The carbon credit market alone will not solve climate change. Not all credits deliver the climate benefits they claim. These two facts are not disputed. But they also do not mean that offsetting should be totally abandoned and that any engagement with carbon markets is greenwashing. Carbon credits are one of the few mechanisms we currently have for funding the wide-scale conservation of natural carbon sinks and wider climate solutions.

There is broad agreement that carbon credits are only one part of wider climate strategies. In our experience, the majority of corporate buyers investing in projects are also heavily investing in decarbonizing their own value chains and are using credits to make a difference in the short term. **As a group of buyers, project developers, industry bodies, ratings and data providers, investors, restoration and conservation organizations, and nonprofits, we actively promote adherence to the "mitigation hierarchy"– companies must first avoid and reduce emissions, using credits only to compensate for emissions they are unable to avoid – in line with the leading net zero guidance from the United Nations and the Science-Based Targets initiative.**

In addition to acting as "no-regrets actions that companies can take now," carbon credits have the added benefit that they introduce a de facto cost of carbon (for emissions not covered by other carbon trading schemes), therefore creating an additional incentive for buyers to reduce their emissions as soon as possible. After all, the faster an organization decarbonizes, the fewer credits they ultimately need to buy.

Of course, this will only be effective if the credits used represent genuine emissions reductions or removals. Voluntary carbon markets (VCMs) must address the challenge of inconsistent credit quality. It is valid and important to highlight this, because it has led to a need for buyers to conduct additional due diligence, and is the reason carbon credit ratings providers and other third-party measurement and tracking organizations now exist. The market itself recognizes this too, as demonstrated by several market initiatives set up in recent years, most notably the Integrity Council for VCMs.

The good news is that technological advances now make it possible to assess quality accurately. This means buyers can find credible, high-quality credits today. We're also beginning to see these high-quality credits deservingly command a price premium – as you would expect in a well-functioning market – and serious buyers who prioritize social and environmental integrity are willing to pay for real outcomes.

The fact that all carbon credits are not perfect does not mean we shouldn't use them—it is too late for that. Right now there's no credible pathway to keeping global temperature increases below 1.5°C. "The scientific evidence is unequivocal," according to The Intergovernmental Panel on Climate Change (IPCC), "climate change is a threat to human wellbeing and the health of the planet. Any further delay in concerted global action will miss a brief and rapidly closing window to secure a liveable future." We need every tool in the box, including carbon credits.

What's at stake if we don't build confidence in a high-integrity carbon credit market?

1. We give permission for companies to do nothing about the emissions they cannot cut today, and instead, wait around for a perfect solution. We don't have time.
2. We dramatically reduce funding for nature-based solutions while waiting for promising yet early-stage engineered carbon removal solutions to be tested, proven, and scaled.
3. We allow our vital carbon-sequestering ecosystems like rainforests and mangroves to be eradicated, meaning we lose our greatest carbon sink, destroy essential biodiversity, and further impact Indigenous Peoples and Local Communities.

In recognizing the potential positive impacts of carbon credits, we also recognize the need for them to be more effective. We need integrity, transparency, and accountability, and that is what we are collectively working to achieve.

Signed

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ecoact an atos company

Emergent Protecting forests, beyond net zero.
CROSSBOUNDARY
KlimatX
Taking Root
BeZero

Maya
Pachama
Respira
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Revalue Nature

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UPM
WeForest Making Earth Cooler

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