



TREFADDER

Premium carbon capture and biodiversity

Carbon Removal Credits as a De-Risking Lever in Decarbonization

Strategic Guidance
for ESG-Budget Execution

Executive Summary

The race to net zero is no longer a distant aspiration - it's an operational reality. Climate action timelines are tightening, and uncertainties in technology readiness, regulatory stability, and execution capacity risk derailing even the most well-intentioned corporate climate strategy.

TREFADDER'S POSITION IS CLEAR

The most resilient pathway is a dual-track approach - prioritizing deep emissions reductions while supplementing them with a structured, recurring investment in high-integrity carbon removal credits.

This combination provides an insurance mechanism against delays, de-risks delivery of long-term climate goals, and accelerates internal decarbonization by putting a tangible price on emissions.

1.8x

Credit buyers are 1.8x more likely to decarbonize year-over-year.

3x

Credit buyers invest three times more in reduction efforts across their value chains.

60%

Nearly 60% of buyers report faster annual decarbonization rates compared to non-buyers.

THE EVIDENCE BACKS THIS UP*

Companies participating in voluntary carbon markets are not “buying their way out of action” - they are leading it.

This isn't a loophole but a catalyst for climate leadership.

* Ecosystem Marketplace, 2023; Trove Research, 2023; Sylvera, 2023

Why This Matters

Climate action deadlines are accelerating. Net zero isn't just a sustainability goal - it's a business survival strategy. Delays in technology adoption, regulatory volatility, and supply chain fragility mean the risk of missing targets is real.

Sustainability leaders often operate in isolation within their organizations. They face the dual challenge of delivering measurable impact while navigating competing priorities, limited budgets, and skepticism from colleagues who see climate as a “feel-good” agenda rather than a core business strategy.

Decarbonization is complex: it's finance, strategy, operations, and risk management rolled into one. And while the urgency is universally acknowledged, budget execution often stalls in the gap between ambition and implementation.

This white paper is designed to close that gap. It provides a clear framework for embedding carbon removals into corporate climate plans, not as a last resort, but as a proactive risk-management and acceleration tool.

Acting Now to De-Risk Tomorrow

Delaying climate action **dramatically increases the scale** and pace of change required.

2020

Starting in 2020 requires a **manageable 4.2% annual reduction** to align with 1.5 °C

2025

Waiting until 2025 **doubles** that to **8.4% per year**

2028

Postponing until 2028 demands an **almost impossible 21% per year**

These are not abstract numbers - they are operational constraints that can break supply chains, budgets, and reputations.

Investing in carbon removals today cushions against missed reduction targets caused by slow tech adoption, delayed infrastructure upgrades, or external shocks. A recurring-subscription model builds predictability into ESG budgets and creates space for flexibility, with mechanisms such as buy-back incentives that reward over-performance rather than penalizing it.



The Behavioral Advantage

Carbon removals do more than compensate - they change corporate behavior.

Research shows that **organizations purchasing high-quality credits are more likely to set near-term, science-based targets**, include Scope 3 in their plans, and involve their boards in climate oversight. The act of paying for emissions crystallizes their cost, shifting decision-making in favor of low-carbon alternatives and creating a feedback loop that drives faster reductions.



Far from encouraging complacency, **the integration of removals** into a net-zero strategy fosters ambition and **accelerates the organizational transformation** needed for long-term resilience.

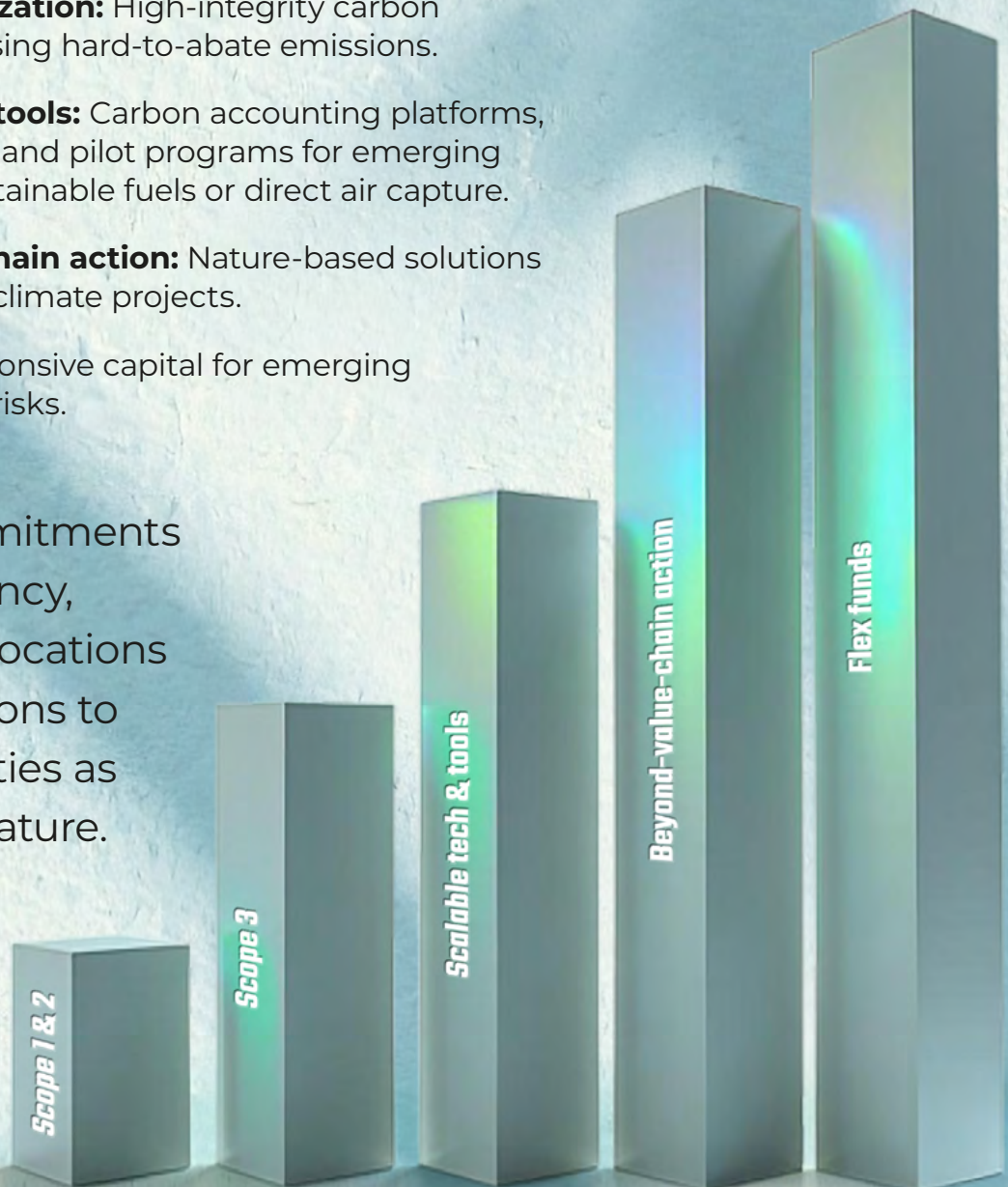
Building a Climate-Resilient ESG Budget

A high-impact ESG budget is more than a compliance exercise - it's a strategic lever for value creation and risk management.

A BALANCED PORTFOLIO MIGHT INCLUDE:

- **Scope 1 & 2 reductions:** Renewable energy contracts, fleet electrification, and efficiency upgrades.
- **Scope 3 neutralization:** High-integrity carbon removals addressing hard-to-abate emissions.
- **Scalable tech & tools:** Carbon accounting platforms, supplier training, and pilot programs for emerging solutions like sustainable fuels or direct air capture.
- **Beyond-value-chain action:** Nature-based solutions and community climate projects.
- **Flex funds:** Responsive capital for emerging opportunities or risks.

Recurring commitments ensure consistency, while flexible allocations allow organizations to seize opportunities as technologies mature.



Sequencing and Governance

Start immediately.

Deploy budget to actions you can control - Scope 1 and 2 reductions, initial removals - and secure stable removal supply through subscriptions.

Review quarterly.

Update allocations based on new data, tech readiness, and market conditions. Maintain flexibility to shift toward high-impact innovations.

Conduct an annual stock-take.

Measure removals against targets, reward over-performance, and address shortfalls proactively.

This cadence transforms climate planning from a once-a-year budget exercise into an agile, adaptive process.

Act now

Delaying exponentially increases your annual reduction requirements.

Price drives performance

Paying for carbon accelerates internal change.

Future-proof your budget

Use removals as a hedge against rising carbon costs.

Think portfolio

Balance reductions, removals, and innovation funding.

Partner for reliability

Go for subscription models to lock in impact and supply stability.

Net Zero as Risk Management

Net zero is not just an environmental goal - it's a safeguard against systemic business risk.

In a volatile world of regulatory uncertainty, supply chain fragility, and immature technologies, **carbon removals act as a stabilizer.** They smooth financial planning, hedge against market price swings, and ensure climate performance even when reductions fall short.

Increasingly, they also function as a strategic asset class. Global climate policy is converging toward expanded taxation of CO₂ emissions through mechanisms such as the EU's Carbon Border Adjustment Mechanism (CBAM), national carbon taxes, and stricter emissions trading systems. These measures are not distant possibilities - they are unfolding now, with CBAM's financial obligations beginning in 2026 and similar frameworks under active discussion in other major economies.

IN THIS POLICY LANDSCAPE, HIGH-QUALITY CLIMATE CREDITS SERVE AS A FORWARD-LOOKING HEDGE AND COST BUFFER:

- **Pre-positioning for compliance regimes**

Voluntary market participation today builds the systems, governance, and supplier relationships that will be vital in tomorrow's regulated markets. This readiness ensures companies can meet compliance obligations without disruptive cost or operational constrain.

- **Smoothing future carbon costs**

Carbon prices in regulated markets have risen sharply - over 70% in the last five years according to the World Bank's Carbon Pricing Dashboard - and are expected to climb further. Early, recurring investments in removals lock in price stability, insulating budgets from the financial shocks that late-entry purchasing will face.

- **Asset appreciation potential**

As demand for verified, high-integrity credits rises under tightening regulation, these credits are likely to increase in value. Forward contracts and long-term agreements may offset future liabilities and potentially represent appreciating balance-sheet assets.

Seen through this lens, carbon removals are more than a cost of doing business - they are a climate-aligned investment that manages regulatory risk, positions companies ahead of policy shifts, and can yield long-term financial benefits.

This is where climate strategy and capital strategy meet: proactive action today not only protects the planet, it protects the business from the inevitable pricing of carbon tomorrow.

Trefadder's Commercial Model

Trefadder's approach mirrors the nature of emissions: recurring, long-term, and integral to core operations.

WHAT MAKES IT DIFFERENT:

- **Predictable impact:** Subscription-based removals ensure steady progress and shield companies from market volatility.
- **Scalable by design:** Contributions grow with your business, embedding sustainability into expansion plans.
- **Incentivized ambition:** Buy-back mechanisms reward companies that reduce faster than planned.
- **Beyond carbon:** Long-term partnerships that support regenerative forestry, biodiversity, and community benefits.
- **High-integrity verification:** Meeting emerging compliance standards

This model transforms removals from a transactional purchase into a strategic asset.



Conclusion

The path to net zero is not linear. It is shaped by uncertainty - technological, economic, and environmental. The companies that will lead in this era are those that refuse to choose between reductions and removals.

A dual-track strategy - cutting emissions at the source while investing in high-quality, recurring carbon removals - provides both a safety net and a springboard. The behavioral evidence is clear: pricing emissions drives faster action.

Trefadder's model delivers the structure, predictability, and ambition needed to **turn climate commitments into climate results.**

Your budget is more than numbers - it's a declaration of intent.

Let it act now, not later.

