



Oxford Offsetting Principles Practitioners Forum

Claims

The Oxford Offsetting Principles (OOPs) provide guidance on demand-side integrity concerning the responsible and ambitious use of carbon credits, including how they can be used to inform credible compensation and contribution-based claims. Compensation-based claims relate to counterbalancing an entity's ongoing emissions and be contrasted to claims based on making a contribution to global temperature stabilisation goals and a Paris-aligned future. OOP Two and Three provide insight that compensation based investments require a transitional portfolio to ensure that emissions are fully balanced by durable carbon removal by the global net zero target date. Contribution claims, by contrast, can range from financing additional ex-post or ex-ante mitigation activities outside of a company's internal efforts to decarbonise its value chain, to financing adaptation and loss and damage initiatives, or engaging in political advocacy—in this way reflective of OOP Principle Four. To design contribution portfolios, companies can utilise their unique spheres of influence, i.e. their product, purchasing and political power.¹ In the absence of regulatory and legal certainty surrounding claims, the OOPs can provide a pathway forward for both public and private of both a contribution and compensation nature.

1) Contribution-based Claims under the OOPs

Contribution-based claims can be made by both public and private bodies at a product- or entity-level. The Paris Agreement Crediting Mechanism under Article 6.4 of the Paris Agreement also provides a pathway for governments and corporates to make contribution claims based on the purchase of Mitigation Contribution Units (MCUs). The global regulatory and standard landscape is fast evolving, yet there is a persistent lack of clarity on the quantum of contribution budgets and crucially, how these should be spent. While an internationally-recognised taxonomy of contribution-related activities is largely absent, efforts to conceptualise what should be counted as contribution claims are developing at a rapid pace. To this end, existing guidance and research on Beyond Value Chain Mitigation (BVCM), by the likes of [Gold Standard](#), [NewClimate Institute](#), [the World Wide Fund for Nature \(WWF\)](#), and the [Science Based Targets Initiative \(SBTi\)](#), have made considerable strides.² These resources widely recognise that contribution claims can be credit- or non-credit based and funded via approaches via tonne-for-tonne, money-for-tonne, or money-for-money approaches.

The OOPs provide specific guidance as to credit-based contribution and incentivise non-credit-based developments. By limiting offsetting to only increasingly durable removals, an OOP-aligned contribution entails the use of credits from non-durable mitigation activities, such as avoidance projects, for contribution rather than

¹Axelsson, K., Wigg, C., & Becker, M. (2024). Is impact out of scope? A call for innovation in climate standards to inspire action across companies' Spheres of Influence. *Carbon Management*, 15(1).

² For academic outputs on contribution claims see Axelsson et al., (2024) above as well as Blanchard, L., Haya, B., Lezak, S., & Anderegg, William. (2024). The History of "Contribution" Approaches For Climate Mitigation: A Narrative Review. *SSRN*.

compensation purposes. Other types of contributions can be channeled towards climate finance initiatives, considering the growing need for private finance in mitigation efforts globally.³ Any OOP-aligned contribution claim should demonstrate high environmental integrity and contribute towards the development of an innovative and integrated pathway to global net zero.

2) Compensation-based Claims under the OOPs

The revised OOPs view contribution and compensation-based claims as not at odds but rather complementary to one another. This intertwining nature is apparent in emerging discourse around the potential future conversion of credits from contribution to compensation. This debate is live within Article 6.4 negotiations, more specifically on whether MCUs can, after a predetermined deadline, be used to neutralise residual emissions. This is particularly important with regards to the scaling of durable carbon dioxide removal technologies, as they require significant upfront investments (which can take the form of contributions) to be developed, and once matured, can yield OOP-aligned compensation credits. Whereas the OOPs and other converging guidance provide clear guardrails on the use of durable removals to address unabatable emissions, further clarity is needed regarding claims made from the use of specific types of removal credits at specific points in time.

Boundaries between compensation and contribution should be drawn through transparent disclosure and the recording of these activities under separate ledgers. Conflation of these ledgers, e.g. accounting for credit-based mitigation activities designated for offsetting and those for contribution, can lead to double claiming.⁴ As governments are joining corporations in making these claims under international carbon trading systems, the question arises on whether double-claiming can occur between corporate and national emission inventories. Careful and transparent reporting is also needed on net and gross emissions, to ensure that entities are safeguarding adequate credits to address their residual emissions at the global net zero target date.

3) Evaluating Existing Checks and Balances on OOP-aligned Claims

Whereas credible claims are the backbone of high-integrity demand for carbon units, principles guiding environmental claim-making, such as the OOPs, have emerged primarily from non-state actors. There is currently a regulatory and legal vacuum pertaining to both compensation and contribution-based claims. The [EU Green Claims Directive](#) promises to be the first regulatory initiative to provide further a legal definition for and guidance on the use of such claims. Outside of the EU context, the Article 6 framework under the Paris Agreement has provided formal recognition for non-offsetting claims via MCU investments to be used towards reducing overall global emissions, rather than any specific country or company-targets. In the absence of such clarity, entities should seek to follow recognised demand-side frameworks, ensuring the environmental integrity of credits purchased, transparent and separate reporting, and credibility for non-credit-based financing claims, in alignment with the spirit and core features of OOPs.

³ See IMF. (October, 2023). Global Financial Stability Report. Chapter 3.

⁴ See [Carbon Credit Quality Initiative](#) for a definition of double claiming.