

The 5 questions CSRD auditors ask about your external climate actions.



Offsetting, contribution, insetting: how can you prove that your investments are genuinely generating impact?

Here is what auditors are looking for and what you need to prepare.

Why this guide?

CSRD auditors are not looking to find out whether you acted on climate. They are looking to find out whether you can prove it.

With the entry into force of the ESRS (European Sustainability Reporting Standards), companies must now precisely document their external climate actions. Vague statements are no longer enough. Traceability is everything.

What this guide covers?

The 5 most frequent questions auditors ask about:

- Carbon offsetting
- Climate contribution
- Insetting
- Any climate investment outside direct reduction

What changed with CSRD?

- **Before:** You declared your climate investments in a CSR report. Nobody checked.
- **Now:** An external auditor examines your evidence. Every claim must be documented, traced, verified.

"Companies that anticipate gain time and credibility. Those that improvise face delays and requests for clarification."

Question 1

What is the traceability of your climate actions outside direct reduction?

What the auditor is looking for:

You invest in external programmes? The auditor wants one thing: proof that every euro generated real impact.

Under ESRS E1-7, carbon credits must be reported separately. No netting. No offsetting in gross emission figures.

The auditor will ask:

- Which project did you finance?
- What methodology was used?
- Who verified the results?
- Where are the certificates?

What you need to prepare:

- Project-by-project documentation (methodology, scope, results)
- Certificates with unique serial numbers
- Name of third-party verifier and certification date
- Retirement registry (if carbon credits)
- Proof of payment and contracts

"The question is not 'did you act?' but 'can you prove it?'"

The trap to avoid:

Buying carbon credits without keeping complete documentation. If you cannot prove the origin and certification of the credit, the auditor will consider it undocumented.

Question 2

How do these actions fit into your reduction strategy?

What the auditor is looking for

The auditor checks one simple thing: is the "avoid, reduce, contribute" hierarchy being respected?

ESRS E1-1 requires a transition plan aligned with 1.5°C. External actions cannot replace internal efforts. They come as a complement.

The auditor will ask:

- What is your reduction trajectory?
- Where do external actions sit within this trajectory?
- What percentage of your climate budget goes to reduction vs external actions?

What you need to prepare:

- Scope 1, 2 and 3 reduction trajectory with annual milestones
- Explicit place of external actions within this trajectory
- Justification of budget allocated to each lever
- SBTi alignment if applicable
- Document showing that external actions do not replace reduction

"External actions are a complement, not a substitute. The auditor will check that you are not offsetting what you could reduce."

The trap to avoid:

Investing heavily in offsetting without a clear reduction trajectory. The auditor will see this as a potential greenwashing signal.

Question 3

What is the additionality of the projects you finance?

What the auditor is looking for

A direct question: "Would this project have existed without your funding?"

If the answer is yes, you have a problem. "Anyway" projects are the first target of auditors and NGOs. A project that would have happened regardless has no additional impact.

The auditor will ask:

- How do you prove this project would not have existed without you?
- What is the methodology for calculating additionality?
- Who certified this additionality?

What you need to prepare:

- Proof of additionality provided by the project holder
- Methodology used (Verra, Gold Standard, ISO 14064, etc.)
- Certification by a recognised standard
- Documentation of the baseline scenario
- Explanation of why the project would not have happened without funding

"The closer and more verifiable the project, the more defensible the additionality. A project 10,000 km away that nobody can visit raises more questions than a local project."

The trap to avoid:

Funding forest protection projects that were not under threat, or renewable energy that would have been built anyway. These are the most scrutinised cases.

Question 4

How do you manage the risk of reversal?

What the auditor is looking for:

Forest projects burn. Agricultural soils can release carbon. The auditor wants to know: what happens if the stored carbon returns to the atmosphere?

This is a key criterion of the CRCF regulation (Carbon Removals and Carbon Farming) coming into force in 2026. Anticipating now means avoiding surprises later.

The auditor will ask:

- What is the guaranteed storage duration?
- What happens in case of loss (fire, flood, change of practices)?
- How do you monitor storage over time?

What you need to prepare:

- Buffer pool mechanism or insurance
- Contractual commitment duration (minimum 20-30 years for forest projects)
- Continuous monitoring protocol (MRV)
- Documented procedure in case of loss or reversal
- Contractual clause on responsibilities in case of loss

"Carbon stored today can be released tomorrow. The auditor wants to know that you have planned for this scenario."

The trap to avoid

Investing in forest projects without a buffer pool mechanism. In case of fire, you lose both the carbon and the credibility of your reporting.

Question 5

What claims do you make publicly about these actions?

What the auditor is looking for:

Do your marketing communications say the same thing as your reports? "Carbon neutral" and "net zero" claims are in the crosshairs of the Green Claims Directive.

A gap between communication and evidence = greenwashing risk. And the auditor will note it.

The auditor will ask:

- What climate claims have you made publicly?
- Can you prove each claim?
- Do you use the terms "carbon neutral", "net zero", "climate positive"?
- Are these claims aligned with VCMI or Net Zero Initiative guidelines?

What you need to prepare

- Review of all public climate communications (website, reports, advertising, packaging)
- Alignment with VCMI or Net Zero Initiative guidelines
- Documented justification for each claim
- Clear distinction between "offsetting" and "contribution"
- Validation procedure for claims before publication

"The Green Claims Directive will prohibit or strictly regulate 'carbon neutral' claims. Better to anticipate now."

The trap to avoid

Saying "carbon neutral" on a product when you are offsetting with questionable carbon credits. This is the typical scenario that leads to greenwashing lawsuits.

Offsetting vs Contribution: what is the difference?

OFFSETTING	CONTRIBUTION
"Carbon neutral" claim possible but highly subject to greenwashing	No erasure claim
Promises to erase emissions	Finances transition without promises
High legal risk	Low legal risk
Scrutinised by NGOs	Publicly defensible

In summary

The 5 essential questions

- **Traceability:** Can you prove the impact of every euro invested?
- **Integration:** Do your external actions complement a solid reduction strategy?
- **Additionality:** Would the project exist without your funding?
- **Reversal:** What happens if the stored carbon is released?
- **Claims:** Are your communications true to your evidence?

The Golden Rule
"Document. Trace. Prove"

Checklist

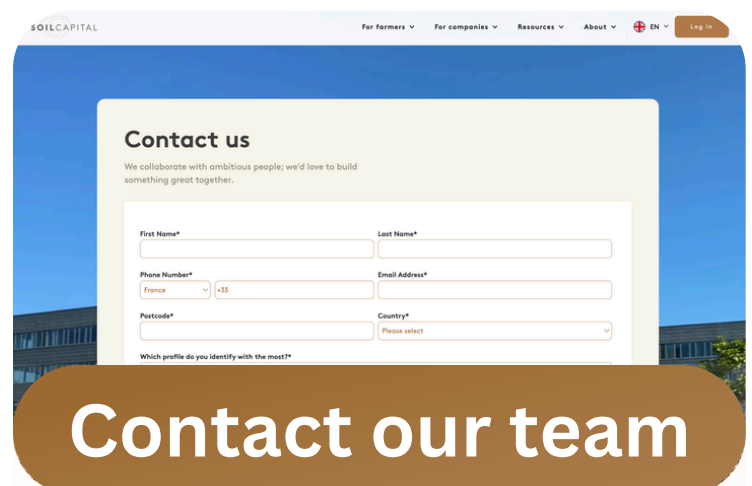
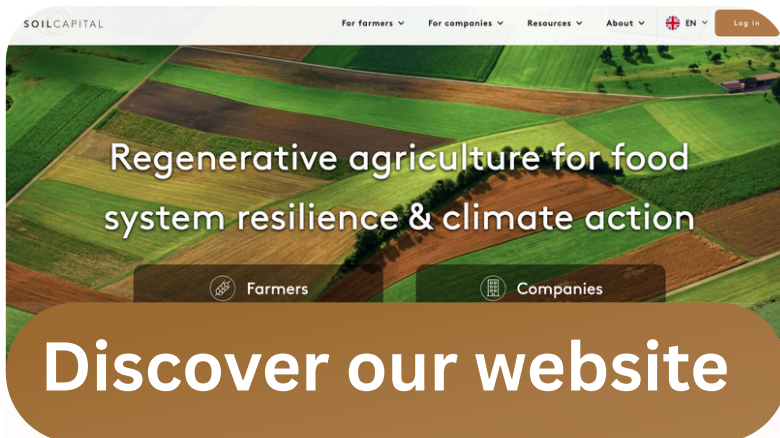
- Complete project-by-project files
- Certificates with serial numbers
- Clear reduction trajectory
- Proof of additionality
- Reversal risk management
- Review of public claims
- Alignment with recognised standards

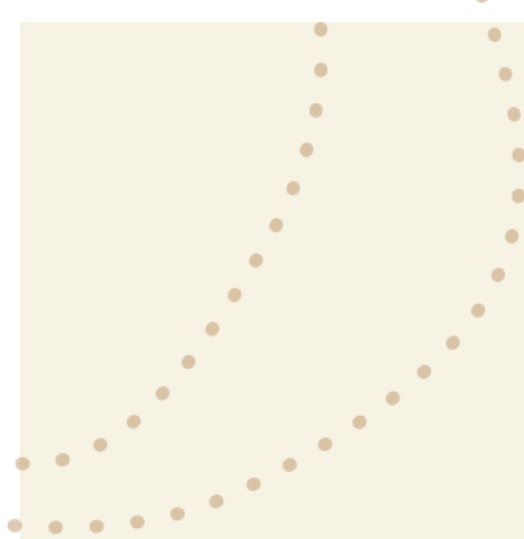


Looking for a climate action that answers these 5 questions?

Soil Capital's insetting and contribution models finance Europe's agricultural transition with:

- Farm-by-farm traceability
- ISO 14064 certified MRV
- 1800 Farmers in France, UK and Belgium you can visit
- No wrong promise of emission erasure





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