

Carbon Offset - Northmore Gordon

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Carbon Offset

A carbon offset represents 1 tonne of CO₂-e avoided or removed from the atmosphere. It is a purchased instrument that comes from emissions reductions or removals outside an organization's own operations. Carbon offsets differ fundamentally from renewable-electricity attributes and have distinct accounting and claims requirements. They must be tracked separately in transition workplans and cannot be subtracted from an emissions inventory without applying the relevant reporting framework correctly. We provide environmental-attribute due diligence services to verify the integrity and validity of offsets before procurement and retirement.

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What is a carbon offset, as defined by Northmore Gordon?

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How do avoided emissions differ from carbon removal in offset projects?

Avoided emissions covers activities that prevent emissions that would have otherwise occurred, such as energy efficiency improvements or avoided deforestation. Removal covers activities that permanently extract CO₂ from the atmosphere, such as new forestry, soil carbon improvement, or carbon capture and storage. These are different physical outcomes with distinct terminology. The ACCU Scheme requires appropriate use of terminology supported by the method and evidence. Do not relabel an efficiency project as carbon removal merely because its result is expressed in tonnes of CO₂-equivalent.

Why should carbon offsets be kept separate from an organization's emissions inventory?

Carbon offsets purchased from outside an organization's operations represent a different accounting treatment from physical reductions in energy consumption or direct emissions. A transition workplan

should explicitly separate physical reductions, contractual electricity attributes, and carbon offsets. Mixing these categories obscures the true emissions position and can lead to incorrect compliance or sustainability claims. The relevant reporting framework must be applied to determine how offsets interact with the inventory boundary. Our carbon advisory services help establish proper boundaries and connect emissions information with procurement decisions.

What environmental-attribute due diligence should be conducted before purchasing carbon offsets?

Before procurement and retirement, organizations should verify the integrity and validity of purchased offsets through environmental-attribute due diligence. This includes checking the offset's scheme eligibility, registry records, exclusive claim rights, and physical storage or removal process where applicable. The assessment should also confirm ownership and ensure the offset has not been previously retired or assigned to another party. We provide environmental-attribute due diligence as part of our carbon advisory services, including instrument selection, due diligence, procurement and retirement strategy.

How do carbon offsets differ from Australian Carbon Credit Units (ACCUs)?

Carbon offsets are purchased instruments representing emissions reductions or removals from external sources. ACCUs are environmental instruments issued through the approved Australian Carbon Credit Unit Scheme based on eligible abatement demonstrated through registered projects. An ACCU represents 1 tonne of CO₂-e stored or avoided by an eligible scheme project. While both represent tonnes of emissions reduction or removal, they operate under different schemes with different registration, evidence and reporting requirements. Carbon offsets may come from any scheme or project, whereas ACCUs must meet specific scheme criteria.

What accounting frameworks apply when using carbon offsets to support claims?

The applicable reporting framework determines how carbon offsets interact with emissions inventories and public claims. GHG Protocol's Scope 2 Guidance addresses purchased electricity and acquired energy, providing quality criteria for contractual instruments. Carbon offsets must be documented within a claim file that retains the exact wording, supporting calculations, source documents, period, assumptions and approver. Organizations must follow their designated framework—whether NGER, ASRS, or another standard—before treating offset purchases as supporting emissions reduction claims. Our reporting support helps connect offset procurement with the correct accounting requirements.

Can carbon offsets be used alongside renewable-electricity certificates in the same claim?

No. Renewable-electricity attributes and carbon offsets serve different accounting purposes and must not be presented as the same physical change. A renewable-electricity attribute represents ownership of renewable generation characteristics, whereas a carbon offset represents a separate emissions reduction or removal from outside the organization. Each needs its own evidence and claim statement. Organizations should establish their inventory boundary and proposed public claim before selecting instruments. Mixing these instrument types in a single statement creates ambiguity and violates sound accounting practice. We advise on keeping instruments separate and applying the correct framework for each.

What questions should be resolved before relying on carbon offsets for financial or compliance purposes?

Before relying on carbon offsets, establish the source project, scheme eligibility, registry records, issued or transferred unit status, exclusive claim rights, retirement evidence, and relevant accounting framework. Treat forecast quantity and market price as separate uncertainties. An optimistic price does not resolve uncertainty about scheme eligibility or measured outcomes. Verify the project's registration,

method, crediting period and issued-unit records before using it as evidence. A brand's case-study claim is a starting point for verification, not a substitute for checking actual scheme records. Our diagnostic workshops and opportunity assessments help clarify offset selection within transition planning.

What is the practical difference between 'issued' and 'forecast' carbon offsets in a business case?

Issued offsets have been formally recognized and registered within their applicable scheme and are available for retirement. Forecast or pipeline offsets are expected future reductions that have not yet been verified and issued. In a business case, these must be kept distinct. Do not label a forecast quantity as issued units or use an estimate to support a present claim. Show the projected abatement by period and the route from estimate to possible offset claim, including assumed issuance timing and market price scenarios. Our investment case guidance helps separate conditional support from verified outcomes when evaluating offset value in project economics.