



Avoiding Greenwashing in Carbon Credit Procurement

Greenwashing in the carbon credit market refers to the deceptive practice of overstating or fabricating environmental impact by purchasing low-quality or unverifiable carbon offsets. This undermines legitimate climate action efforts and erodes public and investor trust in sustainability claims. To maintain environmental credibility and regulatory alignment, carbon credit buyers must take specific steps to avoid greenwashing—especially in light of increasing scrutiny from ESG reporting frameworks such as CDP, ISSB, and GRI.

Greenwashing Risks vs. Best Practices

Greenwashing Risk	Due Diligence Action
Buying unverified offsets	Use registry-verified credits (e.g., Verra, Gold Standard)
Double-counting in claims	Confirm host country NDC alignment under Article 6
Overstating net-zero compliance	Align public claims with VCMI Claims Code
No buffer for reversal risks	Require permanence strategies and buffer reserves

No retirement of credits	Demand registry retirement documentation
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What Are Low-Quality Credits?

Low-quality carbon credits may result from outdated methodologies, unverifiable emissions data, or poor oversight. Examples include credits tied to logged forests, double-counted renewable projects, or those issued without rigorous third-party verification. Tools like the Carbon Credit Quality Initiative (CCQI) and Carbon Market Watch help identify high-risk projects.

Use of Integrity Frameworks

Buyers should rely on leading integrity benchmarks such as the Integrity Council for the Voluntary Carbon Market (ICVCM) and the Voluntary Carbon Markets Integrity Initiative (VCMI). These frameworks provide criteria to assess credit quality, prevent greenwashing, and ensure alignment with emerging disclosure mandates.

Red Flags for ESG Teams

Procurement and ESG teams should watch for:

- Credits from unknown or unaccredited registries
- Absence of third-party validation or monitoring
- Lack of project transparency or publicly disclosed data
- No demonstration of additionality or co-benefits
- Credits with conflicting ownership or claim disputes

Checklist: How to Avoid Greenwashing with Carbon Credits

- Purchase only registry-verified credits (e.g., Verra, Gold Standard, ART).
- Ensure the project has clear additionality — emissions reductions must be beyond business-as-usual.
- Verify that credits have permanence and appropriate buffer reserves for reversals.
- Check retirement status: all offsets must be retired in a public registry with traceable ID.
- Avoid double counting by ensuring exclusive ownership and national accounting alignment (Article 6 if applicable).
- Integrate offsets into a broader emissions reduction strategy, not as a substitute for direct cuts.
- Report offsets transparently through ESG frameworks (e.g., ISSB, CDP, GRI).
- Work with independent due diligence partners such as Green Carbon Corp.

Green Carbon Corp supports corporate buyers in sourcing verified carbon credits that meet global best practices for environmental integrity and transparency. Through platform integrations and technical reviews, the firm helps ESG teams avoid reputational risk while maxing climate outcomes.

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References

Insert hyperlinks for all titles

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