

HOW TO SPOT AND AVOID OFFSETTING CLAIMS

**A guide to transparent and credible corporate
climate communications**

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Background: From offsetting to BVCM

Credibility and honesty is the measure of a successful green claim. This briefing provides practical guidance for stakeholders including companies and their corporate sustainability and communications teams and policymakers that are seeking best practice in communicating their climate actions. The guide also gives consumers advice on how to spot greenwashing, and to separate a true green claim, from a problematic red flag.

Many misleading climate claims have their origin in what is known as “[offsetting](#)”, where a carbon credit is bought and used based on the misconception that it will counterbalance emissions. This creates the false impression of “[carbon neutrality](#)”.

Each carbon credit is sold on the premise that it represents the avoidance, reduction or removal of one tonne of CO₂ emitted. However, the problem is that research does not back up such a claim as one carbon credit cannot reliably offset a tonne of CO₂ on climate-relevant timescales.

Quality concerns are prevalent with carbon credits as the math rarely adds up. [Baselines are overestimated](#), there is no certainty that they deliver an enduring permanence, no guarantee that the project generating credits provides [additionality](#), and that is before mentioning weak social safeguards. A [peer-reviewed study](#) found that over 80% of credits across more than 2,000 projects likely deliver far less climate benefit than claimed. Moreover, in most cases, carbon credits have no direct connection to the buyer’s value chain operations or its actual emissions. Such transactions should [not be considered equivalent to actual emissions reductions](#).

In recent years, there has been increased media and political scrutiny of offsetting - otherwise known as “compensation” - claims. Starting in September 2026, EU member states must apply an updated revision of the bloc’s consumer protection laws that include a [prohibition on product-level offsetting claims](#) due to their inherently deceptive nature. There have also been [various judicial and regulatory rulings](#) that have determined that such compensation claims are misleading.

The “[beyond value chain mitigation](#)” (BVCM) model offers an alternative for funding climate action outside a company’s value chain. It differs positively from “offsetting” models as it views carbon credits as a contribution to climate action, rather than as a form of

“compensation”.The [Science Based Targets Initiative \(SBTi\)](#) recently referred to the BVCM model as ‘ongoing emissions responsibility’ (OER).

For consistency and simplicity, this briefing refers to this model as the “BVCM” approach. In addition to the BVCM supporting outside value-chain climate action without claiming that this support neutralises or counterbalances their emissions, it is also paired with companies simultaneously prioritising internal emission reductions. These actions are therefore treated separately from external mitigation efforts.

However, despite the clear refocus of contribution actions, it is crucial to reiterate that [internal decarbonisation remains the climate action of the utmost importance and effectiveness](#). To comply, companies must have an ambitious science-based target aligned with a 1.5°C trajectory and fully disclose disaggregated emissions data across [Scopes 1, 2, and 3](#). They must also allocate adequate financial resources to current and future decarbonisation measures, including investment in research and development and the implementation of emerging, novel solutions that may allow companies to abate tomorrow what might be considered unabatable today.

External value-chain action must not act as a [mitigation deterrent](#) to internal decarbonisation. Companies should disclose total financing dedicated to in-house mitigation, such as percentage of annual revenue, and/or percentage of capital expenditure and operational expenditure earmarked for mitigation.¹

Special attention must also be paid to ensuring that a company’s lobbying efforts and its global advocacy strategy are neither in opposition to the goals of the Paris Agreement nor an obstacle to ambitious climate policy. Companies must disclose any climate lobbying activities, including those done indirectly through trade associations.² Companies should commit to complete divestment – through a credible pathway and within a reasonable timeframe, if this has not already occurred – from fossil fuels and other highly polluting industries.

This approach can result in more transparent and credible climate communications, as well as stronger and more coherent global climate strategies.

¹ Voluntary Carbon Markets Integrity initiative (2024), VCMI Claims Code of Practice version 2.1, https://vcmintegrity.org/wp-content/uploads/2025/08/VCMI-Claims-Code_2025Update_v.1.8-1.pdf

² Ibid.; Carbon Market Watch (2024), “FAQ: Credible climate claims in a post-offsetting world”, <https://carbonmarketwatch.org/publications/faq-credible-climate-claims-in-a-post-offsetting-world/>.



Examples of misleading climate claims

In the following section, we explore selected active compensation claims, breaking down what went wrong and how they could be improved.

Explicit “carbon neutrality” claims

Although some companies have moved away from making explicit offsetting claims due to increased legal, regulatory and reputational risk, such claims still persist.

Claim 1:

The “[CarbonNeutral Protocol](#)” is one of two certification frameworks operated by the carbon market consultancy Climate Impact Partners. The framework is described as “an open access standard and guide developed for business, by business, that draws together leading independent standards for greenhouse gas (GHG) accounting, target setting, mitigation and disclosure into a practical guide for climate action”. Companies that meet the Protocol’s requirements may be certified and licensed to use its “carbon neutral” certification badges – or logos – as seen below:

Figure 4: Example CarbonNeutral® Certification Logos



The Protocol clearly supports a traditional “tonne-for-tonne” offsetting approach, offering three carbon neutral certification logos at the level of a company, service, and product.³ The Protocol also includes a direct link to purchase credits on Climate Impact Partners’ “carbon neutral” website for as low as €5,95 for one tonne of CO₂e via its “[Carbon Credits Store](#)”.

³ [The Carbon Neutral Protocol](#) p. 19 (January 2025).

Why this claim is misleading

Climate Impact Partners' "carbon neutral" logo is used by companies to advertise to consumers that a company, product or event has no net climate impact: the website lists examples of carbon neutral products from Brooks (running shoes), and Lime (electric scooters).

As previously discussed, these claims rely on a compensation claim model that has been repeatedly scrutinised by civil society organisations, academics, regulators and courts alike for giving consumers the false impression that a polluting company (or its facilities), a product, service or event has no climate impact.

Given this controversy, it is notable that such overt "carbon neutral" claims continue to circulate on the market, even after other entities have rebranded and shifted to the alternative BVCM approach.

Suggestions for improving this claim

Climate Impact Partners should reframe or eliminate its *entire* "carbon neutral" Protocol and only offer a certification framework that fully adheres to the principles of the BVCM model, as a component of a broader sustainability offering. This reimaged approach should require companies to engage in a holistic and credible decarbonisation strategy before assessing BVCM certification. This would reinforce the idea that BVCM should not be a 'standalone' offering, where other considerations surrounding a company's global climate strategy are ignored.

Such a model also avoids the fake equivalence of tonne-for-tonne offsetting and redefines the role of carbon credits in a company's climate strategy by emphasising that [credits should in all cases serve strictly as a complement to – not a substitute for internal mitigation efforts](#). Their use should be framed within a BVCM approach, which can potentially unlock diverse forms of climate funding without relying on the debunked argument that carbon credits are equal to in-house decarbonisation.

Climate Impact Partners should also replace its "certified carbon neutral" certifications with an alternative that does not misleadingly equate the purchase of carbon credits to in-house decarbonisation. For example, in December 2022, the project developer and consultancy, [myclimate](#), replaced its "climate-neutral" label with an "engaged for impact" label, in recognition of how the former could mislead consumers and pose legal risk for companies. While it should evidently not replicate this approach directly, Climate Impact Partners should take note and develop an alternative label in consultation with regulators, NGOs and consumer protection bodies. In line with best practices, the label could link to a

statement explicitly rejecting the concept of tonne-for-tonne offsetting along with a detailed explainer of the new approach. This could also include a disclosure of the internal carbon fee applied by the company or the revenue percentage it allocated to outside value chain action. This can help to ensure that less informed stakeholders following the Protocol are not communicating misleading claims.

Claim 2:

The German car manufacturer, Audi (Volkswagen group), [claims](#) that as of 1 January 2025, all of its production sites are now “net carbon-neutral” (see also Audi’s “[Environmental Declaration 2025](#)”). The exact language is as follows:

“Decarbonisation of Production [...]

The net carbon neutrality [...] of the Audi production sites [...] was achieved with the following steps:

- *Increase energy efficiency*
- *Produce own renewable energy*
- *Purchase renewable energy*
- *Offset the currently unavoidable GHG emissions through climate action projects”.*

Why this claim is misleading

Audi’s claim that its operations are “net carbon neutral” is based on the use of carbon credits with unclear detail regarding its other decarbonisation plans. Audi claims to be taking key steps to decarbonise its production sites before resorting to offsetting, but it does [not provide sufficient information](#) to assess the rigour of its efforts.

For example, its [environmental declaration regarding its production sites](#) does not actually disclose disaggregated emissions by emissions Scope and category, instead pointing to an ambiguous in-house methodology of environmental impact points that does not disclose emissions data in any detail. Moreover, the step to purchase renewable energy lacks key detail, but a review of Audi’s 2024 annual sustainability report reveals the company uses [market-based accounting for Scope 2 \(energy consumption emissions\) which can provide a highly distorted view of a company’s emissions](#), thus raising significant doubts about this decarbonisation step. Audi also neither justifies how its unabated emissions are deemed “unavoidable” nor appears to disclose the share of total emissions this accounts for or how many carbon credits are used. NewClimate Institute and Carbon Market Watch have also

found that Volkswagen Group, Audi's parent company, [performs poorly overall on corporate climate action](#).

Overall, Audi does not disclose sufficient detail to demonstrate how its production sites are "net carbon-neutral" and also relies on a misleading tonne-for-tonne offsetting approach to cancel out the production emissions it claims are unavoidable.

Suggestions for improving this claim

Audi's "net carbon-neutral" production site claim should be withdrawn. The company must instead prioritise its own internal decarbonisation and publicly disclose relevant emissions data before it considers potential purchase of carbon credits through a BVCM approach.

First and foremost, Audi must show greater transparency regarding the emissions associated with its production sites. The company should disclose comprehensive GHG emissions data across all scopes and categories of production sites, instead of presenting vague aggregated internal "environmental impact points" which are not transparent and do not actually convey the actual quantity of estimated greenhouse gas emissions. This should include clear reporting of Scope 1, 2 and 3 emissions, the accounting method used for Scope 2 electricity consumption, and the share of unabated emissions. Any emissions that are categorised as "unavoidable" should be clearly justified, which requires more complete information sharing, including full disclosure of the volume of these emissions across relevant scopes and categories.

Given the lack of transparency regarding the actual emissions of Audi's production sites as well as the inadequate climate ambition of the Volkswagen group (Audi's parent company), it does not appear justifiable for Audi to spend funds on mitigation beyond its value chain at this point in time. It must clearly concentrate its efforts on internal decarbonisation first.

In a hypothetical future scenario where Audi has set an ambitious climate target ([e.g. phase-out of internal combustion engines, use of near-zero emissions steel and aluminum](#)), takes appropriate mitigation actions, correctly discloses its emissions data and climate lobbying efforts (in addition to other actions or commitments such as divestment from fossil fuels) and convincingly justifies why any unabated emissions are currently unavoidable, it could then consider retiring carbon credits as part of a BVCM approach.

This contribution should not be based on a tonne-for-tonne basis, but through, for example, an internal carbon fee that is applied to unabated emissions or a fixed share of revenues that will be allocated to climate action. Internal reduction efforts can be highlighted in such a claim together with a separate explanation on how it is taking

responsibility for unabated emissions related to its production sites through beyond value chain climate action.

Implied compensation claims

Claim:

Apple prominently [claims](#) to balance emissions it deems to be unavoidable with “high-quality, nature-based carbon removal projects”.



Carbon removal. It's in our nature.

As we continue to reduce our footprint, we're also investing in high-quality, nature-based carbon removal projects to balance the emissions we can't yet avoid.

Partnering with Goldman Sachs and Conservation International, we created a first-of-its-kind initiative called the Restore Fund. It aims to remove carbon emissions from the atmosphere by investing in projects that restore forests, wetlands, and grasslands — while offering a financial return.

Why this claim is misleading

While Apple was found to have moderate integrity and transparency for its overall disclosure and emissions targets in the most recent [Corporate Climate Responsibility Monitor \(CCRM\)](#), its continued use of the compensation model is a definitive shortcoming.

The wording “balance the emissions” demonstrates a decision to compensate remaining unabated emissions, and can convey the misleading impression to consumers that Apple has effectively cancelled out its climate impact by investing in nature-based removals.

In addition, the reference to “high-quality” could also be considered a problematic element

of this claim because Apple uses nature-based removals to purportedly balance out its emissions, rather than using them as a contribution to global climate action as would be the case under the BVCM model. [Nature-based removals are widely recognised as temporary \(or non-durable\)](#), subject to significant reversal risk and, therefore, [incapable of genuinely “balancing” ongoing emissions](#). While nature-based removals could arguably be

considered “high quality” when used for contributions, this no longer holds true when using them for offsetting purposes.

Suggestions for improving this claim

Apple is a company that still adheres to the compensation model, not only for this particular claim, but also in regard to plans addressing its 2030 emissions. It has also labelled various products as “carbon neutral”; however, in 2025, a [German Court ruled](#) against its “carbon neutral” Apple watch, and the upcoming [product-level offsetting claim ban](#) set to take effect on 27 September 2026 has forced it to reframe these campaigns, at least in the EU.

Without exception, Apple should abandon this misleading approach in its entirety (in practice and in communication), adopt the alternative BVCM model and rephrase its claims accordingly.

In doing so, it must not give the impression that its emissions can be counterbalanced through nature-based carbon removals. Rather, it may communicate that it supports global climate action, for example, through its investments in nature-based carbon removals in recognition that it still has unabated emissions.



Principles for better climate claims involving wider mitigation

As detailed in previous sections, corporate climate claims get it wrong when they are vague, unsubstantiated, and equate the use of carbon credits with actual emission reductions.

Companies and other market actors should take note of the following key principles to make more credible climate claims:

- **Take ambitious climate action first and foremost in line with the mitigation hierarchy:** Companies must first ensure they [prioritise internal emissions reductions in line with a 1.5°C pathway](#), fully disclose disaggregated emissions data across all scopes, disclose all climate lobbying with a commitment not to engage in lobbying activities that undermine the passage of ambitious climate legislation and appropriately allocate and disclose funding for internal mitigation, before

considering BVCM and any claim made thereafter. If a company's decarbonisation plans are wholly inadequate, e.g. oil and gas companies, then it is not ready to consider BVCM.

- **Use clear and accurate language:** Companies should avoid vague and ambiguous terminology in climate communications especially when this involves carbon credits. Claims should clearly and accurately describe the action being taken and avoid mixing terminology from different claims models (e.g. conflating 'key' terms from the contribution approach like "support" or "contribute" with terms strongly associated with the compensation model, such as "balance" or "neutralise").
- **Do not put internal emission reductions on the same footing as external climate action:** Companies should clearly distinguish internal decarbonisation efforts within their value chain from activities undertaken outside the value chain. While support for external mitigation is important, in no way is it comparable to reducing a company's own emissions. Companies must stop making overt and discrete offsetting claims, e.g. ranging from "neutralisation", "balancing", "compensation" language to misrepresenting external mitigation as internal action in sustainability reporting.
- **Explicit rejection of the offsetting approach:** Companies should either explicitly reject the concept of compensation in their claims or, at the very least, not use offsetting or compensation framing. Claims should not suggest that emissions can be "neutralised", "balanced" or "cancelled out" through the use of carbon credits. An example can be seen in KLM's amended claim (after a [Dutch Court ruled against it](#)): "Compensation through nature development is not possible. Although your contribution to nature development increases biodiversity and strengthens local communities, it does not compensate for the emissions of your flight".
- **Transparently disclose supporting evidence:** Companies should ensure that climate claims include – or link to – explainers that contain evidence of effectiveness as well as limitations, if relevant. If carbon credits are used to underpin climate claims, companies should disclose the project ID, a link to the project design documents (PDDs) and other relevant information connected to the crediting project(s).

Recommendations for other stakeholders

- **Policymakers** must address gaps in legislation and enforcement.
 - They should adopt legislation that bans *all* offsetting claims directed at consumers due to their deceptive nature. These include claims such as “carbon neutral” or “climate neutral” products (includes goods and services), companies and their operations. In this way, enforcement bodies would not have to determine on a case-by-case basis whether such claims are misleading and courts would have more uniform guidance to follow. The upcoming EU prohibition on product-level offsetting claims (e.g. “carbon neutral bananas”) is a significant step in the right direction, but should be expanded to company-level, as well as to other jurisdictions outside the EU.
- **Consumers** should be alert for these common ‘red flags’ in climate claims:
 - If a claim sounds too good to be true, it likely is. Companies cannot eliminate their climate impact simply by claiming their ongoing emissions are “unavoidable” or “residual” and offsetting them with carbon credits.
 - Consumers should be particularly cautious of terms such as “offset”, “balance”, “counterbalance”, “compensate” or “neutralise” when they are used to suggest that emissions have been cancelled out (offsetting model terminology). Using such terminology in this context is never credible.
 - If carbon credits are used, consumers are advised to check that companies clearly frame them only around “supporting” or “contributing” to climate action as a responsible form of action that addresses ongoing emissions that cannot yet be reduced (BVCM model). Unlike the offsetting model, BVCM claims do not imply that carbon credits have the ability to compensate for emissions. Consumers should be particularly cautious of claims that mix these approaches. This wording could be interpreted as an implied compensation claim, despite using BVCM terminology.
 - Consumers should check that clear and accessible information is also provided e.g. on a company's website next to the environmental claim, including the types of projects the credits support and the relevant

certifications. If this information is missing, difficult to find or unclear, it is a significant red flag that may indicate a lack of transparency and credibility around a company's climate strategy and claims.

- Consumers should also look for evidence that a company is committed to an ambitious climate plan (which should be a publicly available resource that details how the company is approaching its climate goals in order to ensure that enough resources have been allocated for internal decarbonisation efforts) and is doing everything possible to reduce its own emissions, rather than relying on carbon credits to meet current or future targets. If a company fails to provide sufficient evidence of its internal decarbonisation efforts or heavily relies on carbon credits to meet current or future climate targets, this should also be treated as a red flag.
- If consumers encounter what they believe to be misleading claims, they can flag them to the relevant authority in their country. For example, Carbon Market Watch [successfully filed a complaint against FIFA](#) challenging its 2022 “carbon neutral” World Cup claim. In addition, law students from the Free University in Amsterdam filed a complaint with the Dutch Advertising Code Committee in 2021 asserting that Shell’s CO2 neutral claim was misleading. The [Dutch authority sided with the students](#). Most advertising authorities provide instructions on how to file complaints (for example, Belgium’s “Jury d’Ethique Publicitaire[’s]” complaint procedure can be seen [here](#)). Consumers can also flag such claims to relevant watchdog organisations, such as [Carbon Market Watch](#).



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