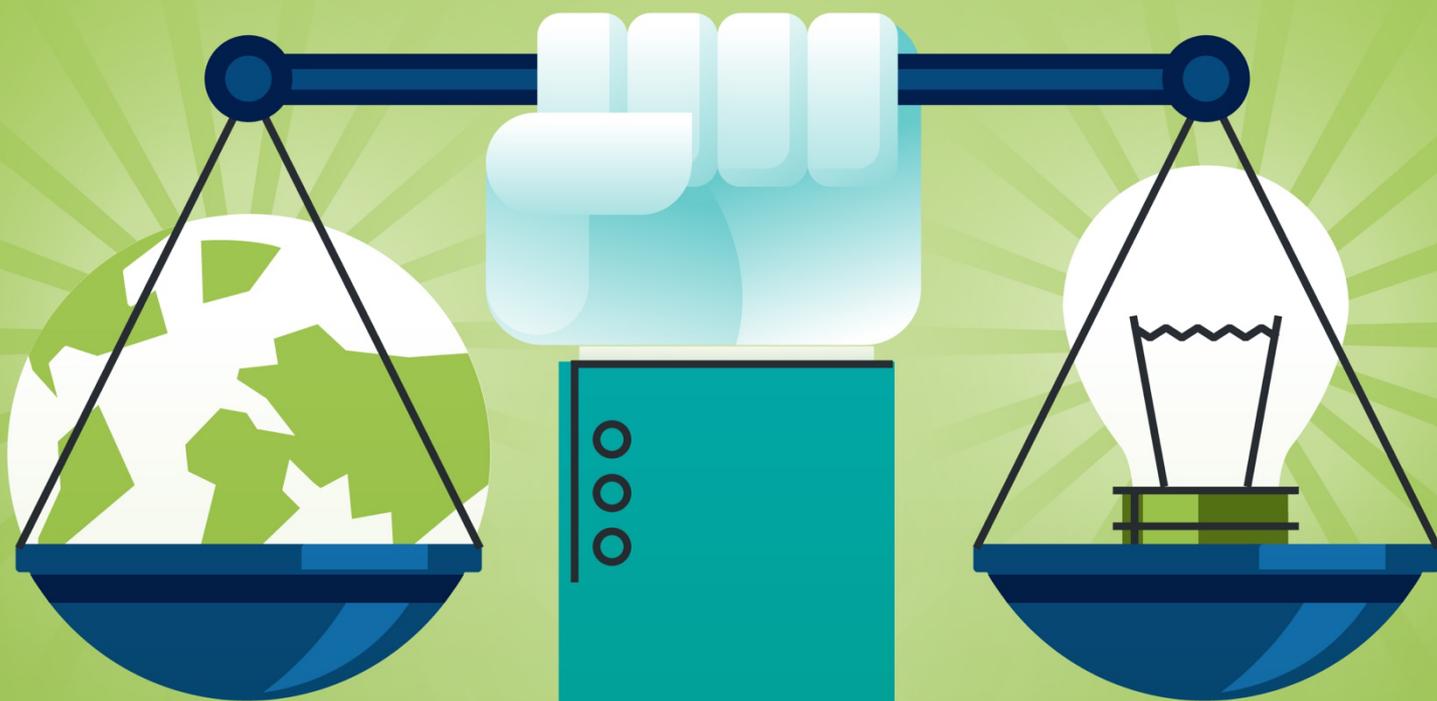


# NET ZERO CARBON EVENTS



## NZCE Offsetting Guide

December 2023

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# INTRODUCTION

After [the NZCE Pledge](#) and [the NZCE Roadmap](#) were created and published in Phase 1 and 2 respectively, Phase 3 has been focused on the creation of practical guidance documents for the decarbonisation of the meetings and events industry. Five workstreams were created to discuss and ultimately provide guidance on the decarbonisation of the specific action areas defined in the NZCE Roadmap: Venue Energy; Food and Food Waste; Logistics; Smart Production and Waste Management; and Travel and Accommodation. In addition, three transversal workstreams were created to support the initiative and provide guidance on the issues that touch on all action areas: Measurement; Carbon Offsetting; and Reporting. This document provides the first version of the guidance document for Offsetting. To read the documents that the other workstreams have produced, please visit the [NZCE initiative's resources page](#).

In August 2023, the offsetting workstream launched a survey to assess the industry's status of knowledge about offsets as well as the current level of uptake of offsetting and related challenges and practices. The respondents indicated that one of their main challenges regarding offsets was a lack of general guidance on offsets. We hope that this document can fill this knowledge gap by supporting the events industry in better understanding carbon offsets and providing an overview of current events industry offsetting practice.

It's important to emphasise that the primary focus in everyone's efforts towards decarbonisation should be on avoidance, reduction, and replacement whereas carbon offsets should be regarded as last resort.

# UNDERSTANDING CARBON OFFSETS

## DEFINITION OF CARBON OFFSETS

Carbon offsets are credits that represent the reduction of one metric ton of carbon dioxide (CO<sub>2</sub>) or equivalent greenhouse gas emissions (GHGs). Carbon offsets are generated by projects that reduce or remove greenhouse gases from the atmosphere and they can be purchased by individuals, organisations, or governments to compensate for their own emissions. The key concept of offset credits is to move a net climate benefit from one entity to another. Because GHGs mix globally in the atmosphere, the emission reduction and therefore climate effects are the same if an organisation: (a) ceases an emission-causing activity; or (b) enables an equivalent emission-reducing activity somewhere else in the world.

## DIFFERENCE BETWEEN ‘CARBON NEUTRAL’ AND ‘NET ZERO’

The terms “net zero” and “carbon neutrality” are often used interchangeably, but they actually have different meanings:

- Carbon neutrality refers to the balance of emitted CO<sub>2</sub> with avoided or removed emissions. This is primarily achieved by removing the same amount of CO<sub>2</sub> as emitted. Carbon neutrality can be achieved for an overall company or a specific product. Carbon neutrality can be an intermediate step towards net zero.
- Net zero is a more ambitious goal than carbon neutrality. It requires that all abatable emissions (GHG emissions that can be eliminated) be eliminated, rather than just offset. Accordingly, net zero always includes a clearly defined strategy, roadmap, and resulting actions for the reduction of all abatable GHG emissions. As it is unlikely that an organisation can immediately abate all their emissions, net zero claims allow for using offsets. However, only a specific subset of offsets – high-quality removal projects.

## USE OF CARBON OFFSETS

Nevertheless, it is critical to note that carbon offsets are not a perfect solution. They can be expensive, and there is no guarantee that some of the projects they support will be successful. Additionally, some people argue that carbon offsets can be used to justify continued emissions, rather than encouraging people to directly reduce their emissions.

**Accordingly, carbon offsetting should not be your first step to your net zero journey but a supplementary step after emission reduction activities have already been implemented. Please refer to the carbon management hierarchy shown below.**

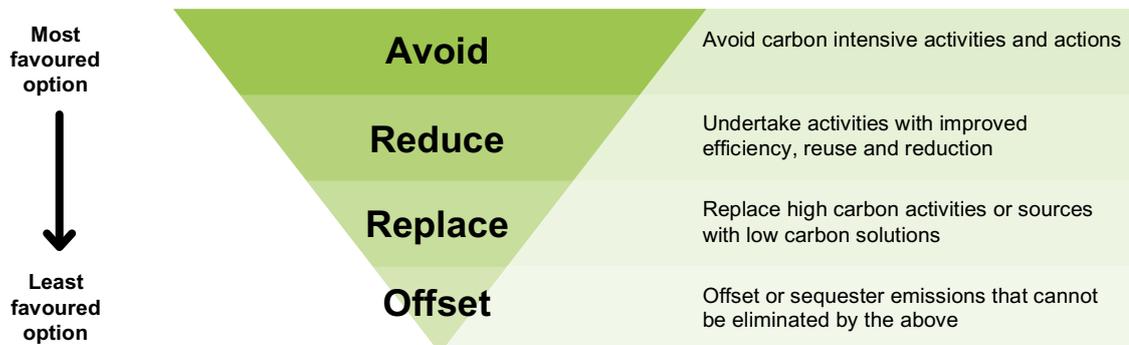


Figure 1: Carbon Management Hierarchy. Source: NZCE (2022). A Net Zero Roadmap for the Events Industry

Despite their issues, offsets can be a valuable tool for mitigating climate change by helping individuals and organisations to take responsibility for their emissions. They can also support projects that are helping to reduce greenhouse gases from the atmosphere with a range of benefits (and limitations) as outlined in the following sections. Carbon offsetting will play a role in the events industry’s pathway to net zero. While carbon offsetting has its limits as outlined above, four elements should be considered when approaching carbon offsetting:

1. **For some activities, carbon offsetting is the most significant way a carbon footprint can be mitigated until 2030.** These activities include those that involve burning of fossil fuel with no electrified or renewable replacement available at scale and those that have no readily available, viable alternative activities other than their reduction or elimination. It also includes activities that are transversal with no exclusive business-to-business pressure in an integrated value chain, and those that are essential to basic provision of services to sustain life. The hardest to abate emission source categories identified in the NZCE offsetting survey are summarised in the figure below.
2. **Carbon offsetting delivers co-benefits to people, not just the atmosphere.** Though the primary intended purpose is contributing positively to the balance of atmospheric greenhouse gases, carbon offsetting mechanisms involve compensating humans for their work. This includes people involved in originating, validating, and brokering the financial transaction. More importantly, it involves the people undertaking the activities that remove carbon from the atmosphere or preserve it from being released. Opportunities exist for carbon offsetting projects to generate local economic benefit and provide alternative livelihoods to local communities in locations where it is most needed.
3. **Carbon offsetting can generate co-benefits for biodiversity and other UN SDGs.** Few question the value of funding the protection of forests, coral reefs, and waterways, which in turn enable myriad other benefits and activities, including carbon reduction.
4. **Carbon offsetting is going to proliferate in the voluntary market.** Despite stakeholder criticisms, the number of existing and planned carbon offsetting approaches to consumer products and services is increasing. Several countries are introducing carbon pricing measures to meet their national climate goals and targets. As per the latest report<sup>1</sup>, the voluntary carbon offsets market is expected to grow from around \$2 billion in 2022 to about \$250 billion by 2050.

### Industry Practice - Hard to Abate Emission Source Categories

At event level, the emission source categories that have been identified as hardest to abate are:

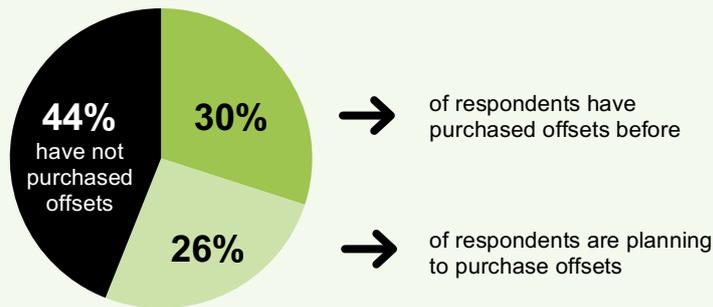


<sup>1</sup> <https://www.morganstanley.com/ideas/carbon-offset-market-growth#:~:text=With%203%2C800%20more%20projects%20listed,around%20%24250%20billion%20by%202050.>

In general, carbon offsets can play two roles in an event company's science-based net zero strategies:

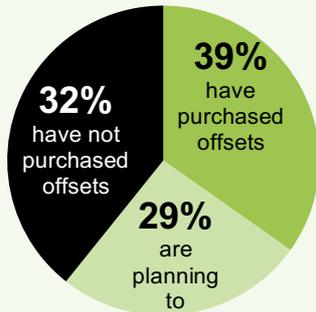
- **In the transition to net zero:** Companies may opt to purchase carbon credits while they transition towards a state of net zero emissions (i.e., in addition to science-based mitigation of value chain emissions) to support society to achieve net zero emissions by 2050.
- **At net zero:** Companies with residual emissions within their value chain are expected to neutralise those emissions with an equivalent amount of carbon dioxide removals at their net zero target date, and these removals can be sourced from carbon credits.

### Industry Practice – Offset Purchases

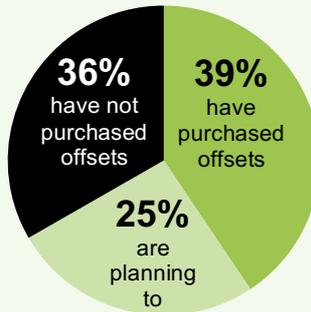


Of all respondents that have purchased offsets:

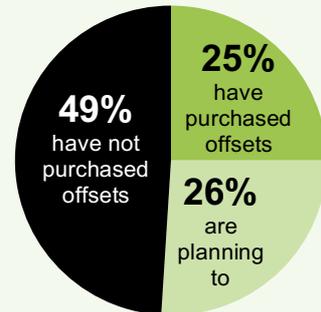
#### Scope 1 emissions



#### Scope 2 emissions



#### Scope 3 emissions



The Scope 3 categories for which most offsets have been purchased for are:



**1**  
Staff travel  
(for staff not covered by employee commuting category)

**2**  
Waste generated at company offices

**3**  
Employee commuting

**4**  
Staff accommodation

**5**  
Food waste

**6**  
Production waste

**7**  
Venue waste

Most named



Least named



Nature-based offsets have several advantages over other types of carbon offsets. They can provide several benefits, such as improved water quality, increased biodiversity, and reduced flood risk. However, nature-based offsets also have limitations. They can take a long time to generate carbon offsets, and they can be vulnerable to natural disasters or other disruptions, creating issues with permanence, meaning the amount of time the removed or avoided carbon is stored.

**TECHNOLOGY-BASED** offsets are a type of carbon offset that is generated by projects that use technology to capture or remove carbon dioxide from the atmosphere. These technologies can be used to offset emissions from a variety of sources, including power plants, industrial facilities, and transportation. Some common types of technology-based offset projects include:

- **Direct air capture:** Projects that capture CO<sub>2</sub> directly from the atmosphere.
- **Carbon capture and storage (CCS):** Projects that capture CO<sub>2</sub> from emissions and store it underground.
- **Enhanced weathering:** Projects that add alkaline minerals to the soil, which can help to capture CO<sub>2</sub>.
- **Biochar:** Projects that produce biochar, a charcoal-like material that can be used to store CO<sub>2</sub> in the soil.
- **Ocean fertilisation:** Projects that add nutrients to the ocean, which can stimulate the growth of algae that can absorb CO<sub>2</sub>.

Technology-based offsets have several advantages over other types of carbon offsets. They can be generated quickly, and they can be scaled up to meet the needs of a growing global economy. Additionally, some technology-based offsets can be permanent. However, technology-based offsets also have limitations. They can be expensive, and there is still some uncertainty about their long-term effectiveness.

## Avoidance vs Removal Offsets

**AVOIDANCE PROJECTS** are a type of carbon offset project that prevents greenhouse gas emissions from being released into the atmosphere. This can be done by reducing deforestation, switching to renewable energy sources, or improving energy efficiency. Some common types of avoidance projects include:

- **Forest conservation:** Projects that prevent deforestation or forest degradation.
- **Renewable energy:** Projects that generate electricity from renewable sources, such as solar and wind power.
- **Energy efficiency:** Projects that improve energy efficiency in buildings, appliances, and transportation.
- **Agriculture:** Projects that adopt sustainable agricultural practices, such as cover cropping and no-till farming.
- **Waste management:** Projects that reduce waste generation or divert waste from landfills.

Avoidance projects have several advantages over other types of carbon offset projects. They can be relatively inexpensive, and they can be implemented quickly. Additionally, avoidance projects can provide several other benefits, such as improved air quality, increased biodiversity, and reduced water pollution. However, avoidance projects also have limitations. They may not be able to offset all of an organisation's emissions, and they may not be permanent.

**REMOVAL PROJECTS** are a type of carbon offset project that removes CO<sub>2</sub> from the atmosphere. This can be done by planting trees, investing in carbon capture and storage (CCS) technology, or restoring wetlands. Some common types of removal projects include:

- **Forest restoration:** Projects that plant trees or restore forests.
- **Wetland restoration:** Projects that restore wetlands, which are important carbon sinks.
- **Grassland restoration:** Projects that restore grasslands, which can also store carbon.
- **Rewilding:** Projects that restore natural ecosystems, such as prairies and forests, that have been degraded or destroyed.
- **Marine conservation:** Projects that protect marine ecosystems, such as coral reefs and mangroves, which are important carbon sinks.

Removal projects have several advantages over other types of carbon offsets. They can be permanent, meaning that the carbon they remove will be stored for thousands of years. Additionally, removal projects can help to mitigate climate change by directly reducing the amount of carbon dioxide in the atmosphere. However, removal projects also have limitations. They can be expensive, and there is still some uncertainty about their long-term effectiveness. An immediate transition to 100% carbon removals is not necessary, nor feasible, but organisations must commit to gradually increase the percentage of carbon removal offsets they procure with a view to exclusively sourcing carbon removals by mid-century. Most offsets available today are emission reductions, which are necessary but not sufficient to maintain net zero in the long run. Carbon removals directly reduce the amount of carbon in the atmosphere which can counteract ongoing emissions after net zero is achieved, as well as create the possibility of net removal for those actors who choose to remove more carbon than they emit.

## KEY CHARACTERISTICS OF HIGH-QUALITY OFFSETS

When looking for offsetting options, it is important to:

- **Buy from reputable sources:** When you purchase carbon offsets, it is important to buy from reputable sources that are transparent about their projects and their verification processes.
- **Do your research:** Before you purchase carbon offsets, it is important to do your research and understand the different types of offsets available. You should also be familiar with the standards for quality and reliability that are used to assess carbon offsets. The most important criteria for carbon offset quality are highlighted in the table below:

<b>Verified</b>	Verifying offsets ensures that the emission reduction or carbon removal actually takes place. Ensure that carbon offsets have undergone a rigorous validation and verification by a third-party organisation and received certification from a credible carbon standard in a voluntary or compliance market.
<b>Minimised forward-selling</b>	Any time gap between the purchase of the offset and the successful execution of the emissions reduction or carbon removal activity must be minimised, and mechanisms to ensure that the environmental benefits from an offset are actually delivered must be strong.
<b>Accurately accounted</b>	Care must be taken to ensure offset providers are properly converting the climate impacts of non-CO2 climate pollutants (such as CH4, or N2O) into CO2 terms according to their actual warming impact, particularly for short-lived greenhouse gases like methane.
<b>Additional</b>	Offsets should be additional, meaning they represent an emission reduction or carbon removal relative to a baseline that would not have taken place but for the offsetting activity, meaning the possibility to sell carbon offset credits must have played a decisive role in a projects' implementation. Additionality can be difficult to determine and verify, and ultimately involves some degree of subjectivity.

<b>Permanent</b>	Permanence refers to how long a greenhouse gas stays out of the atmosphere, whether stored in a physical reservoir or whose emission was deferred through avoidance. In the case of physically storing carbon in a reservoir (e.g., a forest or a geological sink), the risk of reversal of that carbon back into the atmosphere (for example through deforestation or natural disasters) must be acknowledged and accounted for in the offsetting plan.
<b>Co-beneficial</b>	It is essential that in addition to contributing to significant emissions reduction the carbon offsets should also realise environmental and social equity and integrity. Also, a project should demonstrate it complies with all legal requirements in the jurisdiction where it is located.
<b>Vintage</b>	The vintage of a carbon offset is the year in which the offset was issued. Vintage can be an important factor to consider when purchasing carbon offsets, as it can provide information about the quality and reliability of the offset. Older offsets may be less reliable than newer offsets, as they may have been issued before the development of stricter protocols and standards for carbon offsetting. Additionally, older offsets may have been issued for projects that are no longer active or that have not been properly monitored.

- Ask questions and consider other options: If you have any questions about a particular carbon offset project, be sure to ask the provider. They should be able to provide you with detailed information about the project and the criteria above. If you are concerned about the quality of carbon offsets, you may want to consider other options for reducing your emissions, such as investing in renewable energy. For specific questions to ask to determine the quality of offsets, please refer to the [Carbon Offset Guide](#).

### Industry practice – offset criteria and attributes



## OXFORD PRINCIPLES OF NET ZERO ALIGNED OFFSETTING

In September 2020, a multidisciplinary team of experts from the University of Oxford published the [Oxford Principles for Net Zero Aligned Carbon Offsetting](#). They are a set of guidelines that aim to ensure that carbon offsetting is used in a way that is credible and contributes to achieving net zero emissions. As such, they are intended to be used by a variety of stakeholders, including corporations, governments, financial institutions, and civil society organisations. They can be used to guide the design and implementation of carbon offsetting programs, but also to assess the credibility of existing offsetting programs.

The four key principles of the Oxford Principles are:

1. Cut emissions, use high quality offsets, and regularly revise offsetting strategy as best practice evolves.
  - a. Prioritise reducing emissions first and minimise the need for offsetting as much as possible
  - b. If offsets are purchased, ensure they meet the attributes and characteristics as mentioned above
  - c. Maintain transparency by fully disclosing your scope 1, 2 and 3 emissions, accounting methods, targets to reach net zero, and all details and information regarding the offsets purchased and the emission scopes for which they were purchased.
2. Shift to carbon removal offsetting
  - a. Most offsets available today are based on avoidance, which are valuable but not fully sufficient to meet the Paris Agreement goals.
  - b. The need is to transition towards removal offsets as they scrub carbon directly from the atmosphere
  - c. Increase the portion of carbon removal offsets gradually and ultimately reaching 100% carbon removals as increasing demand for removal offsets will signal increase in supply
3. Shift to long-lived storage
  - a. While shifting to carbon removals is key, permanently storing carbon for long is another challenge as short-lived storage have risk of being reversed over decades.
  - b. Long-lived carbon includes storing in geological reserves or mineralising carbon into stable forms
  - c. Short-lived carbon options helps buy time until long-lived storage options become scalable and feasible.
4. Support the development of net zero aligned offsetting
  - a. Work collaboratively as an industry to develop the market for net zero aligned offsets
  - b. The offsets purchased should be related as best as possible to the corporate responsibility of the company. For example, if the company has a vision to empower women, or to empower certain communities, minorities, refugees, or to improve education, then they should look for projects which are focused on such themes

The Oxford Principles are an important step towards ensuring that carbon offsetting is used in a way that is credible and contributes to achieving net zero emissions. They provide a framework for organisations to develop and implement offsetting programs that are aligned with the Paris Agreement goals.

## CARBON OFFSET STANDARDS AND PROGRAMS

Different standards exist for the certification of offsetting projects in accordance with the attributes and principles of carbon offsetting. The current key standards are highlighted in the table below:

Name of program	Type of carbon market	Regional scope	Registry	Verification required	Label used
<b>Clean Development Mechanism (CDM)</b>	Compliance (Under Kyoto Protocol)	International (Projects should be developed in Developing Countries as defined by Kyoto Protocol)	Yes	Yes	Certified Emission Reductions (CERs)
<b>California Compliance Offset Program</b>	Compliance	United States	Yes	Yes	Air Resources Board Offset Credit (ARB OC)
<b>Joint Implementation (JI)</b>	Compliance	International	Yes	Yes	Emission Reduction Unit (ERU)
<b>Regional Greenhouse Gas Initiative</b>	Compliance	Northeast United States	Yes	Yes	RGGI CO2 Offset Allowance
<b>Alberta Emission Offset Program (AEOP)</b>	Compliance	Alberta, Canada	Yes	Yes	Alberta Emissions Offset Credit (AEOC)
<b>American Carbon Registry</b>	Voluntary	International	Yes	Yes	Emission Reduction Tonne (ERT)
<b>Climate Action Reserve</b>	Voluntary	United States, Canada and Mexico	Yes	Yes	Climate Reserve Tonne (CRT)
<b>Gold Standard</b>	Voluntary	International	Yes	Yes	Verified Emission Reduction
<b>Verra</b>	Voluntary	International	Yes	Yes	Verified Carbon Unit (VCU)
<b>Plan Vivo</b>	Voluntary	International	Yes	Yes	Plan Vivo Certificate (PVC)
<b>Puro. Earth</b>	Voluntary	International	Yes	Yes	CORCs
<b>Global Carbon Council (GCC)</b>	Voluntary	MENA	Yes	Yes	Approved Carbon Credits (ACCs)
<b>Social Carbon</b>	Add-on certification standard	International	Yes	Yes	Used in Conjunction with other labels
<b>Climate, Community, &amp; Biodiversity Standards (CCBS)</b>	Add-on certification standard	International	Yes	Yes	Used in Conjunction with other labels

# CARBON OFFSETTING PURCHASE, CLAIMS, AND COMMUNICATION

## HOW TO ACQUIRE CARBON OFFSETS

There are many ways to purchase carbon credits ranging from directly and actively getting involved in their origination to simply purchasing offsets with the help of brokers or retailers. The decision lies on when you need to purchase the offsets, how many offsets you require, the price of offsets, and the amount of time and resources available to you for acquiring offsets. Some of the key approaches for purchasing carbon offsets are:

- 1. Directly and actively engaging in investing for new projects** – Here the buyer invests in an offset project in return for rights to the carbon offsets the project will generate. The buyer will have to be involved in project development, registration and monitoring of the project.
  - Pros
    - Allows “at cost” access to offset credits, hedging against future price increases
    - Allows deep engagement with the project and understanding of / influence over quality characteristics
  - Cons
    - Time consuming
    - Requires resources and expertise
    - Commits the buyer to a long-term purchase agreement
- 2. Getting into contracts with an offset project developer** – here the buyer contracts directly with a project developer for delivery of carbon offsets in the form of Emission Reduction Purchase Agreements (ERPA).
  - Pros
    - Lower transaction costs
    - Allows low-costs access to offset credits, hedging against future price increases
  - Cons
    - Time consuming
    - Requires some resources and expertise
    - Commits the buyer to a long-term purchase agreement
- 3. Purchase one-off from a project developer** – here the difference from approach 2 is that instead of getting into a contract, the buyer simply purchases the offsets as a one-time transaction. Usually, the project developer will have some unsold offsets and can sell them directly to a buyer.
  - Pros
    - Lower costs
    - Immediate delivery of credits
    - Avoids long-term engagement
  - Cons
    - Difficult to procure
    - Volumes may be low
    - May include some concerns about the quality of offsets
- 4. Purchase from a broker** – Various firms act as brokers for carbon offsets. Brokers can make it easy to identify projects and provide a large number of volumes immediately. Brokers also develop their own projects and therefore are sometimes vetted.

- Pros
    - Quick and easier access to offsets
    - Avoids time and effort to engage directly with project developers
  - Cons
    - Higher costs
    - Not feasible for low volumes
    - May include some concerns about the quality of offsets
5. **Purchase from a retailer** – Retailers often have a variety of projects and offset and provide basic information about the offsets.
- Pros
    - Good for small volumes
    - Avoids time and effort to engage directly with project developers
  - Cons
    - Prices are higher than those provided by brokers
    - Not good for low volumes
6. **Purchase from an exchange** – There are several environmental commodities exchanges that list carbon offsets for sale and facilitate transparent transactions.
- Pros
    - Quick and easy transactions
    - Can access large volumes
    - Wide range of projects
  - Cons
    - Sometimes not relevant for voluntary carbon markets
    - Accounts need to be created and purchases include some other maintenance costs, etc.

## HOW TO PROPERLY COMMUNICATE ABOUT AND CLAIM CARBON OFFSETS

Due to the nature of the events business, multiple entities are involved in the value chain of the events industry and in the context of emission accounting, an event can be interpreted as a product, which is part of the value chain of many different stakeholders involved in the event. In the context of carbon offsets, this presents an increased risk of double counting. Therefore, when communicating about offsets, it is critical to differentiate between claiming and accounting for linked offsets. Our recommendation is that two or more parties (as well as the overall event in its emission reporting) can account for the same carbon offset in their communication, while only one entity can claim retiring of the offset, which means the entity can claim the underlying reduction towards their own GHG reduction goals.

For example, when an event organiser company offers carbon neutral travel for guest attendees by default as a service premium, then it can claim the offset purchases and retire the credits accordingly in its Scope 3 accounting. Accordingly, the companies that the attendees are representing at the event can account for and accordingly communicate about the offset within their accounting. They may not, however, use the amount of emissions offset to indicate progress towards their companywide GHG reduction goals or claim that they offset the emissions.

To avoid accidental double counting, the whole events industry should work towards the introduction of transparent and appropriate tracking systems which centralise and streamline efforts and engage attendees uniformly. A tracking system would also create clarity about which

emissions have already been offset and which still need to be neutralised. The money and time saved by this can then be put into efforts for other emissions reduction activities.

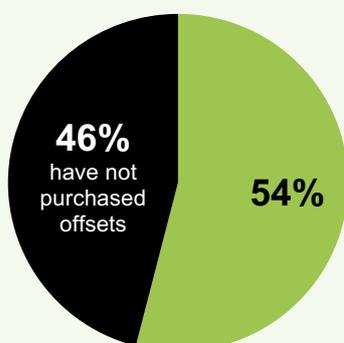
The reason why multiple organisations can account for but not claim retiring of the offset is as follows:

- Net zero targets involve addressing the majority of value chain emissions, where inherent overlap and double counting occurs. Business travel is one of these emission sources that can be interpreted to be a shared responsibility between different entities.
- If double accounting was not allowed, a plethora of offsets would need to be purchased by multiple entities, creating confusion for event attendees who may have touchpoints with several of the entities, as each may make a different claim for a different project and a different set of figures that were offset.
- Not allowing double accounting also risks exacerbating the current trend of voluntary offset initiatives for the industry where the rationale is to offset first and think later, without regard to the calculation or the supply chain engagement of the different entities to decarbonise in the most effective way. Providing more accurate accounting and engagement leads to a focus on decarbonising with offsets only being used for remaining hard-to-abate emissions.
- If double accounting was not allowed, this could lead to multiple entities each needing to purchase carbon offsets to make claims toward the same source of emissions and carbon offsetting provider being able to sell offsets for the same source of emission to all entities. Targeted, tracked offsetting can help ensure environmental integrity and maintain transparency.

The following key points should be considered when claiming carbon offsets:

- Be specific about the scope and boundaries of the emissions that have been offset.
- Provide information about the type of projects you have purchased and do not overstate your role in offset creation (unless you have originated the project).
- Purchasing carbon credits does not equal emission reduction from your boundary. Accordingly making net zero claims based solely on offsets is false. Claims of carbon or climate neutrality should always be accompanied by disclaimers that not all emissions have been eliminated.

## Communication of offsets



Of companies who plan to or currently purchase offsets communicate about offsets

The typical channels used for external communication about offsets are:

- Company and event websites
- Company newsletters
- Annual reports
- Social media

## WHAT IS A 'CARBON NEUTRAL' VS 'NET ZERO' EVENT AND COMPANY

The following table provides more detail on the requirements of how a company or event can claim net zero or carbon neutrality (Adapted from VCMI):

Claim Category	Attributes	EVENT		COMPANY	
		Carbon Neutral	Net Zero	Carbon Neutral	Net Zero
Company Coverage	Whole company value chain			✓	✓
	Specific product/ service	✓	✓		
Target Achievement Date	Today	✓		✓	
	Future (2030 – 2050)		✓		✓
Emissions Target	1.5C pathway alignment		✓		✓
	Internal emission reduction required		✓		✓
Emissions Coverage	CO2 only	✓		✓	
	All GHGs		✓		✓
	All NZCE Measurement methodology categories required – For event level		✓	N/A	N/A
	Scope 1,2,3 required – For company level	N/A	N/A		✓
Emissions Target	Compensation and neutralisation projects	✓		✓	
	Only neutralisation projects		✓		✓

While the above are some broad level factors to highlight the differences in credible claiming of carbon neutral vs net zero, the guidance document strongly recommends that users further review the [VCMI Claims Code of Practice](#) which is a rulebook for company level on credible use of high quality carbon credits on the path to net zero.

As indicated above, offsetting may be used in line with a net zero commitment. However, offsets need to be part of a larger and credible net zero strategy. The following table describes net zero pathway types, with 1 being the most and 4 being the least ambitious (Adapted from VCMI):

Net Zero Pathway Type	Target, Strategy and Performance	Use of Carbon Credits
Type 1	<p><b>Target</b> Company adopts a 1.5°C abatement target as well as a long-term net zero target. Target covers full Scope 1-3 emissions and non-CO2 emissions. The target is validated by a reputable third-party initiative or standard (e.g., SBTi)</p>	<p>Company purchases carbon credits to compensate all unabated emissions and neutralise residual emissions Company also purchases carbon credits to compensate for all its historical emissions</p>

<p><b>Type 2</b></p>	<p><b>Strategy</b>  Company has a net zero aligned (short- and long-term) low carbon transition strategy and a concrete plan/roadmap to meet its formally adopted target</p>	<p>Company purchases carbon credits to compensate all unabated emissions and neutralise residual emissions  Company does not purchase carbon credits to compensate for its historic emissions</p>
<p><b>Type 3</b></p>	<p><b>Performance</b>  Company is on track to meet the formal net zero aligned target on a rolling average</p>	<p>Company purchases carbon credits to neutralise residual emissions  Company does not compensate all unabated emissions in the short to medium term  Company does not purchase carbon credits to compensate for its historic emissions</p>
<p><b>Type 4</b></p>	<p>Target, strategy, and performance criteria not met (but company may have a non-validated net zero target OR may have a validated target but is not on track to achieve it)</p>	<p>Company purchases carbon credits for “offsetting as a substitute for within value chain science-based action”</p>

## OTHER FAQs

This section will be expanded in future iterations of this document to provide additional guidance where needed.

### **Why does this document encourage use of offsets when they have been criticised?**

In the Phase 2 Roadmap, NZCE has strongly encouraged and advocated its signatories to prioritise internal emissions reduction over offsets and to follow the mitigation hierarchy. However, the industry survey results for offsetting highlight there are a few event emission sources such as Travel & Accommodation and Freight & Logistics, which are outside the direct control of event entities. Therefore, there may be residual emissions from such sources which will have to be neutralised through appropriate carbon offsets. NZCE also believes that if not allowing for offsets, a compelling opportunity to address sustainable development issues would be missed and deprive the communities involved in preserving natural ecosystems to significant climate finance. NZCE's guidance on offsetting is aligned with guidance by other related methodologies, initiatives and guidelines such as the Hotel Net Zero Methodology, SBTi Net Zero Standard, Voluntary Carbon Markets Integrity Initiative, ISO Net Zero Guidelines, and UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities.

### **Can I use offsets for emissions from purchased electricity?**

In general, offsets can be used to offset any part of event emissions. However, NZCE discourages the use of offsets for emissions from purchased electricity to address common criticism of carbon offsets being an easier choice than actual emission reduction and to support transversal decarbonisation of the electric power grid.

### **What about the regions where renewable energy cannot be procured at the necessary quantities or it is not possible to purchase renewable energy?**

For regions where purchased renewables are not available, potential options include bulk purchasing RECs instead of offsets using mechanisms such as I-RECs or TIGRs, which would still help achieve the intended objective. This is a challenge also faced in aligning to frameworks such as RE100 as it's not feasible for many businesses with smaller facilities to negotiate PPAs in various countries. Future versions of this document and complementary initiatives will aim to provide more resources and guidance on this.

### **Should I go for “cheaper” carbon offset?**

In many markets, “cheap” is often synonymous with “low quality.” Very cheap offset credits can indeed be a sign of low quality, especially for newer projects. The inverse argument – that higher prices correlate with higher quality – is not reliably true either. However, the key point when purchasing offsets, buyers should ask questions related to various aspects of the offset which are highlighted in the “key characteristics of high-quality offsets” section above and in the following FAQs below.

### **Which vintage year of offsets should I purchase?**

Generally, it is recommended to try and buy carbon offsets within 1-3 years of your organisation's greenhouse gas (GHG) emissions. Anything more than five years apart is much less desirable as older vintage may present a quality concern as the offset under consideration may have remained unsold for a long time and/or delays in the delivery of the offsets due to various financial or administrative risks may raise questions about the additionality or quality of the projects.

## **Should I forward-buy offsets?**

Generally, no. As a key attribute of offsets, the time gap between the purchase of the offset and the successful execution of the emissions reducing or carbon removing activity must be minimised. The reason is that, for example, if a company forward-buys offsets for 10-15 years in the future, the company may face a higher risk for the offsets to not be delivered in time. Projects are exposed to various types of risks such as administrative, legal, financial, or community conflicts, which can cause delays in project registration, monitoring or verification and therefore can lead to offsets not being delivered in time to buyers. Another risk, specifically related to forestry projects, may be the risk of leakage such as catching wildfire or deforestation activities. Therefore, forward-buying should be minimised as much as possible.

## **What questions/consideration should I seek when purchasing offsets?**

There are various questions that a buyer should consider when purchasing carbon offsets. For full list of questions please refer to the [Offset Guide](#).

# GLOSSARY

Term	Definition
<b>Abatable emissions</b>	Abatable emissions are greenhouse gas emissions that can be reduced or eliminated through technological or behavioral changes. They are the opposite of hard-to-abate emissions, which are emissions that are difficult or impossible to reduce with current technology
<b>Accounting for offsets</b>	Accounting for offsets is the process of tracking and reporting the purchase and use of carbon offsets.
<b>Additionality</b>	Additional offsets represent an emission reduction or carbon removal relative to a baseline that would not have taken place but for the offsetting activity, meaning the possibility to sell carbon offset credits must have played a decisive role in a projects' implementation. Additionality can be difficult to determine and verify, and ultimately involves some degree of subjectivity.
<b>Avoidance projects</b>	<p>Avoidance projects are a type of carbon offset project that prevents greenhouse gas emissions from being released into the atmosphere. This can be done by reducing deforestation, switching to renewable energy sources, or improving energy efficiency. Some common types of avoidance projects include Forest conservation, Renewable energy, Energy efficiency, Agriculture, Waste management.</p> <p>Avoidance projects have several advantages over other types of carbon offset projects. They can be relatively inexpensive, and they can be implemented quickly. Additionally, avoidance projects can provide several other benefits, such as improved air quality, increased biodiversity, and reduced water pollution. However, avoidance projects also have limitations. They may not be able to offset all of an organisation's emissions, and they may not be permanent.</p>
<b>Broker</b>	<p>A carbon offset broker is a company that facilitates the purchase and sale of carbon offsets. They can help organisations and individuals find the right offset projects for their needs, and they can also help to ensure that the offsets are credible and that the emissions reductions are real and verifiable.</p> <p>Carbon offset brokers typically work with a network of offset project developers and sellers. They can help to match buyers and sellers, and they can also provide advice on the different types of offset projects available.</p>
<b>Carbon Neutral</b>	Carbon neutrality refers to the balance of emitted CO <sub>2</sub> with avoided or removed emissions. This is primarily achieved by removing the same amount of Co <sub>2</sub> as emitted. Carbon neutrality can be achieved for an overall company or a specific product. Carbon neutrality can be an intermediate step towards net zero.
<b>Claiming offsets</b>	Claiming offsets is the process of taking credit for the emissions that have been offset. This can be done by organisations or individuals who have purchased carbon offsets. When an organisation or individual claims an offset, they are essentially saying that they have reduced their emissions by the amount of the offset.
<b>Co-benefits</b>	Co-benefits of carbon offsets are additional benefits that go beyond greenhouse gas emissions (GHGs) avoidance and removal, such as positively impacting communities and biodiversity. It is essential that in addition to contributing to significant emissions reduction the carbon offsets should also realise environmental and social equity and integrity.

<b>Compliance market</b>	Compliance markets are regulated by governments and are used by organisations that are required to reduce their emissions, such as power plants and factories. In these markets, companies can buy or sell carbon credits, which represent a unit of carbon dioxide equivalent (CO <sub>2</sub> e) emission reductions or removals. The price of carbon credits is determined by supply and demand.
<b>Forward-selling</b>	Forward selling in the carbon offsetting context refers to the practice of buying carbon offsets in advance of the time when they will be needed. Any time gap between the purchase of the offset and the successful execution of the emissions reduction or carbon removal activity must be minimised, and mechanisms to ensure that the environmental benefits from an offset are actually delivered must be strong.
<b>Nature-based offsets</b>	<p>Nature-based offsets are a type of carbon offset project that protects, restores, or manages natural ecosystems. These ecosystems can absorb and store carbon dioxide from the atmosphere, which helps to mitigate climate change. Some common types of nature-based offset projects include Forest restoration, Wetland restoration, Grassland restoration, Rewilding, and Marine conservation.</p> <p>Nature-based offsets have several advantages over other types of carbon offsets. They are often more cost-effective than other types of offsets, and they can provide several other benefits, such as improved water quality, increased biodiversity, and reduced flood risk. However, nature-based offsets also have limitations. They can take a long time to generate carbon offsets, and they can be vulnerable to natural disasters or other disruptions, creating issues with permanence, meaning the amount of time the removed or avoided carbon is stored.</p>
<b>Net Zero</b>	Net zero is a more ambitious goal than carbon neutrality. It requires that all abatable emissions be eliminated, rather than just offset. Accordingly, net zero always includes a clearly defined strategy, roadmap, and resulting actions for the reduction of all abatable GHG emissions. As it is unlikely that an organisation can immediately abate all their emissions, net zero claims allow for using offsets. However, only a specific subset of offsets – high-quality removal projects.
<b>OTC</b>	OTC stands for over the counter. This refers to the trading of carbon offsets directly between two parties, without the use of an exchange. OTC trading is typically used for smaller transactions and for projects that are not eligible for trading on an exchange.
<b>Permanence</b>	Permanence refers to how long a greenhouse gas stays out of the atmosphere, whether stored in a physical reservoir or whose emission was deferred through avoidance. In the case of physically storing carbon in a reservoir (e.g., a forest or a geological sink), the risk of reversal of that carbon back into the atmosphere (for example through deforestation or natural disasters) must be acknowledged and accounted for in the offsetting plan.
<b>Project developer</b>	A carbon offset project developer is a person or organisation that develops and implements carbon offset projects. They typically work with landowners, communities, and other stakeholders to design and implement projects that reduce or remove greenhouse gas emissions. Organisations can invest in the development of carbon offset projects or buy carbon offsets directly from project developers after the projects are finalised.

<p><b>Removal projects</b></p>	<p>Removal projects are a type of carbon offset project that removes CO<sub>2</sub> from the atmosphere. This can be done by planting trees, investing in carbon capture and storage (CCS) technology, or restoring wetlands. Some common types of removal projects include Forest restoration, Wetland restoration, Grassland restoration, Rewilding, Marine conservation.</p> <p>Removal projects have several advantages over other types of carbon offsets. They can be permanent, meaning that the carbon they remove will be stored for thousands of years. Additionally, removal projects can help to mitigate climate change by directly reducing the amount of carbon dioxide in the atmosphere. However, removal projects also have limitations. They can be expensive, and there is still some uncertainty about their long-term effectiveness. An immediate transition to 100% carbon removals is not necessary, nor feasible, but organisations must commit to gradually increase the percentage of carbon removal offsets they procure with a view to exclusively sourcing carbon removals by mid-century.</p>
<p><b>Registry</b></p>	<p>An offset registry is a system that tracks the ownership and transfer of carbon offset credits. It is a critical part of the carbon offset market, as it helps to ensure that the credits are credible and that the emissions reductions are real and verifiable. They typically track the projects associated with credits, the amount of emissions certain credits represent, the date of usage of the credit, the name of the entity that owns the credit, and the date on which the credit was transferred.</p>
<p><b>Retailer</b></p>	<p>An offset retailer is a company that sells carbon offset credits to individuals and organisations. They typically take ownership of the credits and then sell them to their customers.</p>
<p><b>Technology-based offsets</b></p>	<p>Technology-based offsets are a type of carbon offset that is generated by projects that use technology to capture or remove carbon dioxide from the atmosphere. These technologies can be used to offset emissions from a variety of sources, including power plants, industrial facilities, and transportation. Some common types of technology-based offset projects include Direct air capture, Carbon capture and storage (CCS), Enhanced weathering, Biochar, Ocean fertilisation.</p> <p>Technology-based offsets have several advantages over other types of carbon offsets. They can be generated quickly, and they can be scaled up to meet the needs of a growing global economy. Additionally, some technology-based offsets can be permanent. However, technology-based offsets also have limitations. They can be expensive, and there is still some uncertainty about their long-term effectiveness.</p>
<p><b>Verified offsets</b></p>	<p>Verifying offsets ensures that the emission reduction or carbon removal actually takes place. Ensure that carbon offsets have undergone a rigorous validation and verification by a third-party organisation and received certification from a credible carbon standard in a voluntary or compliance market.</p>
<p><b>Vintage</b></p>	<p>The vintage of a carbon offset is the year in which the offset was issued. Vintage can be an important factor to consider when purchasing carbon offsets, as it can provide information about the quality and reliability of the offset. Older offsets may be less reliable than newer offsets, as they may have been issued before the development of stricter protocols and standards for carbon offsetting. Additionally, older offsets may have been issued for projects that are no longer active or that have not been properly monitored.</p>

**Voluntary market**

Voluntary markets are not regulated by governments and are used by organisations and individuals who want to offset their emissions voluntarily. In these markets, companies and individuals can buy or sell carbon offsets, which represent a unit of CO2e emission reductions or removals. The price of carbon offsets in voluntary markets is typically higher than in compliance markets, as there is less demand for offsets in these markets.

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