

ONSETTING VS OFFSETTING IN DECARBONISATION: WHAT'S BEST FOR YOUR BUSINESS?

In the race to net-zero, businesses are faced with critical decisions about how to reduce their carbon footprints. Two key strategies dominate the conversation: onsetting and offsetting.

While both play essential roles in achieving decarbonisation, understanding their differences—and when to use each—is crucial for building an effective carbon reduction strategy.





WHAT IS ONSETTING?

BUILDING INTERNAL SOLUTIONS

Onsetting refers to taking direct actions within your own operations to reduce emissions. It's about investing in long-term, sustainable practices that transform how your business operates. From installing solar panels to improving energy efficiency in production, onsetting focuses on reducing emissions at the source.

EXAMPLES OF ONSETTING

Renewable Energy Transitions

Switching to wind or solar energy through initiatives like wheeling allows companies to reduce Scope 2 emissions without relying on carbon credits.

Energy Efficiency Measures

Upgrading equipment, retrofitting buildings, and implementing smart energy systems significantly lower operational energy use.

Low-Carbon Technology Investments From electrifying vehicle fleets to adopting carbon capture and storage (CCS) technologies, onsetting is about creating direct impact.



WHY ONSETTING MATTERS

Onsetting is viewed as the gold standard for decarbonisation because it addresses the root causes of emissions. By embedding sustainable practices into your operations, you're not just reducing carbon—you're future-proofing your business against regulatory pressures, energy volatility, and shifting consumer demands.





WHAT IS OFFSETTING?

A TEMPORARY SOLUTION FOR RESIDUAL EMISSIONS

Offsetting, by contrast, involves compensating for emissions by investing in external projects that remove or reduce carbon elsewhere. These projects can include reforestation, renewable energy developments, or soil carbon sequestration initiatives.

EXAMPLES OF OFFSETTING:

Nature-Based Solutions

Reforestation projects that absorb carbon dioxide or wetland restoration initiatives are popular offset options.

Renewable Energy Offsets

Investments in wind or solar projects, particularly in underdeveloped areas, help displace emissions from fossil fuel energy.

Soil Carbon Sequestration

Innovative farming methods trap carbon in soil, contributing to long-term atmospheric carbon reductions.



WHEN TO USE OFFSETTING

Offsetting is most effective for managing residual emissions—those that can't be eliminated through operational changes. It's also a practical starting point for businesses that are early in their decarbonisation journey or lack the resources for significant onsetting investments.





ONSETTING VS OFFSETTING: KEY DIFFERENCES

ASPECT	ONSETTING	OFFSETTING
FOCUS	Internal reductions in emissions.	External compensation for emissions
TIMELINE	Long-term, sustainable impact.	Immediate but temporary solutions.
CREDIBILITY	High: Reduces emissions at the source.	Variable: Depends on the quality of offset projects.
COST	High upfront investment; potential for long-term savings	Lower upfront cost but no direct operational benefit.
ROLE IN STRATEGY	Essential for net-zero targets and operational resilience.	Complementary for managing unavoidable emissions.



BLENDING ONSETTING AND OFFSETTING FOR IMPACT

While onsetting should be the backbone of your decarbonisation strategy, offsetting can play a valuable supporting role. The key is balance: investing in sustainable practices to reduce emissions at the source while offsetting any residual emissions that are unavoidable

BEST PRACTICES FOR COMBINING THE TWO

Prioritise Onsetting

Focus on measures like energy efficiency upgrades and renewable energy adoption before turning to offsets.

Choose High-Quality Offsets

When offsetting is necessary, select projects with robust verification and clear environmental benefits. Look for nature-based solutions or renewable energy projects that align with your company's values.

Set Clear Goals

Define milestones for onsetting and offsetting within your broader sustainability strategy. For instance, commit to halving emissions through onsetting by 2030, with offsets covering the remainder until solutions for full reduction are implemented.



REAL-WORLD EXAMPLE: BALANCING ONSETTING AND OFFSETTING

Consider a manufacturing company aiming to reach net-zero.

The business starts by conducting a carbon audit and identifies significant emissions from its energy use (Scope 2) and supply chain (Scope 3).

Onsetting Efforts

The company installs solar panels on its facilities, transitions to electric vehicles for transportation, and partners with suppliers who adopt low-carbon practices. these measures reduce emissions by 60%.

Offsetting for Residual Emissions

For the remaining 40%, the company invests in high-quality offset projects, including a reforestation initiative in a developing country and a soil sequestration program with verified impacts.

By combining onsetting and offsetting, the company achieves its net-zero goal while building a more resilient and sustainable operation.



WHY ONSETTING DESERVES MORE ATTENTION

While offsetting is a practical tool, it doesn't eliminate the problem—it compensates for it.

Regulatory changes and consumer expectations are pushing businesses to prioritize onsetting, as it demonstrates a genuine commitment to sustainability. Offsetting should complement—not replace—direct emission reductions.

BUILDING A HOLISTIC STRATEGY

In decarbonisation, onsetting and offsetting aren't competitors—they're partners. Businesses should aim to maximise onsetting efforts first, using offsetting as a bridge for emissions that are challenging to eliminate.

By blending these approaches, you'll not only reduce your carbon footprint but also enhance your brand's credibility and resilience in a low-carbon economy.