



WHEREAS: As Net Zero emissions and carbon neutrality commitments have increased globally, the need for accurate reporting on the use and quality of voluntary carbon credits has become paramount.^{1,2}

The voluntary carbon market remains a “wild west,” with no globally accepted standards yet in place for ensuring effective emissions offsets, leading to the risk that companies can take credit for offsets not producing real-world emissions reductions.^{3,4}

Expert groups, including the Climate Action 100+ initiative, the United Nations, and the Science Based Targets initiative, agree that best practices for carbon offsetting include limiting use of offsets to achieve decarbonization targets, especially in sectors where viable low-carbon or zero-carbon technologies exist. Experts urge the prioritization of operational and value chain decarbonization, and underscore that carbon credits are not substitutes for such emission reductions.⁵ Companies can avoid the perception of greenwashing by prioritizing value chain decarbonization and being transparent about any use of offsets.

Companies that use offsets should provide clarity on how they are being used, for example, whether they are used to mitigate current emissions for purposes of carbon neutrality goals or to meet company greenhouse gas emissions reduction targets. Companies should also disclose the types of offsets purchased, provide information on the quality of offsets, and provide verification as to additionality, permanence, and other key quality metrics. By providing clarity on offset use and quality, companies can ensure investors they are responding appropriately to the growing climate challenge and are avoiding greenwashing and associated reputational risks.⁶

CarMax has committed to achieve a 50% reduction in greenhouse gas emissions by 2025, yet its Scope 1 emissions have increased by 55% from its 2018 baseline.⁷ CarMax states it will purchase “verified and socially beneficial offsets” but does not disclose key details of its offsetting strategy, including the degree to which it relies on offsets to

¹ <https://news.un.org/en/story/2022/11/1130317>

² <https://www.bloomberg.com/graphics/2022-carbon-offsets-renewable-energy/?srnd=green&oref=TtrRgti9>

³ <https://www.bnnbloomberg.ca/carbon-credit-fraud-assumptions-are-challenged-in-new-study-1.1841036>

⁴ <https://www.bloomberg.com/news/articles/2022-11-21/junk-carbon-offsets-allow-companies-to-claim-they-re-carbon-neutral?oref=TtrRgti9>

⁵ <https://sciencebasedtargets.org/resources/files/Beyond-Value-Chain-Mitigation-FAQ.pdf>

⁶ https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/101/original/CDP_technical_note_-_Climate_transition_plans.pdf?1643994309

⁷ <https://socialresponsibility.carmax.com/pdf-viewer-3/web/viewer.html#page=1>



achieve its climate goals.⁸ Aligning corporate offsetting policies with best practices in emissions reductions will address investor climate concerns, avoid the perception of greenwashing, and ensure our Company is prepared to excel in a decarbonizing economy and maximize opportunities to advance technology and resilience.

BE IT RESOLVED: Shareholders request that the CarMax Board issue a report, at reasonable expense and excluding confidential information, disclosing if and how carbon offsets are used to achieve Company emissions reduction goals, describing all criteria used for offset purchases, and disclosing the type and quality of offsets purchased.

SUPPORTING STATEMENT: Proponents suggest, at Board discretion, the report:

- Clarify if and how carbon offsets are, or are planned to be, used to meet the Company's 2025 emissions reduction and Net Zero by 2050 goals;
- Disclose Company criteria for procuring high-quality offsets, including, for instance, additionality, permanence, leakage, reversibility, and environmental justice risks;⁹
- Disclose the project name, location, type, supplier, third-party verifier and number of credits purchased, originated, and retired on an annual basis.

⁸ https://s27.g4cdn.com/743947716/files/doc_financials/2021/sr/CarMax-Strategy-and-Responsibility-Overview.pdf

⁹ <https://icvcm.org/wp-content/uploads/2022/07/ICVCM-Public-Consultation-FINAL-Part-4.pdf>