



# Offset: Requirements for Carbon Offsetting

2019 Certification Year

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## 1. CARBON CREDIT REQUIREMENTS

All offsets purchased to complete certification for the 2019 calendar year must meet the following criteria:

### Third Party Verification

Carbon credits must be verified under one or more of the following registries:

- [Verified Carbon Standard](#)
- [American Carbon Registry](#)
- [Gold Standard](#)
- [Clean Development Mechanism](#)
- [Climate Action Reserve \(CAR\)](#)

These programs help ensure the integrity of offsetting projects by verifying that carbon credits meet the “big six” requirements: real, permanent, quantifiable, verifiable, enforceable, and additional.

### Vintage Year

Climate Neutral requires that all carbon credits were created within the five (5) years leading up to and including the certification year. For companies getting certified in 2020, that’s any vintage from 2015 through 2019. We have no requirements for project start dates.

### Offset Project Portfolio Diversity Requirements

While all credits must go through rigorous third-party verification, no two projects look the same, since they vary by type, geography, and other factors. To create a strong and well-rounded portfolio that meets the diverse goals of our certified companies, we have established guidelines around project type allocations. Here's how we break it down:

|        | Max Allocation | Project Type   |
|--------|----------------|--|
| Tier 3 | 100%           | <ul style="list-style-type: none"> <li>· Avoided Deforestation</li> <li>· Afforestation</li> <li>· Cook Stoves</li> <li>· Agriculture</li> <li>· Water Filtration</li> <li>· Small Hydro (&lt;20MW)</li> <li>· Landfill Methane</li> </ul> |
| Tier 2 | 70%            | <ul style="list-style-type: none"> <li>· Energy Efficiency</li> <li>· Waste</li> <li>· Transportation</li> <li>· Chemical Process / Industrial Manufacturing</li> </ul>  |
| Tier 1 | 30%            | <ul style="list-style-type: none"> <li>· Renewable Energy</li> </ul>   |
| Tier 0 | 0%             | <ul style="list-style-type: none"> <li>· Large Hydro (&gt;20MW)</li> <li>· HFC-23 Destruction</li> <li>· N2O Destruction</li> </ul>  |

| Sample Portfolios | Large Enterprise Software Company (671,000 tCO2e) | SMB Apparel Company (30,500 tCO2e) |
|-------------------|---|------------------------------------|
| Tier 3            | 55%: Cookstove, afforestation                     | 90%: Water filtration, small hydro |
| Tier 2            | 25%: Energy Efficiency                            | 10%: Waste                         |
| Tier 1            | 20%: Wind   | 0%                                 |

### Offset Project Type Exclusions

There is a wide array of project types to choose from that avoid or capture GHGs from the atmosphere. We specifically exclude carbon credits from these project types:

- Industrial gas: HFC-23 destruction and N2O destruction
- Large hydropower: projects greater than 20 Megawatts of capacity

See [here](#) to learn more about the issues around HFC-23 and N2O destruction projects.

See [here](#) to learn more about the consequences of large hydro.

## 2. PROCUREMENT REQUIREMENTS

For companies with more than \$5 million of 2019 revenues, Climate Neutral offers the option to procure their carbon credits through our Procurement Pool to complete the certification process. Companies in this group may also purchase carbon credits directly through brokers.

Companies with revenues below \$5 million are required to pool their offset purchases through Climate Neutral.

Climate Neutral's Procurement Pool works as follows:

1. You will drop us a note to opt into the Pool (if applicable and you're >\$5m revenues)
2. You complete the Measure step
3. Based on your footprint results, Climate Neutral will purchase offsets for you
4. Climate Neutral will invoice you for the offsets
5. You'll receive proof of the purchase and move on to complete your certification

If you choose to procure your offset credits through Climate Neutral, we will provide you with more information about estimated pricing in late January.

If you choose to buy your own offsets:

1. You complete the Measure step
2. Based on your footprint results, you will purchase offsets that meet our requirements, and send us proof of this purchase by April 3rd, at the latest
3. You'll get confirmation from the Climate Neutral Team that your purchase meets all offsetting requirements and move on to complete your certification

## 3. OTHER RESOURCES

This is some interesting reading if you want to learn more about offsetting in general:

- [Securing climate benefit: a guide to using carbon offsets](#)  
(Stockholm Environment Institute and the Science Based Targets Initiative)
- [Getting Carbon Offsets Right: A Business Brief on Engaging Offset Providers](#)  
(Business for Social Responsibility)
- [State of the Voluntary Carbon Markets](#)  
(Forest Trends)
- [State and Trends of Carbon Pricing 2019](#)  
(World Bank Group)

There are many providers of voluntary carbon credits in the market. Here is a list of organizations that are mentioned frequently by our committed brands. These entities (see next page) sell carbon credits that may meet Climate Neutral's guidelines:

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| Provider                              | Specialty   | Geographic Focus |
|---------------------------------------|---|------------------|
| <a href="#">3Degrees</a>              | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Landfill</li> <li>• Agricultural methane capture</li> <li>• Industrial processes</li> </ul>  | Global           |
| <a href="#">South Pole</a>            | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Conservation</li> <li>• Restoration</li> <li>• Renewable energy</li> <li>• Community energy and water projects</li> <li>• Waste-to-energy</li> </ul>       | Global           |
| <a href="#">Cool Effect</a>           | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Conservation</li> <li>• Agriculture</li> </ul>   | Global           |
| <a href="#">Native Energy</a>         | <ul style="list-style-type: none"> <li>• Methane destruction</li> <li>• Renewable energy</li> <li>• Clean water</li> <li>• Land-use</li> </ul>  | Global           |
| <a href="#">ClimeCo</a>               | <ul style="list-style-type: none"> <li>• Agricultural methane capture systems</li> <li>• Grassland management</li> </ul>  | U.S.             |
| <a href="#">Carbonfund</a>            | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Renewable energy</li> <li>• Energy efficiency</li> </ul>   | Global           |
| <a href="#">Bluesource</a>            | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Agriculture</li> <li>• Renewable energy</li> <li>• Energy efficiency</li> <li>• Wastewater</li> <li>• Transportation</li> <li>• Methane capture</li> </ul> | North America    |
| <a href="#">BEF</a>                   | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Renewable energy</li> <li>• Landfill methane</li> <li>• Waste-heat capture</li> </ul>  | Global           |
| <a href="#">Point Advisory Bundle</a> | Australian sustainability consulting firm offering general brokerage services for a wide range of carbon credits  | Global           |
| <a href="#">Everland</a>              | <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Conservation</li> <li>• Sustainable livelihoods</li> </ul>   | Global           |