

Voluntary, but Not Accidental: Incentives Behind the Shift to High-Integrity Carbon Credits

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Overview

As high-quality carbon credits make up a growing share of voluntary market activity, understanding the incentives driving their purchase—despite limited enforceability—is essential for assessing market credibility and climate impact.

Background

Analysis of carbon credit retirements and accompanying corporate disclosures shows a clear longitudinal trend within major fossil fuel companies. Companies such as Shell, Range Resources Corporation, and Chevron are purchasing and retiring increasingly higher-quality credits¹ over time as part of their evolving decarbonization strategies. This pattern aligns with an increasing share of purchased and retired carbon credits being high quality. These companies consistently frame their purchases within long-term sustainability or net-zero goals, often linked rhetorically to alignment with the Paris Agreement. However, the Paris Agreement's lack of enforceability suggests that these statements serve more as reputational anchors than as hard compliance commitments. Given international limited enforceability, understanding why high-emitting firms continue to invest in increasingly high-quality carbon credits, and what reputational, strategic, or anticipatory regulatory factors may explain this behavior is crucial in assessing the credibility and future role of voluntary carbon markets in global decarbonization efforts.

Greenwashing Narrative vs. Actual Incentives

While greenwashing concerns are prevalent in the carbon market discourse, they do not fully explain the shift toward *higher-quality* credits. If reputational cover were the sole motive, lower-quality (and cheaper) credits would be sufficient. The observed trend toward higher-rated credits suggests additional, more strategic incentives.

Strategic Drivers Behind High-Quality Credit Purchases

Evidence indicates that high-quality credit purchasing is motivated less by moral positioning and more by risk management and strategic hedging:

¹ While the definition of a high-quality credit varies, it can be generalized as verified, permanent, and an additional 1 tonne of CO₂ or equivalent removed or avoided in the atmosphere, supported by rigorous, independent auditing. Key attributes include demonstrating that the project would not have happened without the finance (additionality), ensuring the carbon is not re-released (permanence), and avoiding double-counting, ensuring genuine environmental integrity. Carbon credit projects are given ratings by said auditors, which (working similarly to other credit ratings systems), measures the likelihood of demonstrated key attributes. “BBB+” or equivalent ratings are thought to be considered high quality ratings.

- **Policy and Market Hedging:** Large emitters appear to be hedging against future regulatory tightening or credit-quality thresholds by securing high-quality credits early. Firms with partial or full ownership in project developers further benefit from long-term asset appreciation.
- **Volatility Safety Net:** In the event that future carbon policy establishes minimum-quality requirements or portfolio thresholds, early acquisition of high-quality credits provides a buffer in an uncertain market.

Influence on Broader Policy Landscape

A secondary strategic motive appears to be shaping the policy environment itself. Voluntary high-quality credit purchases can function as a counterweight to more restrictive regulatory proposals (e.g., carbon taxes or cap-and-trade systems). [Historical research](#) shows a strong correlation between fossil fuel industry lobbying efforts and the weakening or defeat of cap-and-trade systems. High-quality voluntary markets allow firms to maintain greater control over cost, timing, and strategy.

Capital Market Incentives

Financial risk is emerging as a dominant pressure point. [Lenders and investors increasingly](#) price climate-related risk into financing decisions, causing higher interest rates and reduced credit access for major emitters. [Studies](#) show that firms demonstrating credible investment in sustainability—including high-quality offsets—experience a reduced risk premium. This dynamic helps explain the push by companies like Shell for more transparent carbon credit ratings: investor confidence depends on clarity, but transparency about *motives* is still strategically withheld.

Trends toward higher-quality credits were first signaled by research findings and were substantially strengthened through conversations with executives in the Oil and Gas Industry. In particular, they highlight that their firms are actively developing carbon capture and sequestration (CCS) infrastructure and have already attracted interest from large tech buyers seeking high-integrity removals to meet their public climate commitments, both for Scope 2 and Scope 3, and for the development of Sustainable Aviation Fuels. They also emphasized a notable market dynamic: many corporate buyers are increasingly interested in forward-purchasing carbon credits to lock in future supply and signal to investors and regulators that they are committed to scaling the durable carbon removals market independently without intervention.

Additional conversations with Alexis Reyes, the director of sustainability and energy management at Pomona College, further reinforced these patterns. She noted that higher education institutional buyers are similarly evaluating long-term procurement strategies and emphasized the growing importance of due diligence as the carbon-credits market expands, demonstrating the [impact of broad market growth](#) but, driven by demand, a negative supply of

high-quality credits. Although these institutions are not high-carbon emitters, they are motivated by long-term commitments to their communities.

Together, these conversations provided concrete evidence that the transition toward durable, verifiable, high-quality voluntary carbon credits is both accelerating and increasingly driven by forward-looking procurement behavior that aligns with industry goals rather than traditional offsetting approaches.

Implications for Engagement Strategy

Seeing trends of hedging future policy suggests that firms purchasing high-quality credits are motivated by a blend of:

- Regulatory anticipation
- Balance-sheet risk management
- Control over future policy exposure
- Capital market signaling

When approaching these companies, it will be important to recognize that the value proposition is not purely environmental—it is fundamentally tied to future compliance positioning, investor expectations, and risk-premium reduction. Framing offerings in terms of future-proofing, quality certainty, regulatory resilience, and lower capital-market risk will likely resonate more effectively than moral or reputational appeals alone.