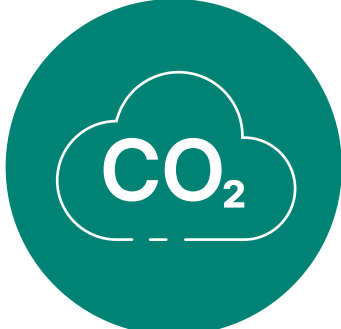


# RADICLE

## Voluntary Carbon Offsets<sup>101</sup>

Leading companies recognize climate change as both a risk and an opportunity, with carbon offsets being an important factor when creating a comprehensive ESG strategy. These companies are strengthening their resilience to climate impacts by reducing their greenhouse gas emissions, adopting clean technologies, and supporting planet-positive policies.



### What Are Carbon Emissions?

Greenhouse gases (GHGs) emissions are sometimes generalized as carbon emissions. GHGs are the gases that are released into the atmosphere through the combustion or production of materials, such as when fossil fuels like coal and natural gas are extracted, transported, refined, and burned.

All companies emit GHGs, directly and indirectly. Direct emissions come from company facilities, processes, and equipment. Indirect emissions come from purchased energy and from the creation, distribution, and use of its products.



### What Are Carbon Offsets?

A carbon offset is a credit for emissions reduction and can be used to compensate for the emission of carbon dioxide (CO<sub>2</sub>) or other greenhouse gases by providing an emission reduction occurring elsewhere. An offset is produced by emission reductions of one metric tonne of CO<sub>2</sub> or equivalents through 3rd-party audited carbon projects. It is a financial instrument certified and verified by governments and independent certification organizations and traded through companies like Radicle. Voluntary offsets are used in unregulated sectors, where companies voluntarily reduce their emissions. Common project are renewable energy, nature based solutions, waste management, and industrial processes.

## How Are Carbon Offsets Measured?

Offsets are measured in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). One carbon offset represents the reduction of one tonne of CO<sub>2</sub> or its equivalent in other greenhouse gases.



### Voluntary or Compliance?

Two types of carbon markets exist; the compliance market and the voluntary market. Compliance markets are used by companies and governments that by law have to account for their GHG emissions. It is regulated by mandatory regional, national, or international carbon reduction targets. Voluntary markets are used by companies, groups, governments, NGOs, or individuals that voluntarily choose to reduce their GHG emissions. To be successful, companies need to create emissions reduction strategies and trade carbon offsets to achieve organizational ESG commitments, align with investor or consumer demands, or support investment into low-carbon technologies and innovations.



### Why Buy Voluntary Carbon Credits?

A carbon offset represents a direct investment into the low-carbon economy. By purchasing carbon offsets, you mitigate your GHG emissions, reduce your exposure against future carbon pricing, and align yourself with other leading organizations. Additionally, you support vulnerable communities around the world in ways that can be life changing, such as empowering women and girls, providing local jobs, improving health, and protecting biodiversity.

## Why Carbon Offsets Are Good Business

Many companies see tremendous value in the "co-benefits" of carbon mitigation projects – specifically the additional environmental, social, and economic benefits that accompany them. Beyond co-benefits, measuring, reducing, and offsetting your emissions brings with it a number of strategic advantages, including:

- Increase operational efficiencies while reducing emissions.
- Better manage organizational and operational climate risks.
- Fulfill any supplier sustainability requirements requested by your customers.
- Differentiate your company as a sustainable brand.
- Increase stakeholder goodwill and a strengthened social license to operate.
- Implement an internal carbon price as an important operational decision making tool.



### Who Can Buy Carbon Offsets?

Carbon offsets can be purchased by corporations, individuals, governments, and non-governmental organizations (NGOs). However, corporations make the majority of the transactions on voluntary carbon markets globally.



### How to Buy Carbon Offsets

Carbon credits are bought and sold internationally through companies like Radicle. When buying carbon offsets, look for certifications or standards like American Carbon Registry (ACR), Verified Carbon Standard (VCS/Verra), Climate Action reserve (CAR), or Gold Standard.

Factors that affect price include supply and demand, type of project, co-benefits, location, standard, vintage year, and project development costs.

## How Voluntary Offsets are Traded

Offsets are traded Over-the-Counter (OTC) through agreements. The terms and conditions of the agreement between the Buyer and Seller are very important to protect the business interests of participants. Partnering with an experienced company when participating in the voluntary market is a critical step to ensure success in reaching your ESG goals and emission reduction targets.



**Carbon offset programs allow businesses to take steps to mitigate their emissions and make progress in transitioning to a low carbon economy. Together, we can take the necessary steps toward addressing how businesses impact global climate challenges and deliver tangible results to strengthen an organization's competitive advantage.**

## What Next?

Still have questions or looking to enter the market? Reach out.

[info@radiclebalance.com](mailto:info@radiclebalance.com)



Radicle exists to guide today's progressive companies towards tomorrow's sustainable future.



[radiclebalance.com](http://radiclebalance.com)