

## Our Position on Carbon Offsetting

**This document outlines our position on carbon offsetting in relation to UK and devolved government policy, our land management and offsetting markets.**

### Trust position

1. We think there could be a role for carbon offsetting for sectors that cannot decarbonise any further as a last resort option.<sup>1</sup> However, as carbon offsetting does not actually reduce carbon emissions, it should not be relied on by businesses as a decarbonisation strategy or plan. Our concerns about carbon offsetting are summarised as:
  - a. Carbon offsetting is compensatory action rather than action to reduce emissions.
  - b. Carbon offsetting provides a convenient ‘get-out’ for businesses not seeking to reduce their carbon emissions.
  - c. Carbon offsetting projects do not guarantee carbon savings in the long-term.
  - d. Carbon offsetting projects often ignore biodiversity.
  - e. The carbon offsetting market is unregulated, without any agreed universal standard.
2. To address these concerns, we would like to see the UK and devolved Governments develop a national, nature-based carbon offsetting standard and, by regulation or other means, make sure that carbon offsetting projects in the UK only proceed on the basis a business has demonstrated that they have maximised carbon reduction.

### Policy context and history of the issue

3. Two voluntary standards for carbon offsetting projects exist in the UK in the form of the Woodland Carbon Code<sup>2</sup> and the Peatland Code<sup>3</sup>. These standards aim to provide investors with reassurance about the carbon savings - which are to be both measurable and verifiable - that projects may realistically achieve. The Trust has been involved as a nominated ‘trusted deliverer’<sup>4</sup> with a third scheme, Wilder Carbon<sup>5</sup>, which has recently come to market.
4. In recent years there has been an increasing demand for land which could be used by companies wanting to offset their carbon emissions.<sup>6</sup> Some of these companies are purchasing whole estates outright for their own carbon offsetting projects. Others are buying carbon credits from existing projects registered with the Woodland and

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<sup>1</sup> For the purposes of this position, we understand carbon offsetting as being the purchase of ‘carbon credits’, often by large companies, which funds investment in environmental projects that have been designed to remove carbon emissions from the atmosphere through natural processes. The purchase of carbon credits is supposed to compensate for the carbon emissions produced by a company or organisation.

<sup>2</sup> <https://woodlandcarboncode.org.uk/>

<sup>3</sup> The Peatland Code was led and issued by the IUCN UK National Committee and is managed on its behalf by an Executive Board. For more info see: <https://www.iucn-uk-peatlandprogramme.org/peatland-code-0>

<sup>4</sup> A Wilder Carbon ‘trusted deliverer’ is an organisation signed up to the Wilder Carbon Standard that is trusted to deliver carbon savings against the standard.

<sup>5</sup> <https://www.wildercarbon.com/>

<sup>6</sup> See Report from the Scottish Land Commission, ‘Rural Land Market Insights Report’, published April 2022, available online at: <https://www.landcommission.gov.scot/news-events/news/major-report-shows-scotlands-changing-rural-land-market>

Peatland Carbon Codes. The results are changing land uses and inflating land prices around the UK. These changes may reinforce existing concentrations of landownership in some parts of the UK and further reduce opportunities to diversify land ownership. They may also concentrate natural resources and ecosystem services with global companies with little accountability to local people.

5. In a Ministerial Statement to Scottish Parliament, published 31 March 2022, Màiri McAllan, Scotland's Minister for Environment and Land Reform, welcomed private investment in Scotland's natural capital as a way to achieve Scotland's biodiversity and climate targets. However, her endorsement came with a caveat: this investment must be responsible. The Scottish Government's 'Interim Principles for Responsible Investment in Natural Capital' explain what the Scottish Government expects from responsible investment.<sup>7</sup>
6. In March 2023 NatureScot announced it was '*partnering in a private finance investment pilot that could mobilise £2 billion in landscape scale restoration of native woodland, create new jobs and support rural communities across all parts of Scotland. A Memorandum of Understanding is now in place between NatureScot and financial partners. If successful, the pilot could unlock private investment in natural capital, with the aim of reducing emissions and restoring biodiversity through landscape scale nature projects. £2 billion of investment in woodland could create around 185,000 hectares of native woodland and sequester 28 million tCO<sub>2</sub>e over the next 30 years.*'<sup>8</sup>

## Why we care/relevance to the Trust

7. The John Muir Trust manages 24,000 hectares of land in the UK and aims to do so to an exemplary standard. We see the responsible management of land to exemplary standards for nature, people and as a natural carbon store, as a natural win-win combination. We are concerned that some carbon offsetting projects are proceeding on a narrow carbon compensation basis, without considering the environmental, social and community impacts. We would like to see all carbon offsetting projects in the UK being managed to high environmental and social standards, including increasing biodiversity and restoring native species.

## The problems with carbon offsetting

8. As things stand there are a number of substantive problems with carbon offsetting and trading:
  - a. **Failure to deliver a genuine reduction in carbon emissions.** A briefing from Wildlife and Countryside LINK explains, '*This is largely due to inappropriate legislation (wrong context, and weak safeguards) and poor implementation. For example, many projects have sold emissions reductions that would simply have happened anyway; others have sold "avoided emissions" that would never have happened; still more have sold investments in poorly implemented nature-*

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<sup>7</sup> Interim principles for responsible investment in natural capital, published March 2022, <https://www.gov.scot/publications/interim-principles-for-responsible-investment-in-natural-capital/>

<sup>8</sup> NatureScot news story available at: <https://www.nature.scot/ps2-billion-private-finance-pilot-potential-vital-step-restoring-scotlands-woodlands>

*based solutions that do not last, such as monoculture plantations with short lifespans.*<sup>9</sup>

- b. **An excuse to keep on emitting carbon.** Offsetting does not reduce the amount of carbon being emitted from an activity. It merely aims to balance out the carbon that is being produced. In this way, investment in carbon offsetting projects provides permission to continue to produce carbon emissions. Put another way, companies buy carbon credits in offsetting projects to make their Environmental Social Governance rating look better whilst they continue business as usual in all other respects.
- c. **No guarantee of long term (in perpetuity) carbon saving.** In the absence of covenants or burdens on the land that would prevent future land use changes from undoing or undermining the carbon savings achieved there is no guarantee that the carbon being offset will remain offset in perpetuity (albeit Woodland, Peatland and Wilder Carbon codes require long term tie in of around 50 years).
- d. **Narrow focus on carbon capture at expense or exclusion of biodiversity.** Permitting a narrow focus on carbon capture potentially compromises the management of land for biodiversity and nature (which is counter-productive to the UK's pledge to protect 30% of land for nature by 2030 – a much-needed pledge given the UK has only 50% of its biodiversity left and is in the bottom 10% of countries globally for biodiversity)<sup>10</sup>. Some carbon offsetting projects (for example, converting moor or farmland into large sitka spruce plantations) are short term financial market orientated solutions that ignore the biodiversity crisis.
- e. **The absence of agreed and enforceable standards.** Whilst the Scottish Government's 'Interim Principles for Responsible Investment in Natural Capital' are welcomed, these principles are not the same as mandatory standards that would require consistent quality in approaches to offsetting in the UK. The Peatland Code and Woodland Code are voluntary standards which offer investors some assurance about the quality of the carbon offsetting projects they are investing in. However, these codes are voluntary and only apply to publicly funded offsetting projects.

## Policy solutions

- 9. To address the problems outlined above, the UK and devolved Governments need to:
  - a. develop a national, nature-based carbon offsetting standard, backed by an accreditation scheme for landowners; and,
  - b. make sure that, by regulation or other means, carbon offsetting projects in the UK only proceed on the basis a business has demonstrated that they have maximised carbon reduction.

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<sup>9</sup> 'Carbon offsetting in the UK False comfort for fighting climate change?' A briefing from Wildlife and Countryside LINK. [Wildlife and Countryside Link Offsetting Briefing 23042021.pdf \(wcl.org.uk\)](https://www.wcl.org.uk/Wildlife_and_Countryside_Link_Offsetting_Briefing_23042021.pdf)

<sup>10</sup> See Biodiversity Intactness Index produced by the PREDICTS team at the Natural History Museum. <https://www.nhm.ac.uk/press-office/press-releases/natural-history-museum-reveals-the-world-has-crashed-through-the.html>

10. The standard would be available to businesses that can demonstrate they have maximised carbon emissions reduction and would require a robust process of verification, monitoring and independent auditing of carbon offsetting projects so that we could be sure that any carbon savings claimed have actually occurred. Its requirements could be expected to evolve as scientific understanding evolves about how much carbon different habitats save.
11. The standard would provide investment assurance to carbon offsetting projects and also be a precondition for public funding. The standard and accreditation scheme should ensure:
- a. Biodiversity as well as carbon saving outcomes are achieved (supporting the UK Government's pledge to protect 30% of land for nature by 2030).
  - b. Net carbon savings are accurately measured and transparently reported, including as a function of time (this matters because woodland and peat schemes don't take up carbon at a constant rate, so in the first years there is little carbon absorption to compensate for the carbon being emitted).
  - c. Carbon offsetting is part of an overall carbon emissions reduction plan.<sup>11</sup>
  - d. Local people receive opportunities to be involved in carbon offsetting projects.
  - e. No detrimental impacts on the environment, including soil, air, water and land quality.
12. For illustrative purposes we set out below some of the key criteria that could be considered as part of an accreditation scheme.

For community involvement:

- Invite communities to be involved in major land use change decisions.
- Avoid binding long-term commercial contracts that lock in land use for generations to come.
- Work with educational institutions to offer training opportunities for local young people.

For environmental protection:

- Deliver real net emission reductions rather than allow heavy carbon polluters to continue with business as usual. Avoid 'leakage' whereby emissions are shifted from one location to another.
- Be fully transparent and independently audited to guard against double counting.
- Have an Environmental Impact Assessment and a holistic baseline assessment to ensure carbon reduction is not being achieved at the expense of environmental protection and enhancement, including improved biodiversity.
- Have a target of at least 50 per cent native species in new woodland schemes for biodiversity, amenity and long-term climate resilience.<sup>12</sup>
- Reduce overgrazing pressures to allow natural regeneration.

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<sup>11</sup> This aligns with Wildlife and Countryside LINK's position that '*Offsetting should only take place in the voluntary market as part of a third party-verified net zero plan, and only utilised temporarily whilst sectors decarbonise or to compensate for the most stubborn of residual emissions.*' 'Carbon offsetting in the UK False comfort for fighting climate change?' A briefing from Wildlife and Countryside LINK, [Wildlife and Countryside Link Offsetting Briefing 23042021.pdf \(wcl.org.uk\)](#)

<sup>12</sup> This target was called for by The Woodland Trust in a campaign during 2020: <https://www.forestryjournal.co.uk/news/18850357.woodland-trust-scotland-calls-half-trees-planted-native/>

13. We support the Scottish Land Commission’s protocol for ‘Responsible Natural Capital and Carbon Management’ which states:
- a. *‘Net environmental and biodiversity gains should be sought through the management of natural capital and carbon. Existing natural capital should be protected and enhanced alongside the development of carbon management or other activities’*<sup>13</sup>;
  - b. *‘Investment in carbon management to offset emissions should not be a replacement for other actions to avoid, reduce or mitigate emissions. It should always be made in addition to action to reduce emissions at source as close to zero as possible. This is in line with targets and transition plans in the Paris Agreement, a global, internationally legally binding deal to stop dangerous climate change’*<sup>14</sup>; and
  - c. Recommends *‘surveys are conducted to establish baselines and monitoring systems are put in place to establish environmental and biodiversity gains.’*<sup>15</sup>

### Policy outcomes

14. We believe that an exemplary standard for carbon offsetting applied to all projects in the UK is necessary to bring about the following policy outcomes:
- Greater transparency and clarity of the benefits of carbon offsetting projects that deliver actual carbon savings.
  - Shared, collective responsibility and benefits between landowners, tenants / crofters, companies and communities in managing the land as a net carbon sink.
  - Encouraging and promoting nature friendly farming practices which improve soil and water quality and increase native woodlands.
  - Expanded native woodland cover, restored peatlands and increased biodiversity and environmental protection across the UK.
  - Greater investor confidence in carbon offsetting schemes.

### Exploring opportunities for carbon offsetting on Trust land

15. The Trust will continue to work with partners such as Wilder Carbon to explore the potential for carbon offsetting, on land that we manage or with land partners, and to promote the need for genuine reductions in carbon emissions and adoption of the highest environmental, governance, community and transparency standards.

Approved by Trustees on 31 July 2023  
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<sup>13</sup> [Responsible Natural Capital and Carbon Management, Scottish Land Commission, protocol series](#)

<sup>14</sup> [Responsible Natural Capital and Carbon Management, Scottish Land Commission, protocol series](#)

<sup>15</sup> [Responsible Natural Capital and Carbon Management, Scottish Land Commission, protocol series](#)