
TYPES OF CLAIMS AND BEST PRACTICE PRINCIPLES

Introduction

Organisations increasingly use carbon credits purchased from voluntary carbon markets (VCM) to substantiate [climate-related claims](#) for their entities, products, and services. However, the uncertainty surrounding the generation of these credits and the assertions tied to them poses risks for companies. These include reputational damage due to overstated climate performance or legal consequences such as fines and litigation if claims are found to be false or misleading.

Guidance on best practices is being developed by multiple organisations, often in consultation with stakeholders, to ensure credibility in these claims. Best practices emphasize that credible claims related to offsetting and climate contributions must be grounded in mitigation outcomes that meet internationally established criteria. In accordance with environmental claim regulations, these claims must be clear, truthful, unambiguous, and verifiable to avoid greenwashing

Types of Claims

1. Offsetting Claims

Offsetting refers to the action of counterbalancing the climate impact of specific greenhouse gas (GHG) emissions by achieving an equivalent reduction in global net emissions, effectively bringing the aggregate impact to zero. Although carbon credits are often referred to as “offsets,” this terminology can be misleading, as not all credits are used for this purpose.



However, the offsetting approach faces several challenges:

- Ambiguity in terminology: Terms like “carbon compensation” contribute to public confusion and skepticism.
- Reputational risks: Companies making offsetting claims often have to address concerns over the misuse of their carbon credits.
- Global effectiveness: It is increasingly questioned whether offsetting actions are globally effective, especially if double-counting occurs under the Paris Agreement.

2. Insetting Claims

In the context of carbon credits, insetting refers to mitigation outcomes (including but not limited to carbon credits) achieved within an actor’s scope 1, 2, or 3 emissions inventory, in order to compensate for GHG emissions. This process ensures that the actor's net contribution to global emissions is reduced ([Race to Zero, 2021](#)).

As of 2025, there is no formal definition for insetting, though organisations such as the Science-Based Targets initiative (SBTi) and the GHG Protocol are working on defining and developing accounting approaches ([SBTi, 2025](#); [WWF, 2024](#)). According to the WWF (2024), when used for insetting, carbon credits serve as a useful tool for measurement, monitoring, and tracking emissions reductions within an actor’s supply chain.

Insetting differs from offsetting because the mitigation happens within the actor's own value chain, rather than outside it. This approach helps companies align their climate goals more closely with their operational practices.

3. Neutralisation Claims

Neutralisation refers to balancing residual emissions of an actor with GHG removals outside an actor’s emissions inventory, such that the actor's net contribution to global emissions is reduced or eliminated ([Race to Zero, 2021](#)).

In the SBTi Corporate Net-Zero Standard ([version 1.3](#)), neutralisation is defined as *“measures companies take to remove carbon from the atmosphere and permanently store it, counterbalancing the impact of emissions that remain unabated after the long-term science-based target is achieved”* ([SBTi, 2025](#)).

Neutralisation, therefore, differs from both offsetting and insetting as it focuses on permanent carbon removals to address residual emissions after the company has reduced its emissions as much as possible. This practice ensures that companies go beyond traditional carbon offsets to eliminate their remaining emissions.



4. Contributions Claims

Contributions refer to an actor voluntarily supporting mitigation outside its value chain, without implying that this support counterbalances (i.e., offsets) the actor's value chain emissions. For example, an organisation may purchase carbon credits or fund projects that contribute to global or national mitigation efforts but does not claim that this action compensates for its own emissions ([Carbon Market Watch, 2020](#); [Fearneough et al., 2023](#); [Gold Standard, 2025](#)).

Contributions, or 'non-offset claims', do not include any claim to offset emissions and may involve broader initiatives such as supporting national climate strategies or global development goals. These types of claims are more focused on voluntary support for global climate action rather than being used as a tool for specific emissions reductions within a company's value chain.

Numerous organisations advocate for this approach as a viable and feasible option to mitigate the risk of greenwashing and compromising domestic mitigation efforts in the country where the emission reduction project is situated, owing to the potential risks of double claiming.

Mitigating Risks for Carbon Credit Sellers and Buyers

At minimum, it is recommended that carbon credit sellers and buyers mitigate risks by:

For Activity Developers (Sellers)

- Develop an understanding of the minimum requirements for generating and using carbon credits, including the relevant options for carbon crediting programmes and methodologies and their key differences.
- Secure sufficient expertise, time, and resources for developing the carbon credit aspects of the activity, ensuring the minimisation of negative environmental and social impacts.
- Use an applicable methodology approved by a reputable carbon crediting programme for generating carbon credits.
- Be transparent about whether their activities generate mitigation outcomes that are counted towards the host country's national targets.



For Carbon Credit Buyers

- Develop a clear climate strategy with value chain emission reductions as a priority and carbon credit use as a complementary element.
- Conduct due diligence on carbon credit sellers and their partners, including the environmental and social aspects of activities.
- Purchase carbon credits issued under reputable carbon crediting programmes.
- Use and report on carbon credits in line with relevant regulations, ensuring transparency and accuracy.

For Carbon Credit Use and Claims

- Voluntary *offset* claims are associated with a higher risk of greenwashing accusations, particularly for actors that do not have science-aligned value chain emission reduction targets, especially when emissions are above residual levels. It is therefore important to adopt viable and credible alternatives for non-authorized credits (e.g. *Contribution claims*).

Guidance on Best Practices

Carbon credit sellers and buyers can reduce their risks – especially reputational risks – further by applying good practices provided by established frameworks such as:

- [Gold Standard's Climate Responsibility Framework](#) (Gold Standard, 2025)
- [Finnish Guide to Good Practices for the Voluntary Carbon Markets](#) (Laine et al., 2023)
- [Oxford Principles for Responsible Engagement with Article 6](#) (Johnstone, Injy et al., 2025)
- [The Oxford Principles for Net Zero Aligned Carbon Offsetting](#) (University of Oxford, 2024)
- [VCM Claims Code of Practice](#) (2025, VCM) as well as the [VCM Monitoring, Reporting & Assurance \(MRA\) Framework](#) (VCM 2025)

These frameworks provide general guidance on carbon crediting and claims, with recommendations to:

- Set ambitious targets for reducing value chain emissions.
- Complement carbon credit use rather than substituting it for value chain reductions.
- Ensure high integrity in carbon credits and make credible claims with transparent tracking and reporting.



Specific guidance on carbon credit integrity and quality is addressed in the following standards:

- [PACM-approved approved methodologies](#) and credits or those issued under the ICVCM and rated highly by the Carbon Credit Quality Initiative (CCQI).
- [Core carbon principle \(CCP\) approved methodologies](#) and CCP-labeled activities assessed by the [Integrity Council for the Voluntary Carbon Market](#) (ICVCM).
- [ISO 14068-1](#) for carbon neutrality claims and the [ISO Net Zero Guideline, VCMi](#) for carbon integrity, [and SBTi for net-zero and beyond value chain mitigation](#).

For detailed recommendations regarding CORSIA-eligible credits, reference can be made to the following documents:

- [CORSIA Emissions Unit Eligibility Criteria](#) (ICAO, 2025)
- [ICROA Code of Best Practice](#) (ICROA, 2026)

Ensuring the Integrity of Claims

Public claims about carbon credits must accurately represent their impact on global climate goals and avoid double claiming, where credits are claimed by multiple parties (e.g., against national targets and individual emissions reductions). Claims should be differentiated based on their purpose:

- Helping a country meet its mitigation targets.
- Offsetting the impact of specific emissions.
- Contributing to global mitigation efforts without offsetting emissions.

Carbon Neutrality Claims: Best Practice

For carbon neutrality claims, the best practice is ensuring that all remaining direct and indirect GHG emissions have been fully offset by high-integrity mitigation outcomes. This should only include verified carbon credits that are exclusively claimed by the actor, ensuring the overall net emissions are zero.

- Organisations must demonstrate reductions in line with a 1.5°C-aligned pathway, to limit global warming in accordance with scientific recommendations. This approach strengthens the credibility of the claim and aligns with the Paris Agreement's climate goals.



Implications and Key Takeaways

1. Credible claims must be based on science-aligned emission reductions in addition to using carbon credits.
2. Avoid double claiming by ensuring ITMOs are used for voluntary offsetting claims and non-authorized carbon credits for contribution claims.
3. Align carbon markets with PA/Article 6 frameworks through common integrity criteria.
4. Regulated, good practices should continue to be developed and shared across both the VCM and Article 6 to ensure a race to the top in carbon credit credibility.

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