon offsetting alone cannot address climate change; all other energy efficiency and carbon reduction schemes must first be exhausted. Offsetting should only be one component of a wider programme to reduce an organisation's greenhouse gas emissions.

### Defining terms

A 'carbon offset' aims to reduce the carbon dioxide in the atmosphere by the same amount that business activities have added. Carbon offsetting involves calculating the company's carbon dioxide emissions, then purchasing the required amount of offsets from a provider, who proceeds to engage in one or more projects intended to 'balance' the client's emissions. Schemes include planting and managing trees, investing in renewable energy, and investing in other projects or technology intended to reduce levels of carbon dioxide.

**Primary and Secondary answer requirements**

**ANSWERING YES**

Companies must:

1. describe how they calculate their carbon dioxide emissions (or refer to the previous question);
2. state the percentage of emissions that they offset;
3. specify the type of scheme they use for offsetting, e.g. planting trees or investing in renewable energy;
4. state their offset's cost per metric tonne of carbon dioxide; and
5. explain how they monitor the effectiveness of the scheme.

**ANSWERING NO**

Companies must:

1. explain why they do not or cannot answer YES to this question, listing the business reasons, any mitigating circumstances, specific criticisms or other reasons that apply.

Companies may:

1. mention any future intentions regarding this issue.

**DON'T KNOW** is not permissible answer to this question.

**NOT APPLICABLE** is not permissible to this question.

**NO ANSWER YET** is only permissible under extraordinary circumstances and then for only a limited period.