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https://carboncredits.com/integrating-carbon-credits-in-corporate-sustainability/

Integrating Carbon Credits in Corporate Sustainability

As corporations are leading generators of carbon emissions globally, it is necessary to take urgent action to uplift corporate sustainability.

This is particularly pressing as multinational corporations are responsible for almost 20% of climate-changing carbon dioxide emissions around the world.

Fortunately, with attention to the climate crisis becoming more widespread, corporations are making active moves to find more sustainable alternatives to their operations.

Many companies are hiring professionals in sustainability, such as environmental specialists, to advise them on their environmental, social, and governance (ESG) plans to decrease their carbon footprint.

As a result, global investments in business sustainability have increased significantly in the last three years.

In propelling corporate sustainability, companies are searching for innovative ways to offset their carbon footprint. One of the most efficient and effective new ways to do this is by investing in carbon credits.

What are carbon credits?

Carbon credits are generated when 1 metric ton of carbon dioxide has been removed or prevented from entering the atmosphere. These carbon credits are commonly generated through renewable energy, energy efficiency, carbon and methane capture, and land use and reforestation projects.

Project developers then sell these carbon credits to financially sustain their carbon offset projects. Plenty of big companies like Disney and Microsoft purchase these carbon credits, allowing their money to go to funding projects that contribute to the reduction or removal of these greenhouse gasses (GHG).

How to use carbon credits for corporate sustainability

Although companies may continuously move towards sustainable and renewable practices, there may still be some processes that necessitate generating GHG emissions. This may involve causes like outsourcing transportation to companies that rely on fossil fuels or producing chemical reactions that are unavoidable in manipulating raw materials.

Purchasing carbon credits allows corporate leaders to offset carbon emissions with greater ease. This is because they eliminate the need for corporations to come up with carbon reduction initiatives themselves. Instead their money is going through projects that are better resourced and proven to be effective.

For instance, even as Netflix was on target to meet its goal to hit net-zero GHG emissions by 2022, its progress was hampered by the pandemic. Despite the sudden increase in emissions due to increased TV and film productions, investing in carbon projects helped Netflix avoid about 14,000 tons of carbon in 2021 — thus allowing them to continue their progress towards its target.

Other companies like Disney, Microsoft, and Unilever have also committed to investing in carbon offsets and projects to combat the emissions they can't avoid.

How to choose the best carbon credit to buy

The voluntary carbon market has accelerated because of the Paris Agreement, which prompted governments and corporations to commit over $14 trillion towards climate change. With entities needing to commit to decarbonization actions to reach net-zero emissions, they must choose the best carbon credit to buy.

However, know that not all carbon credits are the same nor are they the best option for your company. In addition to price, you will have to consider factors like **additionality, permanence, measurability, and scalability**.

Additionality refers to reductions or removal directly produced by the carbon credit market.

Permanence is the capacity of different methods to make lasting changes with a lower risk level of the projects being undone.

Measurability is the accuracy of reported reductions — with no overestimation or underestimation of emissions, or a failure to account for indirect effects.

Lastly, **scalability** refers to the project's suitability for scaling up. This may depend on their CO2 removal capacity, level of readiness deployment, and cost-effectiveness.

As corporations are largely responsible for global carbon emissions, it's necessary to find multiple methods of achieving net-zero with their emissions, and incorporate these steps into their ESGs.

Carbon credits provide a suitable and effective way to do this, although companies must take into account the varying factors that make each offset unique. But with the biggest companies around the world already set the precedent, the carbon market is already making significant strides in reducing emissions worldwide