The Lab

Technical Briefing Note

Carbon Offset Procurement

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Technical Requirements:

Carbon Offset Procurement Strategy

A Framework for High-Quality Carbon Credit Investment

Document Reference: CA-BVCM
Version: 1.1
Date: February 2026
Author: Carbon Advisory Limited

About This Technical Briefing Note (TBN)

Context & Purpose

This document forms part of the Carbon Advisory Open Source Library. It contains the specific technical formulas, boundary definitions, and calculation hierarchies used by our internal consultants to deliver high-level carbon management advice.

For over 20 years, these methodologies have been applied across the NHS, central government, police forces, and blue-chip corporations. We have released them into the public domain to ensure that rigorous, accurate measurement is accessible to every sustainability professional, regardless of budget.

How to Use This Document

This note is designed for Sustainability Practitioners with a working knowledge of GHG Protocol and ISO 14064 principles. It provides the "Consultancy-Grade" approach to specific, complex scenarios.

Need Technical Support?

While this briefing note provides the theoretical framework, applying it to unique operational data can be complex. If you require a second pair of eyes to validate your calculations, or a "Power Hour" to adapt this methodology to your specific site, Carbon Advisory offers paid technical support services.

1. Introduction

Carbon credits, used responsibly and transparently, are a critical component of corporate climate action. This document sets out Carbon Advisory's approach to procuring high-quality carbon credits on behalf of our clients, ensuring that offset investments are credible, impactful, and aligned with recognised best practice frameworks.

Our approach is grounded in science: global decarbonisation is not happening fast enough, and organisations have a responsibility to act beyond the reduction of their own emissions to address the impacts of the climate crisis today.

Current global climate plans put the world on track for approximately 2.6°C to 2.8°C of warming by 2100. Even if we reach the global net zero milestone of 90% carbon reduction by 2050, we would still need to actively remove approximately five to ten GtCO2e per year at the planetary level to maintain safe warming levels.

The carbon removal market is currently far too small to meet this challenge, and the voluntary carbon market requires significant scaling of investment in both nature-based and technology-based solutions.

This strategy document provides our clients with a transparent, principled framework for carbon credit procurement that separates offset investment from decarbonisation objectives, ensuring that offsetting complements rather than substitutes for genuine emissions reduction.

2. Guiding Philosophy: Decarbonise First

Carbon Advisory's fundamental position is unambiguous: **decarbonisation of your own GHG emissions must be the primary focus of any climate commitment**.

Carbon credit procurement is a complementary activity that addresses the gap between current emissions and net zero, supports the scaling of nature and climate technology solutions, and contributes to global net zero beyond your own operational boundaries.

We will **never** recommend offsetting as an alternative to emissions reduction. All clients engaging Carbon Advisory for carbon credit procurement must have an active, science-aligned decarbonisation programme in place.

3. Quality Assurance Frameworks

Carbon Advisory's approach to carbon credit quality is informed by two principal frameworks: the UK Government's DEFRA Good Quality Criteria and the Oxford Principles for Net Zero Aligned Carbon Offsetting. Our own due diligence criteria are layered on top of these frameworks.

3.1 DEFRA Good Quality Criteria

The UK Government's Department for Environment, Food and Rural Affairs (DEFRA), through its Environmental Reporting Guidelines, establishes a set of good quality criteria that carbon offsets should satisfy. These criteria represent the baseline standard against which all credits procured through Carbon Advisory are assessed:

Real - The emissions reductions or removals claimed by the project must have genuinely taken place. The project must demonstrate actual, quantifiable climate benefit, not hypothetical or projected outcomes. Credits must be issued ex-post (i.e., after the reduction or removal has occurred.

Measurable - The GHG reductions or removals must be quantifiable using recognised, robust methodologies. Measurement must be based on accepted protocols (such as those published by the GHG Protocol, ISO 14064, IPCC Guidelines, or DEFRA conversion factors) and should use real-world data in preference to modelled data where available. Calculations must be conservative and transparent.

Permanent - The emissions reductions or removals must not be reversible, or where there is a risk of reversal (as with nature-based solutions), adequate safeguards, buffer pools, and risk management mechanisms must be in place. The permanence of carbon storage is a critical quality criterion, and Carbon Advisory assesses reversal risk for every project type.

Additional - The project must demonstrate that the emissions reductions or removals would not have occurred in the absence of the carbon credit revenue. This is the principle of additionality — the project goes beyond what would have happened under a business-as-usual scenario. Additionality is assessed through financial, legal/regulatory, and barrier analysis.

Independently Verified - All emissions reductions and removals must be validated and verified by an accredited, independent third-party verification body. Verification must be conducted in

accordance with recognised standards (such as ISO 14064-3, VCS, Gold Standard, or equivalent programmes).

Unique - Each carbon credit must be uniquely identified, serialised, and tracked through a recognised registry system to prevent double counting, double claiming, or double issuance. Credits must be permanently retired on behalf of the client once claimed.

Transparent - Full disclosure of the project methodology, monitoring data, verification reports, and registry transactions must be available. Carbon Advisory requires open access to project documentation for all credits procured on behalf of clients.

3.2 The Oxford Principles for Net Zero Aligned Carbon Offsetting (Revised 2024)

The Oxford Principles, developed by researchers at the University of Oxford's Smith School of Enterprise and the Environment, represent the most authoritative academic framework for ensuring that carbon offsetting contributes to, rather than undermines, global net zero. Carbon Advisory's procurement strategy is fully aligned with these four principles:

Principle 1: Cut emissions, ensure the environmental integrity of credits, and regularly revise your offsetting strategy as best practice evolves

This principle requires that:

- Organisations prioritise reducing their direct and indirect emissions to minimise the need for offsetting. Reducing emissions has multiple co-benefits, and there are limits to the availability of high-quality credits.
- Credits must be measured, reported, verified, and correctly accounted for. Credit-generating investments must yield results that are demonstrably additional to what would otherwise have occurred, have a low risk of reversal, and avoid negative impacts on people and the environment.
- Organisations must maintain transparency by disclosing current emissions, accounting and verification practices, targets and transition plans, and the type of credits employed, including selection and verification processes.

Principle 2: Transition to carbon removal offsetting for any residual emissions by the global net zero target date

Most credits in the voluntary market today are associated with emission reductions or avoided emissions. While these play a key role in the short and medium term, organisations must progressively shift towards carbon removal credits that actively remove carbon dioxide from the atmosphere. The Oxford Principles call for portfolios to reach 100% carbon removal credits by 2050 at the latest.

Principle 3: Shift to removals with durable storage (low risk of reversal) to compensate any residual emissions by the net zero target date

Different carbon storage methods vary in their susceptibility to releasing GHGs back into the atmosphere. To maintain a net zero balance, storage with low risk of reversal and high durability over the long term (centuries to millennia) is needed, such as geological storage or mineralisation. Nature-based approaches that restore and protect carbon stored in well-managed, resilient ecosystems can also store carbon for extended periods, provided they are properly maintained and not destabilised by future climate change.

Principle 4: Support the development of innovative and integrated approaches to achieving net zero

The market for high-quality removals is immature and needs early adopters. Adherents to the Principles should use long-term agreements to provide certainty to project developers, form sector-specific alliances, support the protection and restoration of ecosystems in their own right, and invest in beyond value chain mitigation.

4. Carbon Advisory Procurement Principles

Building on the frameworks above, Carbon Advisory applies the following ten principles when procuring carbon credits on behalf of clients:

Principle 1: Decarbonise First

Rapid and ambitious decarbonisation of your own GHG emissions must be at the heart of your climate commitment. Carbon credits are not a substitute for reduction.

Principle 2: Contribute to Global Net Zero

You have a responsibility to act beyond the decarbonisation of your own operations to address the impacts of the climate crisis today.

Principle 3: Procure Only High-Quality Credits

Carbon Advisory will only procure carbon credits that meet recognised independent quality standards (DEFRA Good Quality Criteria, etc.) and that pass our own due diligence assessment. Our assessment criteria include, but are not limited to, additionality, permanence, leakage, integration with Indigenous Peoples and local communities, biodiversity co-benefits, social and economic impacts, and contribution to systemic change.

Principle 4: Support Both Avoidance and Removal Projects

Your portfolio should include a mix of projects that both avoid new greenhouse gases entering the atmosphere (e.g., avoided deforestation, improved cookstoves) and projects that remove carbon dioxide (e.g., afforestation, direct air capture and storage). The proportion of removal credits will increase progressively in line with the Oxford Principles.

Principle 5: Seek Climate Solutions with Wider Co-Benefits

Nature and climate projects should deliver wider environmental and social benefits wherever possible. Carbon Advisory prioritises projects that contribute to the UN Sustainable

Development Goals, deliver measurable biodiversity gains, and provide social and economic benefits to Indigenous Peoples and local communities.

Principle 6: Invest in Both Nature and Climate Technology Solutions

Our initial focus for removals is on nature-based solutions because of their ability to deliver impact at scale in the short term and their significant co-benefits. However, we recognise their limitations, particularly around permanence and reversal risk. We actively seek opportunities to support the development of emerging technologies such as direct air capture and storage (DACS), biochar, Biomass Energy with Carbon Capture and Storage (BECCS) and enhanced weathering, which offer greater durability and scalability.

Principle 7: Build a Balanced Portfolio

Client portfolios will comprise a mix of development projects (where direct investment supports long-term credit supply across a variety of technologies such as renewable energy and nature-based solutions), purchase agreements with existing projects (supporting immediate impact), and investment through specialist funds (delivering impact at scale through collaboration). Portfolio diversification reduces risk and maximises co-benefits.

Principle 8: Support Projects Across Geographies

We will prioritize projects in countries most in need of climate finance and where our procurement can achieve the biggest impact, while also supporting opportunities globally. This targeted geographic approach ensures the portfolio maximizes global climate benefits.

Principle 9: Scale Investment to Emissions

The level of credit procurement will be proportionate to your verified carbon footprint. Carbon Advisory recommends scaling investment so that retired credits are aligned to operational emissions as a near-term target, with supply chain emissions included as data quality and availability improve.

Principle 10: Ensure Full Transparency

All aspects of the offset procurement strategy will be transparent, documented, and aligned to evolving best practice. Carbon Advisory will provide comprehensive reporting on all credits procured, including project type, standard, vintage, registry serial numbers, retirement confirmation, and cost per tonne.

5. Due Diligence and Project Assessment

Carbon Advisory's due diligence process goes beyond third-party standard certification. Every project considered for inclusion in a client portfolio is assessed against the following criteria:

Environmental Integrity: Does the project deliver real, measurable, permanent, and additional climate benefits? Are the quantification methodologies robust and conservative? What is the risk of reversal, and what safeguards are in place?

Social and Community Impact: Does the project benefit or harm local communities and Indigenous Peoples? Is there evidence of free, prior, and informed consent (FPIC)? What are the social and economic co-benefits?

Biodiversity: Does the project protect, restore, or enhance biodiversity? Does it avoid negative impacts on ecosystems? Does it contribute to biodiversity net gain?

Governance and Transparency: Is the project developer reputable? Are monitoring reports, verification statements, and registry data publicly accessible? Is the crediting programme aligned with IC-VCM requirements?

Systemic Change: Does the project contribute to systemic change in the sector or region where it operates? Does it support the transition to a low-carbon economy?

Leakage: Is there a risk that emissions reductions in one location are displaced to another? What measures are in place to monitor and mitigate leakage?

6. Portfolio Strategy and Transition Pathway

In line with the Oxford Principles, Carbon Advisory will guide clients through a transition pathway that progressively shifts portfolio composition towards higher-durability carbon removals:

Near Term (2025–2030): Portfolio composition will emphasise high-quality solutions (both avoidance and removal) with co-benefits, supplemented by early-stage investment in emerging removal technologies. Avoidance credits may constitute the majority of the portfolio in this period.

Medium Term (2030–2040): The proportion of removal credits will increase significantly. Investment in technology-based removals (DACS, biochar, enhanced weathering) will scale as these markets mature. Nature-based removal credits with strong permanence safeguards will remain an important component.

Long Term (2040–2050): By the global net zero target date, portfolios should be composed predominantly or entirely of carbon removal credits with low risk of reversal and high durability. This aligns with the Oxford Principles' call for 100% carbon removal credits by 2050.

7. Transparency and Reporting

Carbon Advisory will provide clients with comprehensive annual reporting on their carbon credit portfolio, including:

- Total credits procured and retired (tCO2e)
- Breakdown by project type (avoidance vs. removal)
- Breakdown by solution type (nature-based vs. technology-based)
- Geographic distribution of projects
- Certification standard and verification status
- Registry serial numbers and retirement confirmations
- Cost per tonne and total investment
- Co-benefits delivered (SDG alignment, biodiversity, community impact)
- Portfolio transition progress against the Oxford Principles pathway

All reporting will be prepared in accordance with DEFRA Environmental Reporting Guidelines and will support clients' SECR, TCFD/ISSB, and other mandatory or voluntary disclosure requirements.

8. Advocacy and Market Development

Carbon Advisory recognises that scaling the voluntary carbon market requires collective action. We are committed to:

- Participating in industry discussions on frameworks for the voluntary carbon market
- Supporting the development and adoption of the Oxford Principles for Net Zero Aligned Carbon Offsetting
- Advocating for transparent, high-integrity carbon credit markets
- Sharing knowledge and best practice with clients, stakeholders, and the wider market
- Aligning with initiatives such as the Voluntary Carbon Market Integrity Initiative (VCMI) and supporting the principles of the LEAF Coalition and First Movers Coalition where appropriate

9. Summary of Applicable Standards and Frameworks

Framework	Role in Carbon Advisory Approach
DEFRA Good Quality Criteria	Baseline quality standard for all credits procured
Oxford Principles for Net Zero Aligned Carbon Offsetting (2024)	Strategic framework for portfolio composition and transition pathway
VCMI Claims Code of Practice	Guidance on credible corporate offset claims
ISO 14064-3	Verification standard for GHG statements
Gold Standard	Preferred certification standard (emphasis on co-benefits and SDGs)
Verra VCS	Recognised certification standard for carbon credits
ICROA Code of Best Practice	Industry code for offset providers

10. Contact

If you require further information or to discuss how this strategy can be tailored to your organisation's needs, please visit:

https://carbonadvisory.org/expert_support.php

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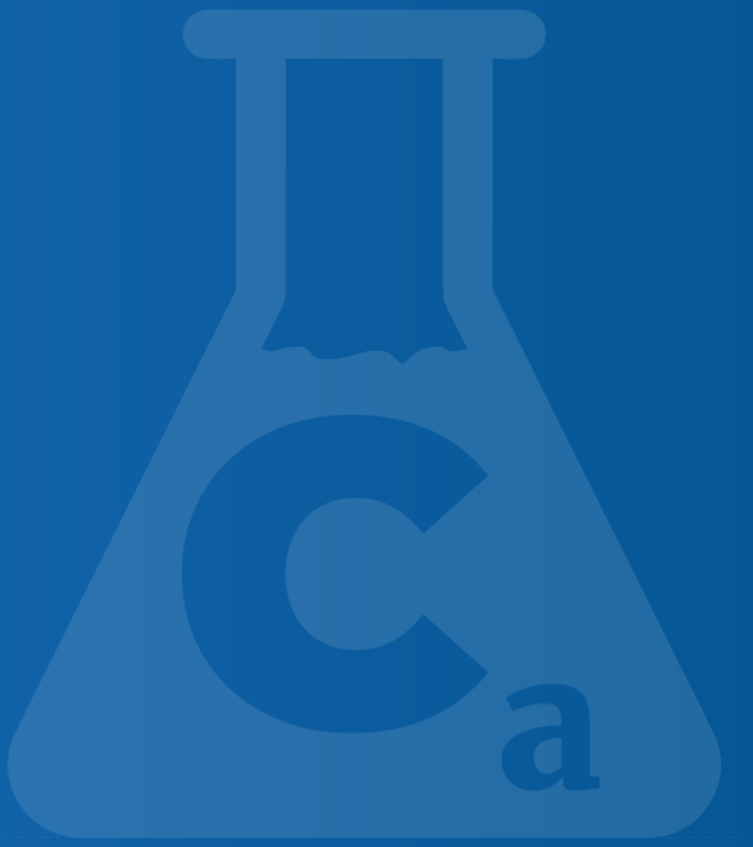

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