Foreword from Mark Kenber, Executive Director, VCMI

The Voluntary Carbon Market Integrity Initiative (VCMI) was established last year to bring integrity to the demand side of voluntary carbon markets.

VCMI's mission is to help ensure these markets deliver real and additional benefits to the atmosphere, help protect nature, and accelerate the transition to ambitious, economy-wide climate policies and regulation.

In other words, the voluntary use of carbon credits must augment rather than substitute for the decarbonisation needed if we are to curb the climate crisis and keep global temperature increases below 1.5°C.

In particular, VCMI seeks to answer two key questions:

1) When, and under what circumstances, can companies and other non-state actors credibly make voluntary use of carbon credits; and
2) What claims can they credibly make about this use.

After a year of deliberation, consultation and analysis, we published the VCMI provisional Claims Code of Practice on 7th June 2022 ('Claims Code'). This was put out for public consultation and road testing by a group of companies interested in potentially using VCMI's guidance. We received over 130 responses to the public consultation and over 70 companies participated in the road test.

Feedback was broadly supportive and reiterated the importance of VCMI's guidance to put guardrails around use and claims involving carbon credits.

Detailed and thoughtful contributions have enabled us to identify several priority issues which clearly require further work. We are extremely grateful to all those who provided their feedback, and for raising outstanding issues to be addressed.

To help provide a strong basis for continued dialogue and collaboration on priority issues, we are publishing this synthesis of feedback received during the public consultation during July and August this year.

The responses were thoughtful, rich and varied and we are very grateful to all those who took the time to participate and provide us with honest insights on what we got right in the provisional Claims Code, what we didn't and what we need to change. We are also very grateful to Climate Focus, in particular, Sarah Bouchon, Thiago Chagas, and Danick Trouwloon, for their excellent work in producing this synthesis.

VCMI's Steering Committee and Expert Advisory Group will now consider the information received, commission additional analysis where needed and engage further with stakeholders, with the aim of finalising the Claims Code in the first half of 2023.

We encourage everyone to keep working with us to help us refine and finalise the Claims Code over coming weeks and months.

Please do sign up to our newsletter on our website to keep up to date on the progress we are making and to receive information on engagement opportunities. Your inputs will continue to be as important as they have been to date.

Thank you very much for all your support.

Mark Kenber
Executive Director, VCMI

Technical Report of the Public Consultation Responses for the Provisional VCMI Claims Code of Practice

This Technical Report provides an overview of the results of the public consultation on the Provisional Claims Code of Practice, organized by VCMI between June and August 2022. Respondents were asked to provide feedback through an online public consultation form provided by VCMI.

This report covers a total of 127 responses provided in a spreadsheet format, and an additional 9 comment-letters. It is structured in accordance with the sections, questions, and sub-questions of the VCMI online public consultation form.

For a better overview of the results, respondents were grouped in the following stakeholder categories:[1]

- Corporate perspective, including (i) companies with climate targets, (ii) business associations and memberships, and (iii) consultancies
- Project Developers and Investors perspective
- Civil Society perspective, including (i) environmental NGOs, and (ii) environmental and human rights coalitions and advocacy groups
- Research perspective, including (i) academia, and (ii) think tanks
- Standards and Markets Infrastructures perspective, including (i) standards, (ii) stock exchanges, and (iii) rating agencies

In addition, a small number of respondents were categorized as 'Unaffiliated' because they either did not provide an affiliation with a specific organization or responded to the public consultation in their own name. Where relevant, we also make use of a third categorization and distinction based on the role that a particular stakeholder group plays in the VCM: (i) Demand-Side, (ii) Supply-Side, (iii) Oversight, or (iv) Observer.

1 Please note that since only one respondent could be categorized as being part of the 'Government' category of stakeholders, this category does not feature in the diagrams presented here.

1. Section 1: 'General'

For each of the questions included in Section 1, we provide below a synthesized overview of the key messages and takeaways (i) overall and by main category of stakeholders, (ii) by sub-group, and (iii) by role in the carbon market.

1.1 General Q1: the Claims Code is readily understandable.

1.1.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the Claims Code is readily understandable, respondents were split, though more respondents disagreed with the statement than those who agreed (Figure 1). Overall, 37% of respondents agreed or strongly agreed, and 45% of respondents disagreed or strongly disagreed that the Code is readily understandable. 18% neither agreed nor disagreed with the statement.

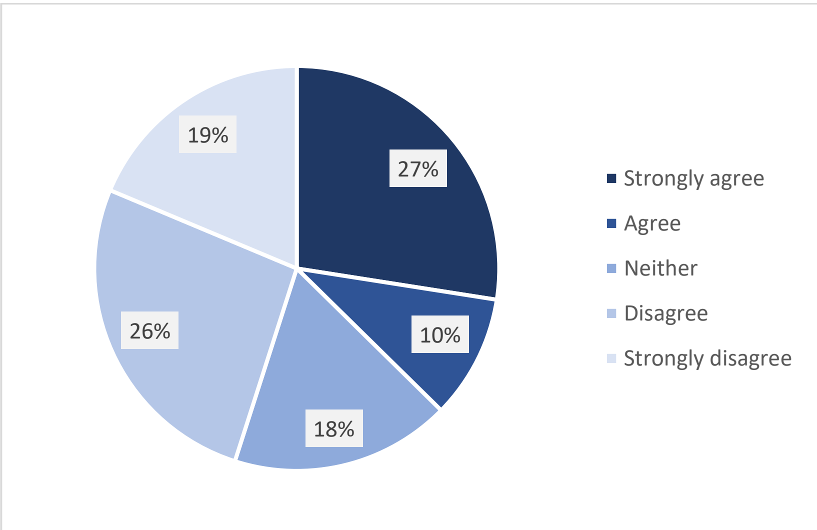

Figure 1: General Q1 - Overview of Responses

Approximately half of respondents within Civil Society, Standards and Market Infrastructure, and Unaffiliated categories agreed that the Claims Code is readily understandable (Figure 2). In contrast, a minority of Corporate, Research, and Project Developers and Investors sector respondents agreed with the same sentiment. Those in the Standards and Market Infrastructure stakeholder group agreed or strongly agreed at the highest rate (57%) and those in the Research stakeholder group agreed or strongly agreed at the lowest rate (29%) that the Claims Code is easy to understand.

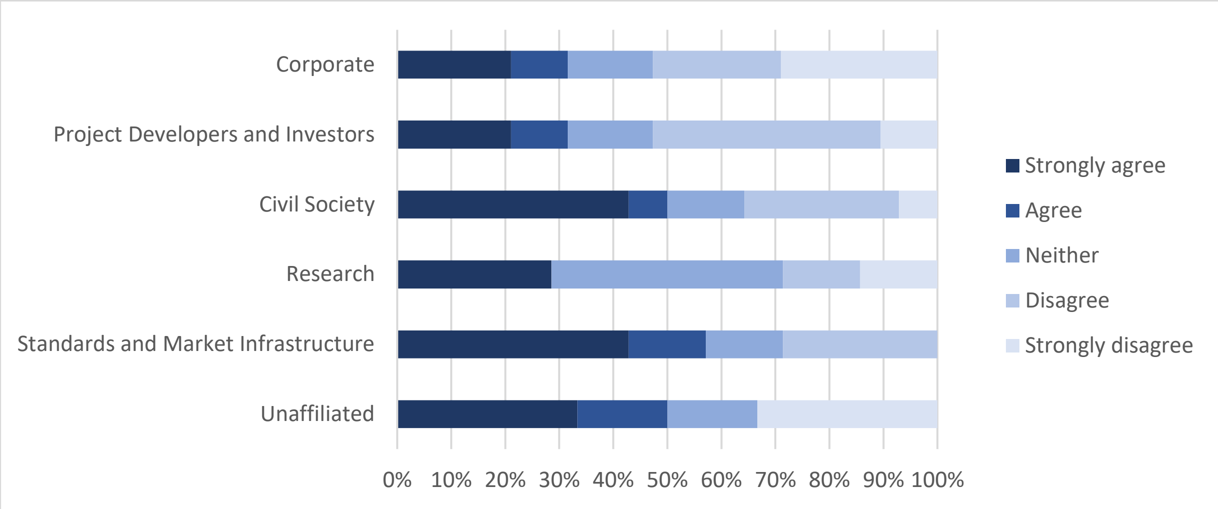

Figure 2: General Q1 - Responses by Stakeholder Category

Respondents highlighted several elements of the Claims Code that require greater clarity. Four respondents found the treatment of carbon credits within the code to be unclear, with confusion arising over terminology like 'compensation,' 'contributing,' 'covering,' and the scale of removals (e.g., whether they are implemented on a global and/or company/product-level). One respondent suggested there are "conflicting signals" over how credits should be used (e.g., credits used as offsets vs. used as "mere contributions to reaching a global net-zero target"). Similarly, one respondent highlighted that more clarity is needed on the roles of removals, emissions reduction efforts, and avoided emissions. Additionally, the Bronze Standard was highlighted by two respondents as needing amendment. One respondent noted that Bronze Standard was particularly unclear, and another suggested that the Bronze Standard is "not aligned with science-based action" and should be discarded altogether.

1.1.2 Key messages and takeaways by sub-categories

Within and across stakeholder sub-groups, responses were mixed over whether the Claims Code is readily understandable. For example, the two sub-groups within the Civil Society category (Environmental NGOs and Environmental/HR Coalitions and Advocacy Groups) had significantly different levels of agreement over whether the Claims Code is easy to understand. In contrast, all three corporate stakeholder sub-groups had much more homogenous responses, with each of them agreeing to a large degree that the Claims Code is readily understandable. The lowest rate of agreement with the statement that the Claims Code is easily understood is found among Environmental NGOs (25%), whereas Business Associations and Memberships have the highest rate of agreement/strong agreement (100%).

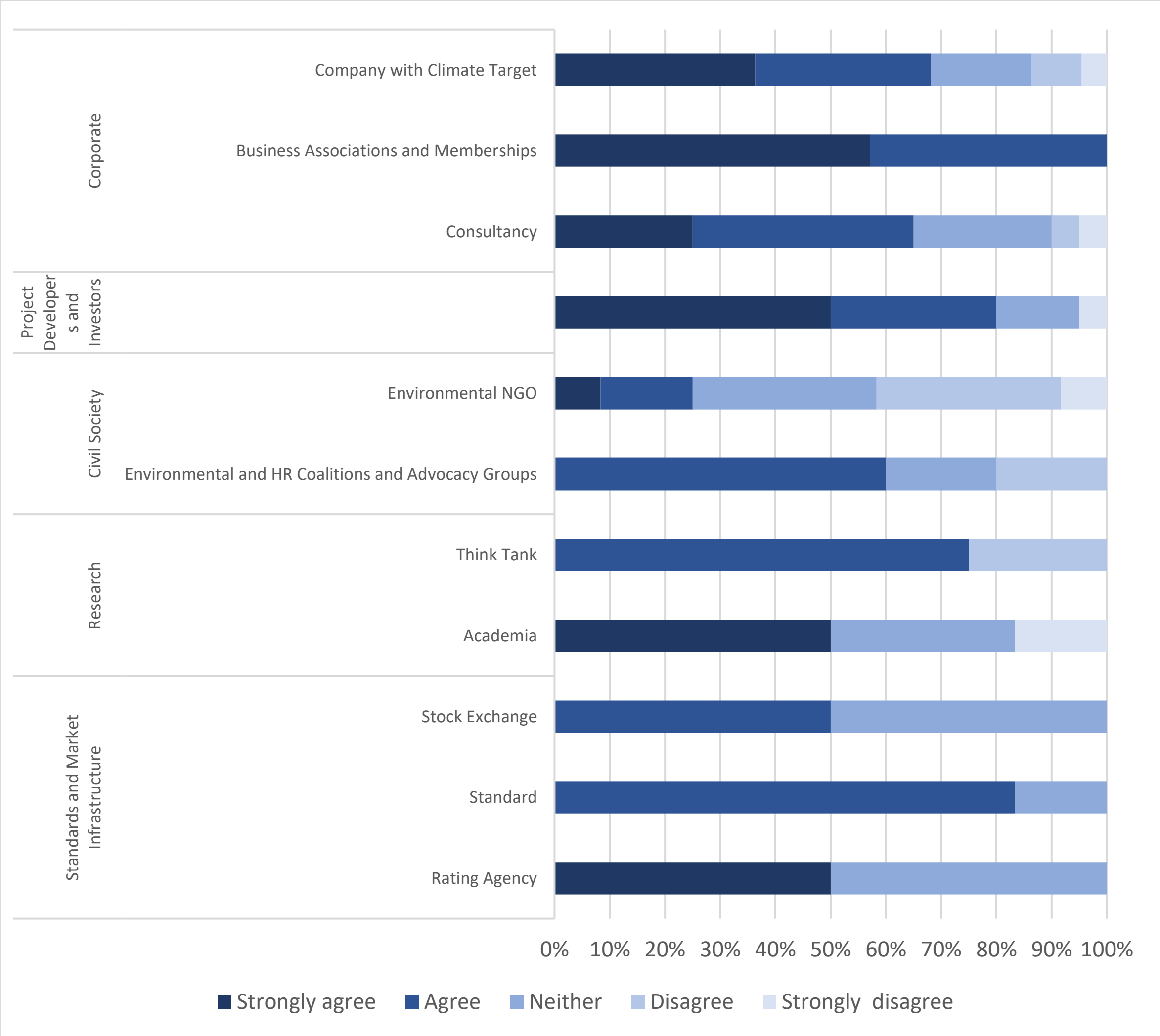

Figure 3: General Q1 - Responses by Stakeholder Category and Sub-Group

1.1.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Oversight perspective agreed or strongly agreed at the highest rate that the Claims Code was readily understandable (57%), followed by Observers (42%), Demand-side actors (34%), and Supply-side actors (32%).

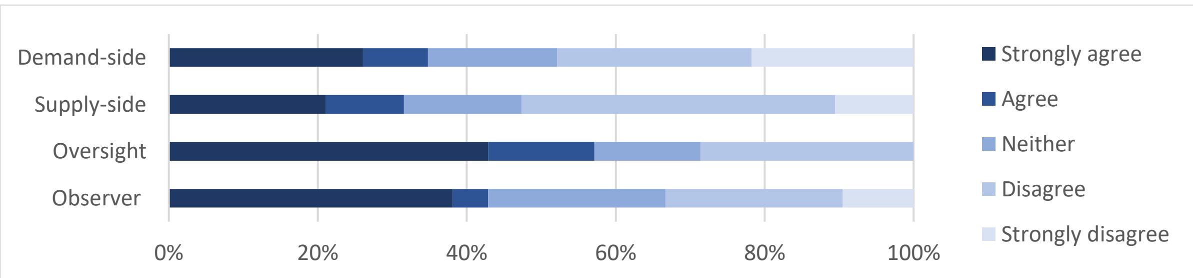

Figure 4: General Q1 - Responses by Stakeholder Market Perspective

1.2 General Q2: the Claims Code provides sufficient information to use and apply.

1.2.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the Claims Code provides sufficient information to use and apply, 47% of respondents agreed or strongly agreed and 26% disagreed or strongly disagreed. An additional 27% neither agreed nor disagreed with the same statement (Figure 5).

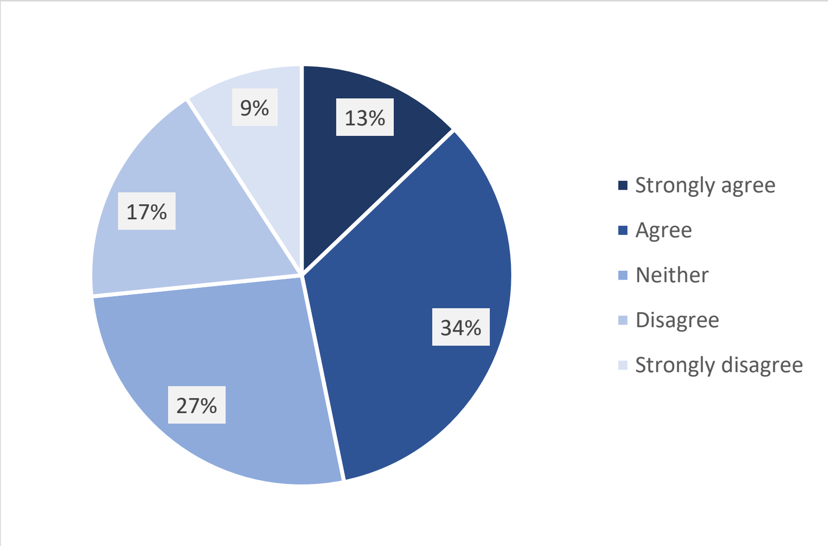

Figure 5: General Q2 - Overview of Responses

Project Developers and Investors agreed or strongly agreed most often that the Claims Code provides sufficient information to use and apply (74%), followed by those in Research (55%), Corporate (47%), Civil Society (35%), and Standards and Market Infrastructure (30%) groups (Figure 6). Unaffiliated respondents agreed or strongly agreed least often with the same statement (14%).

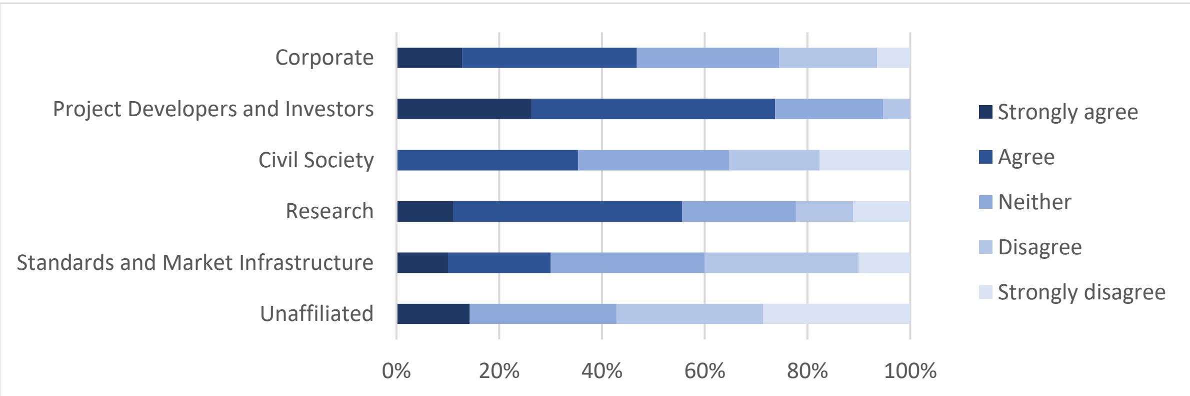

Figure 6: General Q2 - Responses by Stakeholder Category

Several respondents suggested that the Claims Code could benefit from greater clarity on some issues. These include the practical application of the requirement to achieve next interim targets; the practical aspects of the required third-party confirmation of the last Prerequisite; Scope 3 emissions offsetting within the value chain; Product and service level claims; and the delineation between CO_2 and non-CO_2 greenhouse gases. Two respondents (one Unaffiliated and one in Standards and Market Infrastructure) both highlighted the need for additional information on terms such as "science-aligned" and "science-based."

1.2.2 Key messages and takeaways by sub-categories

Responses across stakeholder sub-groups vary significantly. The highest rates of agreement/strong agreement toward General Q2 come from Think Tanks (100%), Business Associations and Memberships (86%), and Project Developers and Investors (74%). The lowest rates of (strong) agreement to General Q2 come from respondents in Standards Agencies (17%), Environmental/HR Coalitions and Advocacy Groups (20%), and Academia (30%).

Responses within stakeholder groups also vary to a large degree. For example, within the Research stakeholder category, all Think Tanks (100%) agreed that the Claims Code provided sufficient information. However, respondents in Academia (also within Research category) agreed or strongly agreed to a far lesser extent (33%) with the same statement. While other stakeholder sub-groups had less disparate responses than the Research sub-groups, some sub-groups still had significant diversity across their responses. For example, Corporate stakeholder sub-groups ranged from 35% agreement/strong agreement among Companies with Climate Targets to 85% agreement/strong agreement among Business Associations and Memberships.

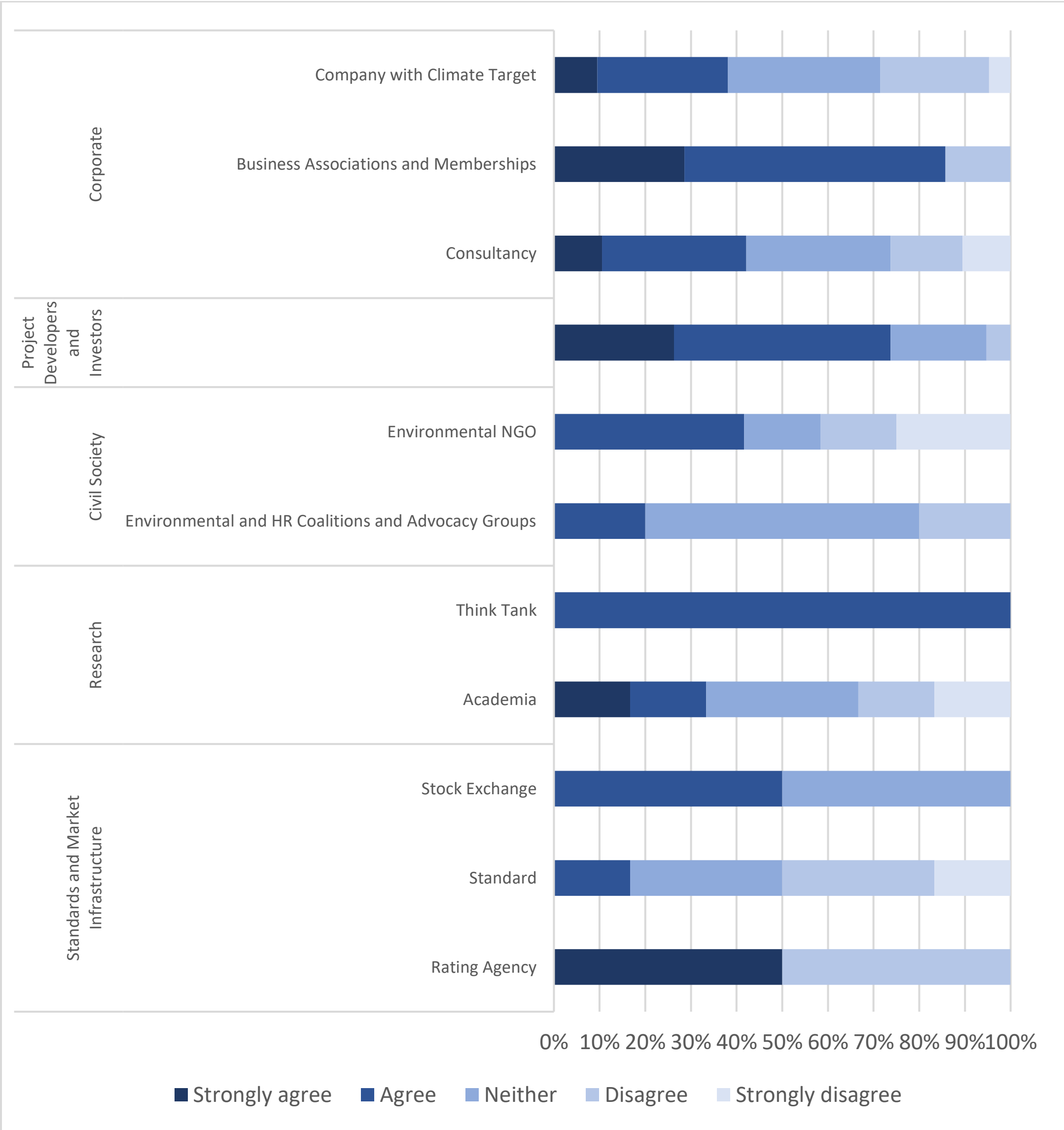

Figure 7: General Q2 - Responses by Stakeholder Category and Sub-Group

1.2.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Supply-side sector agreed or strongly agreed at the highest rate that the Claims Code provided sufficient information (74%), followed by Demand-side actors (50%), Observers (42%), and those in Oversight (30%) (Figure 8).

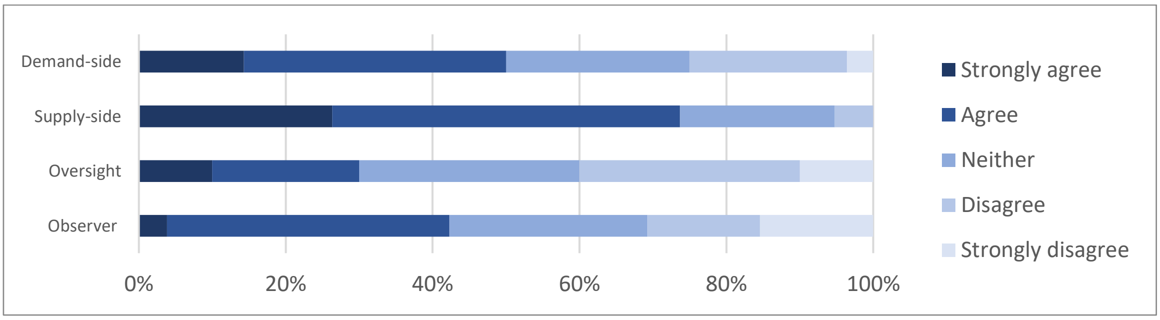

Figure 8: General Q2 - Responses by Stakeholder Market Perspective

1.3 General Q3: the Claims Code provides aspirational goals and incentives for companies that are on the journey to becoming climate leaders.

1.3.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the Claims Code provides aspirational goals and incentives for companies that are on the journey to becoming climate leaders, 53% of respondents agreed or strongly agreed and 33% of disagreed or strongly disagreed. Additionally, 24% neither agreed nor disagreed (Figure 9).

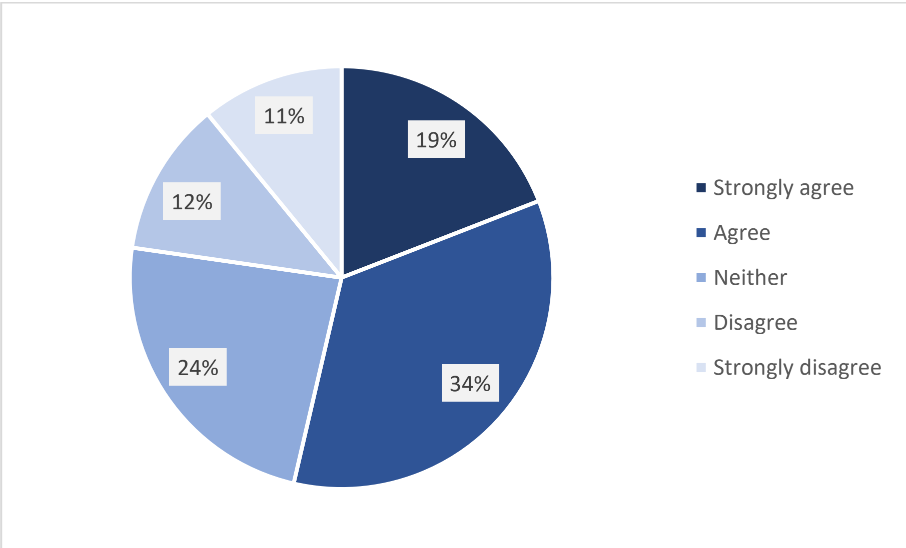

Figure 9: General Q3 - Overview of Responses

Levels of agreement over whether the Claims Code provides aspirational goals and incentives for companies differs significantly across stakeholder groups. For example, 80% of Project Developers and Investors agree or strongly agree that the Claims Code provides aspirational goals and incentives for companies. In contrast, just 20% of Standards and Market Infrastructure respondents agree with the same statement, illustrating a significant range between the minimum and maximum agreement. Outside of that range, respondents from Civil Society (47%), Corporate (51%), Research (56%), and Unaffiliated (57%) sectors had comparatively similar rates of agreement and/or strong agreement for the statement presented in General Q3 (Figure 10).

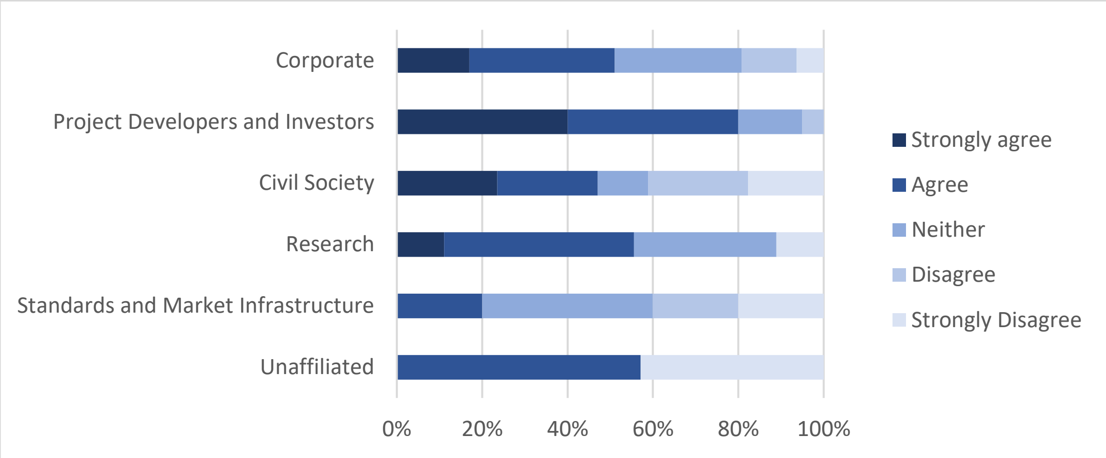

Figure 10: General Q3 - Responses by Stakeholder Category

While some respondents agree that the Claims Code provides aspirational goals and incentives for companies on the journey to becoming climate leaders, most written feedback from respondents highlights perceived shortcomings of the Code. Most prominently, several respondents across sub-groups suggest that rather than providing aspirational goals and incentives for companies, the Claims Code instead facilitates greenwashing and a failure to lead on climate action. Many critical respondents note that the bar set out in the Claims Code is too low and thus creates no incentive, while others consider it too high. One respondent suggests that the Claims Code is "not achievable for most companies" due to high costs and that the Code puts "companies in the role of becoming carbon credit project developers in competition with everyone else". Other respondents "describe Gold as aspirational", while Bronze and Silver are not aspirational.

1.3.2 Key messages and takeaways by sub-categories

Corporate stakeholder sub-categories show the greatest level of similarity within their stakeholder group, with similar levels of agreement between Companies with Climate Targets and Consultancies (Figure 11). Project Developers and Investors have highest level of agreement (80%) that the Claims Code provides aspirational goals and incentives. In contrast, neither Stock Exchanges nor Ratings Agencies agree to any extent with the same sentiment (though 50% of both sub-categories report neutral opinions on the statement and only two responses were received in each of these sub-categories). Aside Ratings Agencies, Environmental NGOs showed the highest rate of strong disagreement among respondents (23%). This aligns with the volume and intensity of comments received, with multiple NGOs showing strong criticism of the incentivizing potential of the Claims Code, citing a wide range of issues from mistrust of the effectiveness of carbon offsetting projects to a lack of sufficiently strong requirements in the three claims.

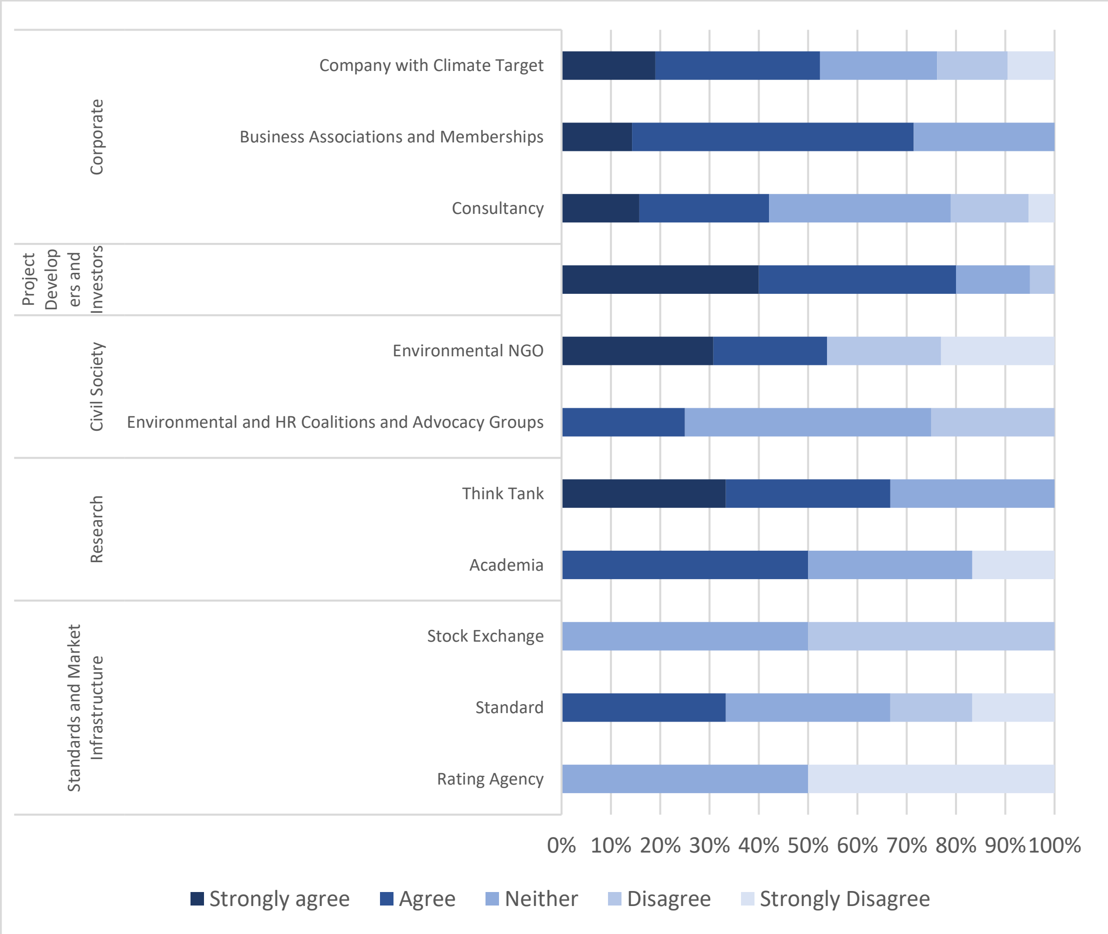

Figure 11: General Q3 - Responses by Stakeholder Category and Sub-Group

1.3.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Supply-side perspective agreed or strongly agreed at the highest rate (80%) that the Claims Code provides aspirational goals and incentives for companies on the journey to becoming climate leaders. Respondents in the Demand-side perspective (57%) agreed or strongly agreed at the next highest rates, followed by Observers (50%) and those in Oversight (20%). Notably, no stakeholders involved in oversight strongly agreed that the Claims Code provides aspirational goals and incentives to firms.

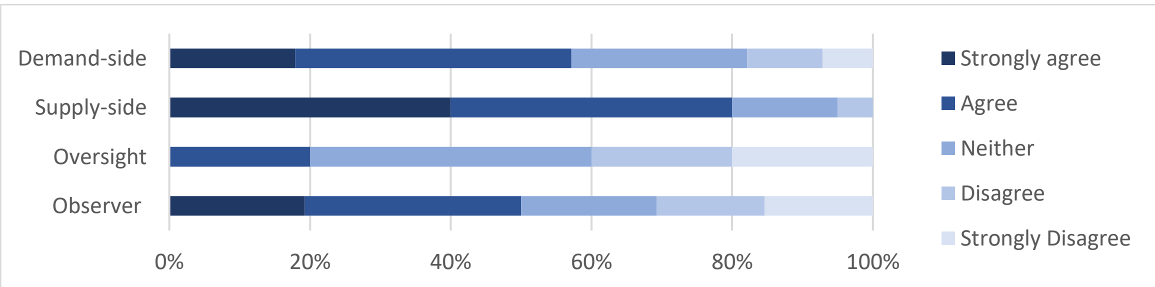

Figure 12: General Q3 - Responses by Stakeholder Market Perspective

1.4 General Q4: use of the Claims Code would provide confidence to consumers, investors, and broader stakeholders that a company making the claim is a responsible climate actor.

1.4.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether use of the Claims Code would provide confidence to consumers, investors, and broader stakeholders that a company making the claim is a responsible climate actor, overall, 33% of respondents agreed or strongly agreed and 46% of respondents disagreed or strongly disagreed. A further 21% of respondents neither agreed nor disagreed with the statement (Figure 13).

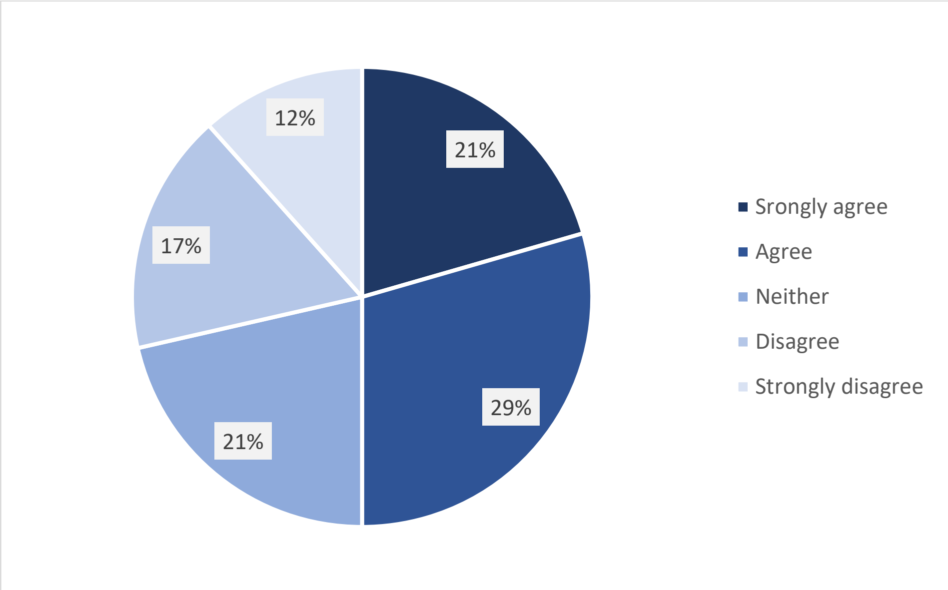

Figure 13: General Q4 - Overview of Responses

Levels of agreement over whether the use of the Claims Code would provide confidence to consumers, investors, and broader stakeholders that a company making the claim is a responsible climate actor varied significantly between stakeholder groups. For example, 95% of project developers and investors agreed or strongly agreed with the statement, but that figure is just 14% for the unaffiliated stakeholder group. Besides project developers and investors, only corporate stakeholders agreed with a statement at a rate above 50%, with the rest of the stakeholder groups reflecting lower rates of agreement with the statement presented in Q4.

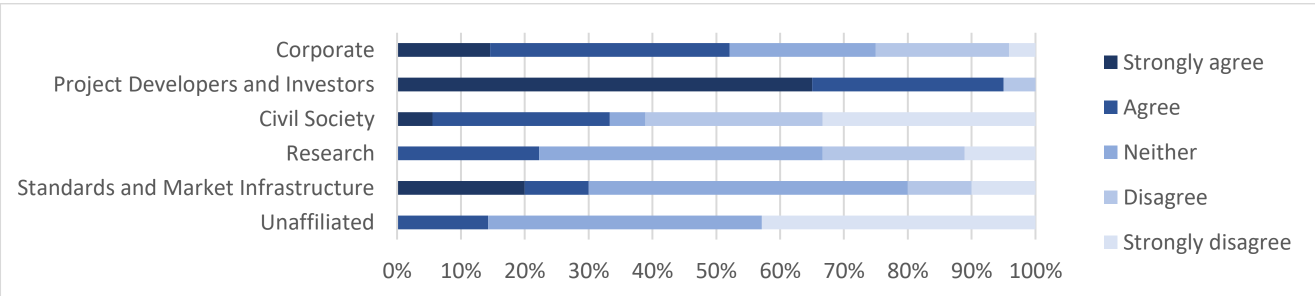

Figure 14: General Q4 - Responses by Stakeholder Category

While some respondents believe that the Claims Code provides some confidence to stakeholders that participating companies are climate leaders, by far the most common criticism is that the Code leads to greenwashing and misleading claims instead. For example, some respondents suggest that there is either a general lack of accountability, lack of independent verification, or that claims of carbon neutrality are "open to abuse." Several respondents specifically take issue with the Bronze level certification, with one respondent summarizing the general sentiment that appeared throughout responses: "For VCMI Bronze, companies should not be encouraged to set targets that they are not going to meet, and no claims should be available to them."

Additionally, three respondents suggested that the Claims Code is too stringent, with one respondent noting that this would lead to only companies "already thought of as responsible climate actors" being able to achieve VCMI Gold, Silver, or Bronze, rather than ramping up climate initiatives from actors with currently lower ambitions.

Some others note that there is already an overwhelming amount of carbon standards, with one respondent suggesting that "the VCMI should not add a further process and label to the existing proliferation of standards on corporate net zero targets and transition plans."

1.4.2 Key messages and takeaways by sub-categories

Project Developers and Investors were most likely to agree with the statement presented in General Q4 (100%), while respondents in sub-categories such as Think Thinks (0%), Standards Agencies (17%), and Environmental/HR Coalitions and Advocacy Groups (20%) agreed or strongly agreed at the lowest rates. In between both ends of the spectrum, those in Academia (33%), Environmental NGOs (38%), Consultancy (40%), Ratings Agency (50%), Stock Exchange (50%), Business Associations and Memberships (57%), and Companies with Climate Targets (62%) agreed or strongly agreed at more moderate rates.

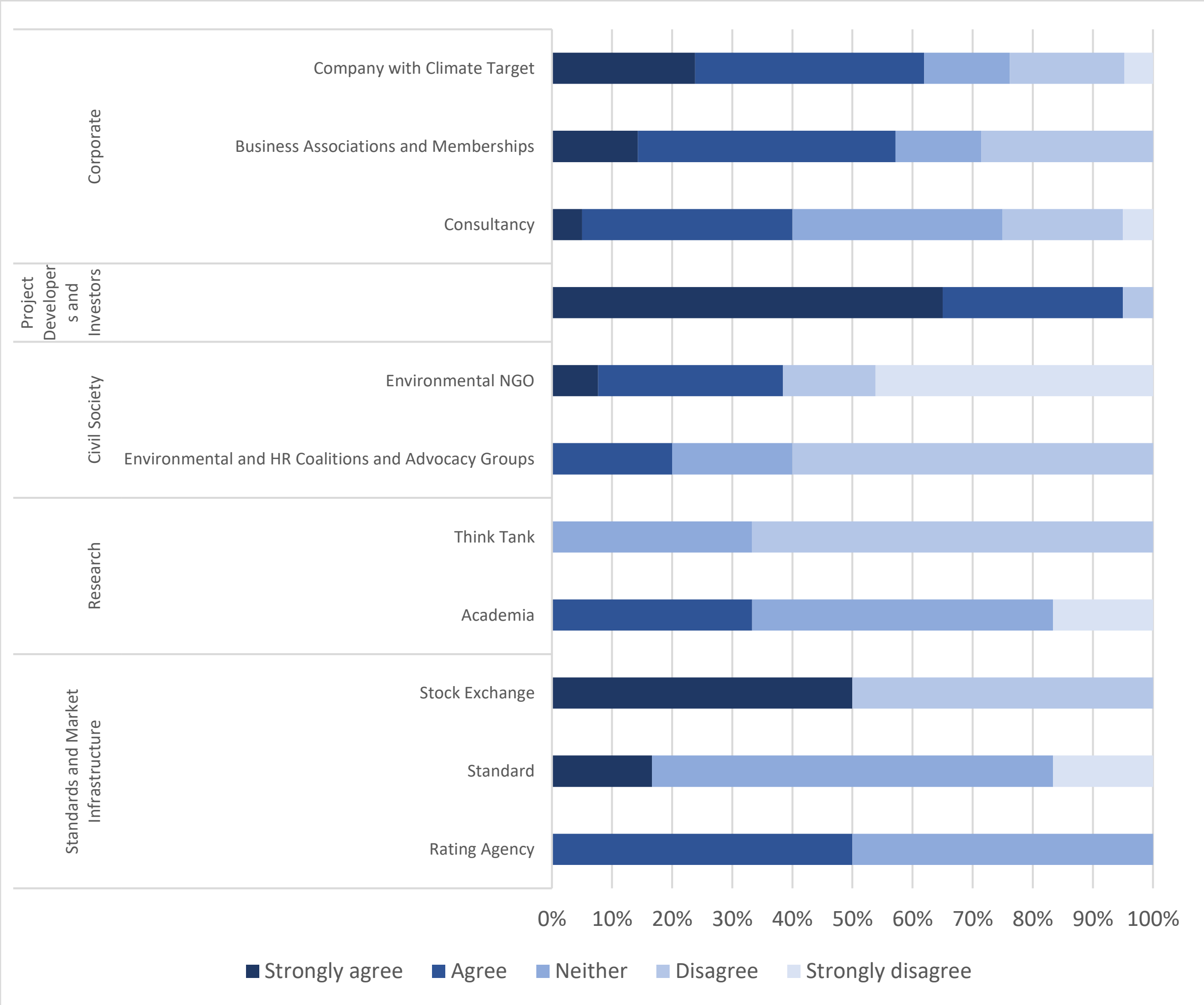

Figure 15: General Q4 - Responses by Stakeholder Category and Sub-Group

1.4.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Supply-side perspective agreed or strongly agreed at the highest rate (95%) that use of the Claims Code would provide confidence to consumers, investors, and broader stakeholders that a company making the claim is a responsible climate actor. Respondents on the Demand-side (61%) agreed or strongly agreed at the next highest levels, followed by those in Oversight (30%) and those within the Observer segment (30%).

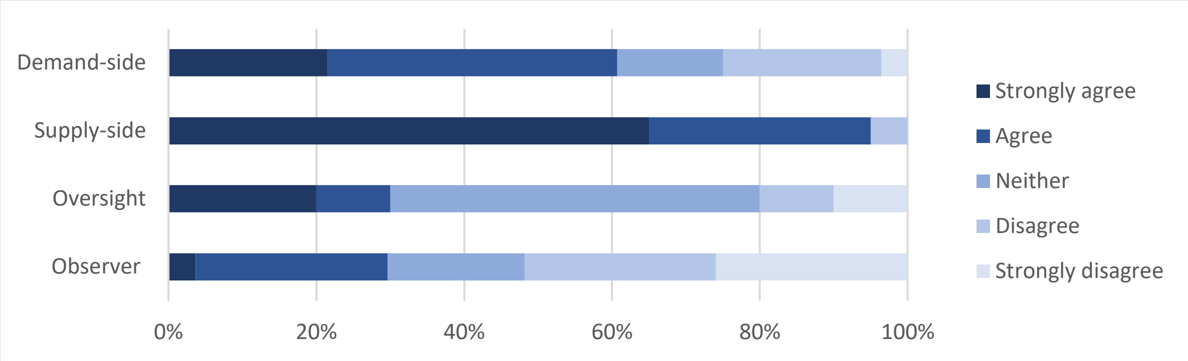

Figure 16: General Q4 - Responses by Stakeholder Market Perspective

1.5 General Q5: the Claims Code would influence my/my organization's decision-making with regards to purchasing decisions, climate strategy and action.

1.5.1 Key messages and takeaways overall and by main category of stakeholders

When stakeholders were asked if the Claims Code would influence their organizations' decision-making, responses skewed toward agreement but were still largely mixed. Overall, 47% of respondents agreed with this statement to some extent, 26% disagreed to some extent, and 27% neither agreed nor disagreed (Figure 17).

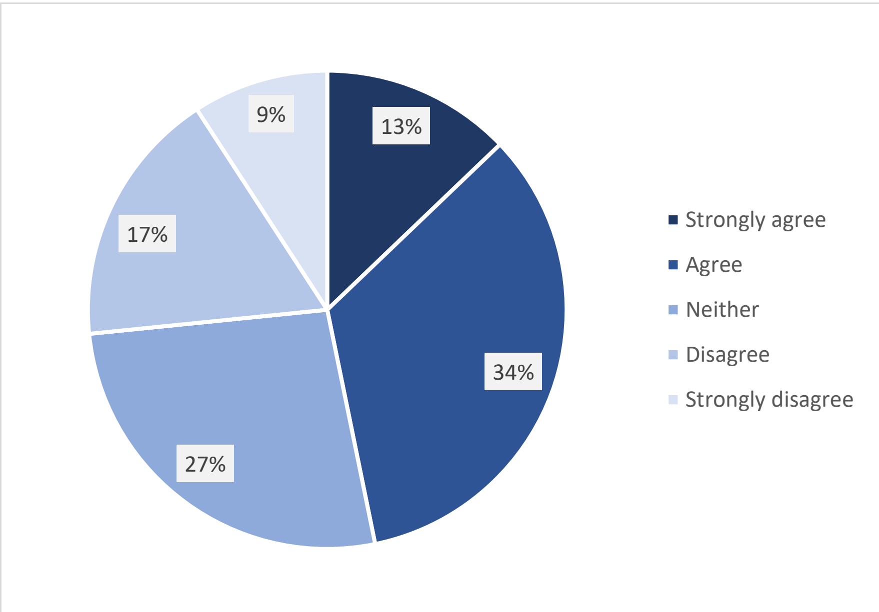

Figure 17: General Q5 - Overview of Responses

The stakeholder groups most likely to agree with the statement proposed in General Q5 were Project Developers and Investors (81%) and those in Standards and Marketplace Infrastructure (71%), followed by Unaffiliated actors (50%) and Corporate stakeholders (49%). The stakeholders with the lowest agreement rates were those in Research (28%) and Civil Society (23%), though it should be noted that both groups had a significant portion of respondents saying they neither agreed nor disagreed with the statement presented in General Q5, revealing that while levels of agreement were low in those groups, so were levels of disagreement – leaving room for a larger portion of unsure responses.

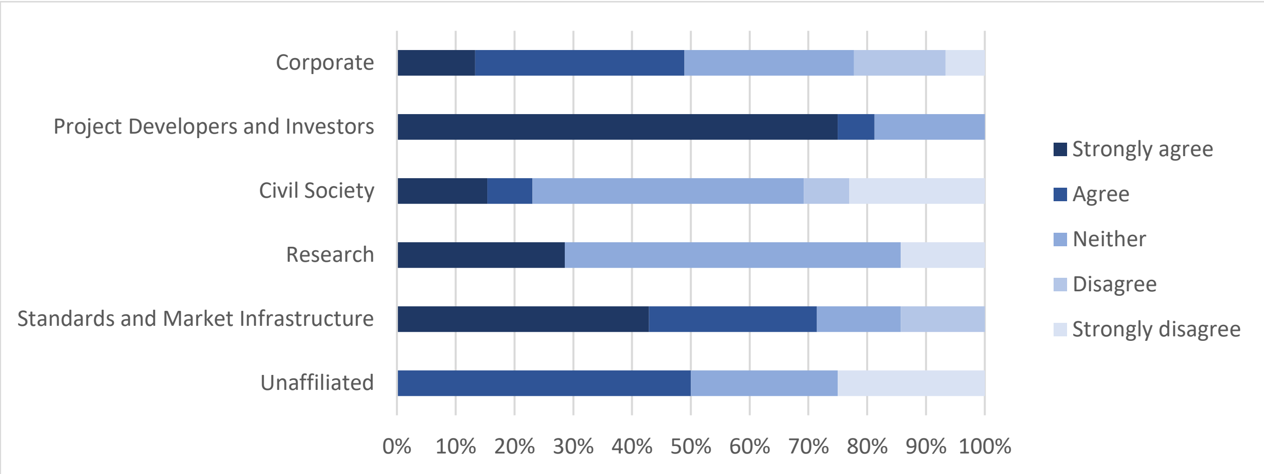

Figure 18: General Q5 - Responses by Stakeholder Category

Two respondents point out that hard-to-abate sectors are likely to ignore the Claims Code altogether, since they are "excluded due to insufficient science-based target methodologies", although they are the most likely to use offsets in the medium-term. Two respondents suggest that there is no need for such new claims, with one respondent noting that a code which is too-stringent risks "adding an auditing burden beyond the forthcoming disclosure requirements from the UK, EU, US, and State of California." One respondent suggests that investor and other stakeholder pressures already compel them to adopt ambitious climate policies and that the Claims Code therefore does not actually influence their decision-making in that regard. Finally, one respondent believes there to be "too great of a reputational risk" if there is "no trust in the underlying mechanism," which they cite as why the Claims Code would not influence their organization's decision making.

1.5.2 Key messages and takeaways by sub-categories

Of the stakeholder sub-groups, Standards Agencies (100%) and Project Developers and Investors (81%) had the highest rates of (strong) agreement that the Claims Code influences their organization's decision making. Eight of the remaining ten sub-groups had agreement rates of about 50%, and the lowest rates of (strong) agreement were respondents in Academia (20% agree) and Environmental NGOs (18% agree).

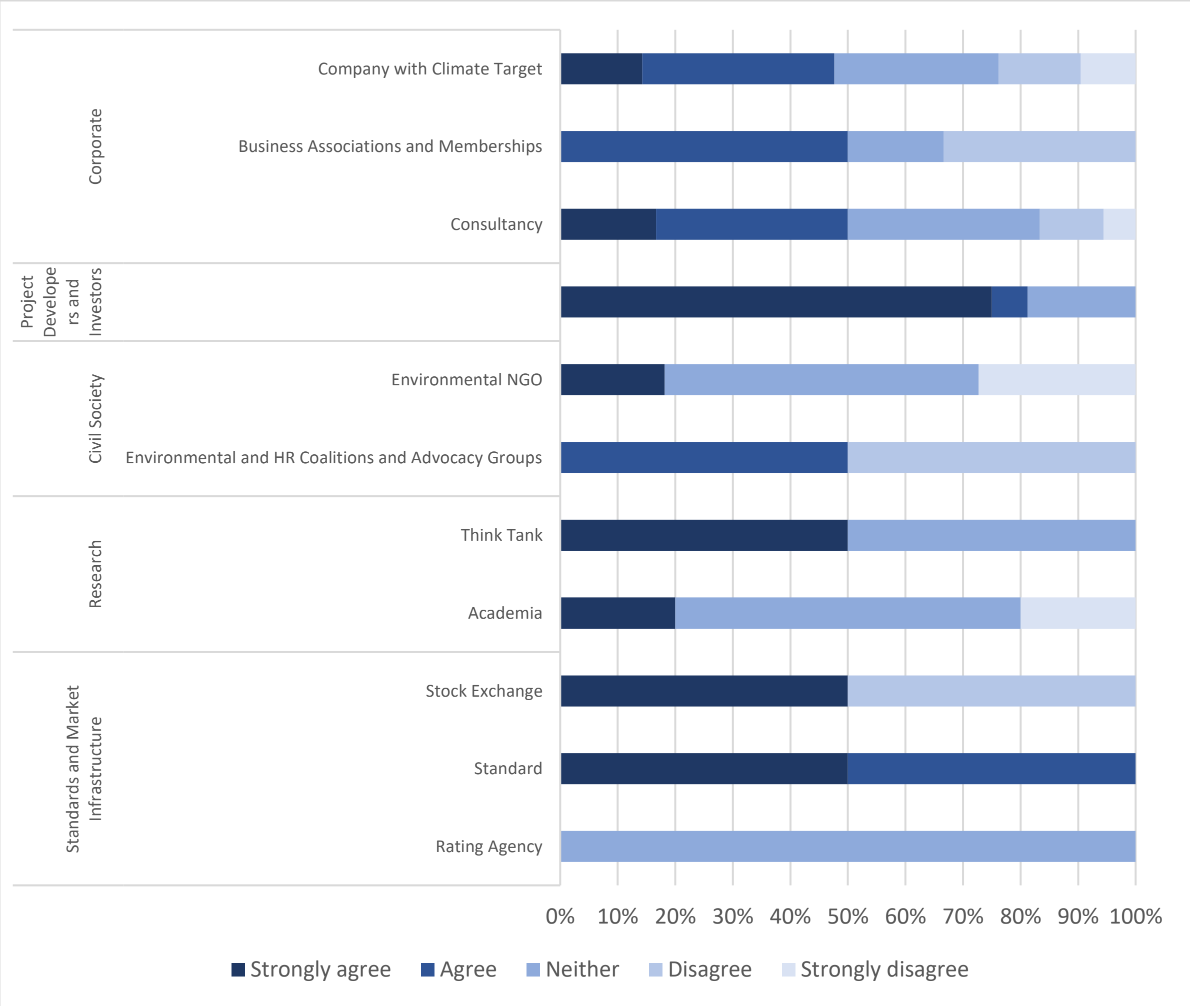

Figure 19: General Q5 - Responses by Stakeholder Category and Sub-Group

1.5.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Supply-side perspective agreed or strongly agreed at the highest rate (81%) that use of the Claims Code would affect their organizations' decision making. Respondents in the Oversight perspective (75%) agreed or strongly agreed at the next highest levels, followed by those on the Demand-side (48%) and finally those within the Observer market perspective (25%).

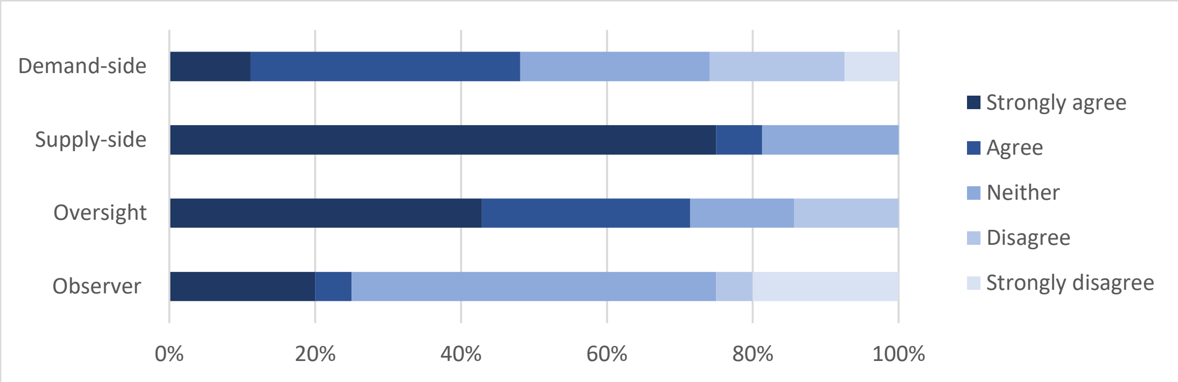

Figure 20: General Q5 - Responses by Stakeholder Market Perspective

1.6 General Q6: the Claims Code should be incorporated into relevant regulation (e.g., corporate disclosures, advertising, consumer protection, etc.).

1.6.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the Claims Code should be incorporated into relevant regulation (e.g., corporate disclosures, advertising, consumer protection, etc.), overall responses leaned towards agreement. Across all respondents, 51% agreed or strongly agreed and 32% disagreed or strongly disagreed with the statement. Additionally, 17% of respondents neither agreed nor disagreed with the statement (Figure 21).

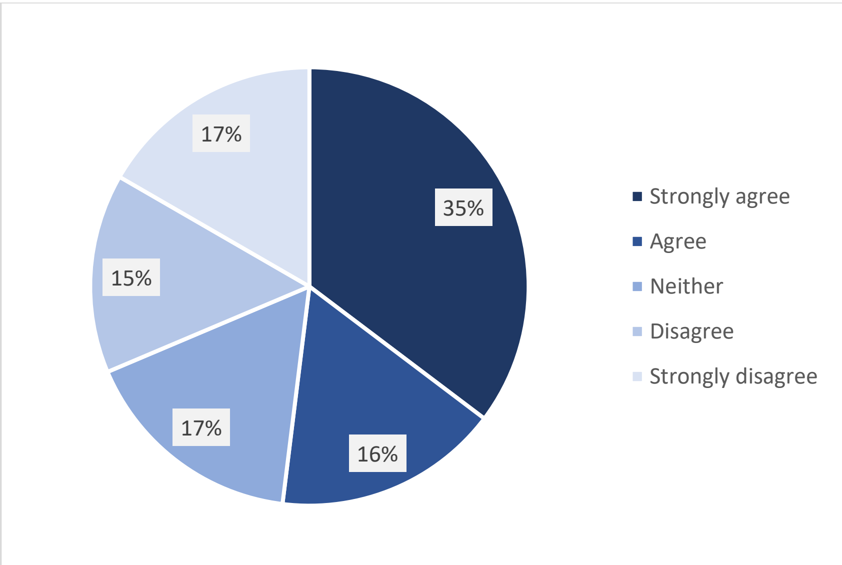

Figure 21: General Q6 - Overview of Responses

Levels of agreement over whether the Claims Code should be incorporated into relevant regulation are relatively steady across stakeholder groups. Outside of Project Developers and Investors (90% of which agree with the statement in Q6), the remaining stakeholder groups range from 35% agreement (Civil Society respondents) to 50% agreement (Unaffiliated and Standards and Market Infrastructure respondents). Compared to previous responses divided by stakeholder category, Figure 22 displays a unified response across respondents (Figure 22).

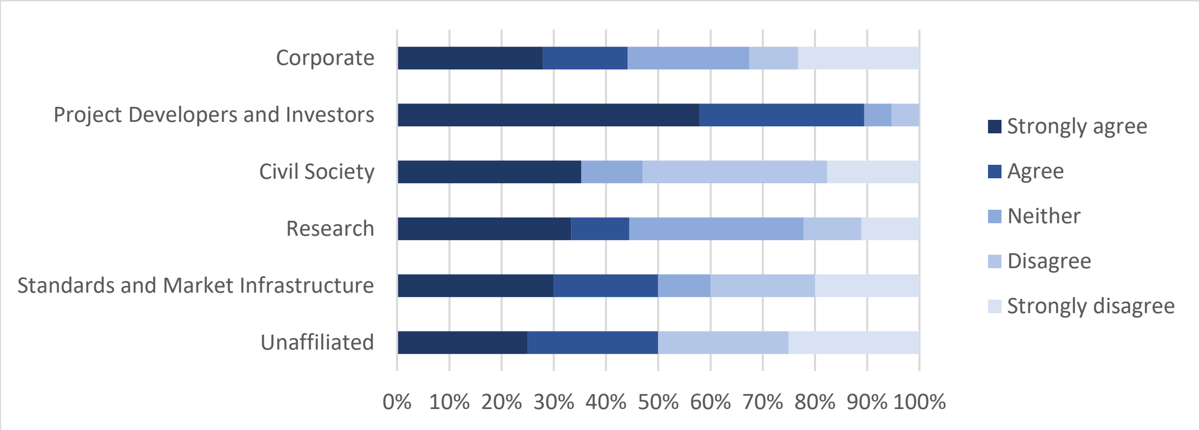

Figure 22: General Q6 - Responses by Stakeholder Category

Respondents in agreement that the Claims Code should be incorporated into regulation did not provide a great deal of reasoning behind these endorsements. One respondent thinks that the Code should "be referenced as the standard to follow in relevant regulation [...] for consistency and clarity purposes and to avoid additional complexity for corporate buyers". Another respondent simply expressed that the Claims Code should be considered an international standard, and several respondents include recommendations upon which the Claims Code should build before it can be incorporated into regulation.

Several themes emerged from those who disagreed that the Claims Code should be incorporated into regulation. Many respondents note that the Code is not 'fit for purpose,' needs further development, or is simply not feasible to implement. Other respondents stress that additional regulation – which "transform[s] voluntary actions into compliance actions" – hamper climate action and should be avoided, which includes the integration of VCMI's Code into existing regulation.

Some respondents take issue with the Code's 'open interpretations' of some terms (like "on track") and that the Code "permits the use of claims that imply that companies can compensate for continued emissions." Another respondent believes that the Code "simply moves us in the wrong direction with respect to climate action". These overarching, macro-level complaints continue to arise throughout stakeholders' responses regardless of the question at hand.

1.6.2 Key messages and takeaways by sub-categories

Respondents from Ratings Agencies (100%) and Project Developers and Investors (89%) showed the highest rates of agreement with the statement presented in General Q6, followed by Business Associations and Memberships (67%). Stock Exchanges, Companies with Climate Targets, and Academic sectors showed rates of agreement/strong agreement at 50%, and the remaining five stakeholder sub-groups responded with lower rates of agreement toward the statement that the Code should be incorporated into relevant regulation at the lowest rates.

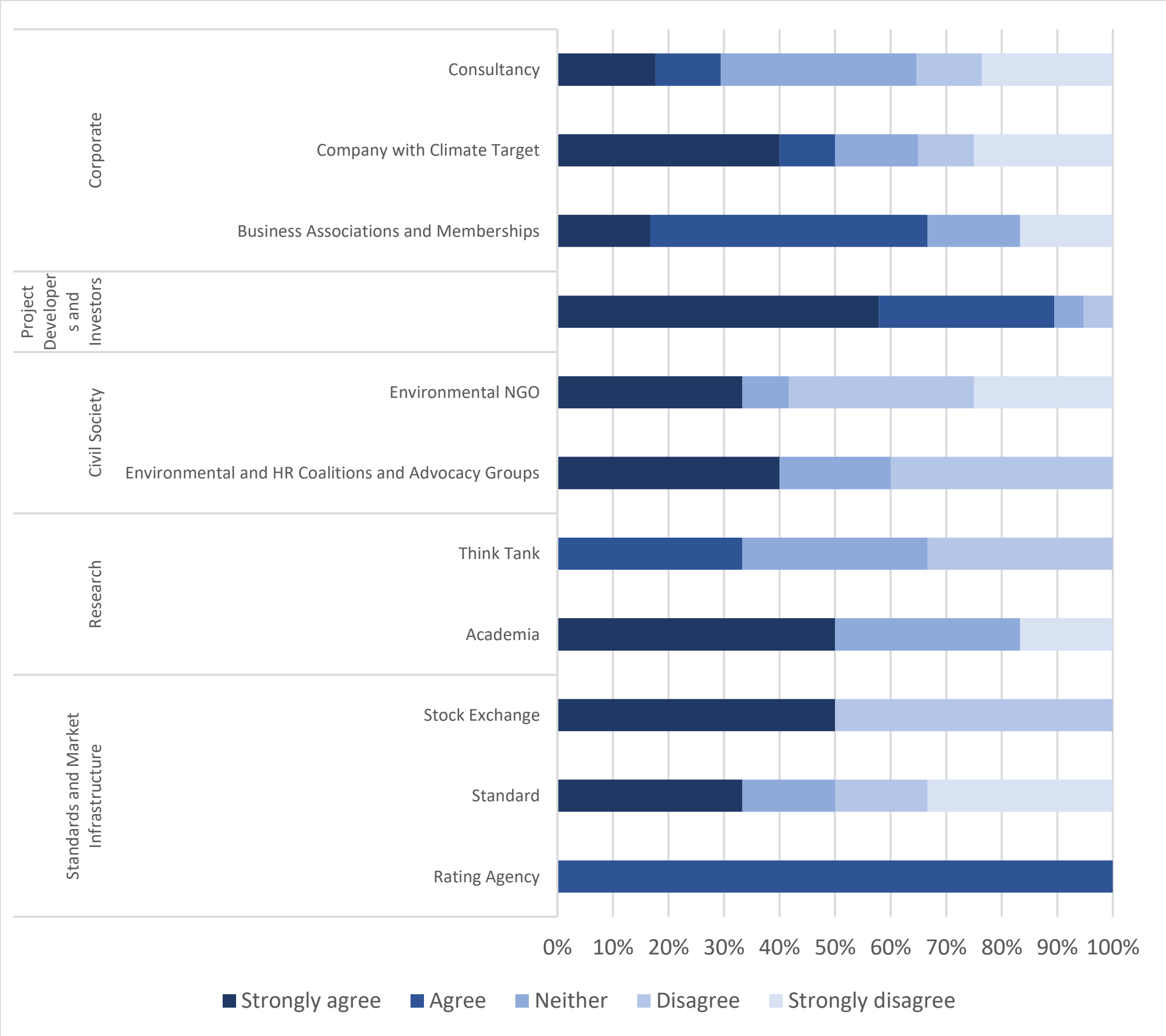

Figure 23: General Q6 - Responses by Stakeholder Category and Sub-Group

1.6.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Categorized by stakeholder market perspective, respondents within the Supply-side perspective agreed or strongly agreed at the highest rate (89%) that the Claims Code should be incorporated into relevant regulation. Respondents on the Demand-side agreed or strongly agreed at the next highest levels (53%), followed by those in Oversight (50%) and those within the Observer market perspective (38%).

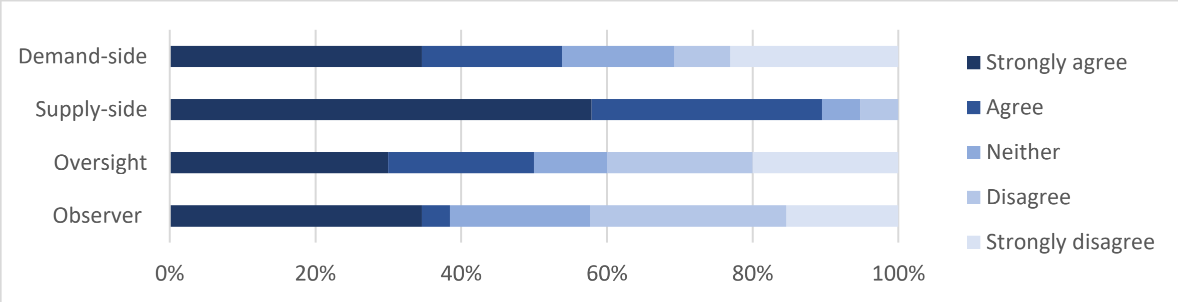

Figure 24: General Q6 - Responses by Stakeholder Market Perspective

1.7 General Q7: the Claims Code should be tailored for a) SMEs, b) hard to abate sectors, c) companies in least developed countries. If you agree, what are the most important considerations in tailoring for each audience.

1.7.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the Claims Code should be tailored for SMEs, hard-to-abate sectors, and companies in least developed countries, overall responses lean towards agreement. Across all respondents, 62% agreed or strongly agreed and 21% disagreed or strongly disagreed with the statement. Additionally, 17% of respondents neither agreed nor disagreed with the statement (Figure 25).

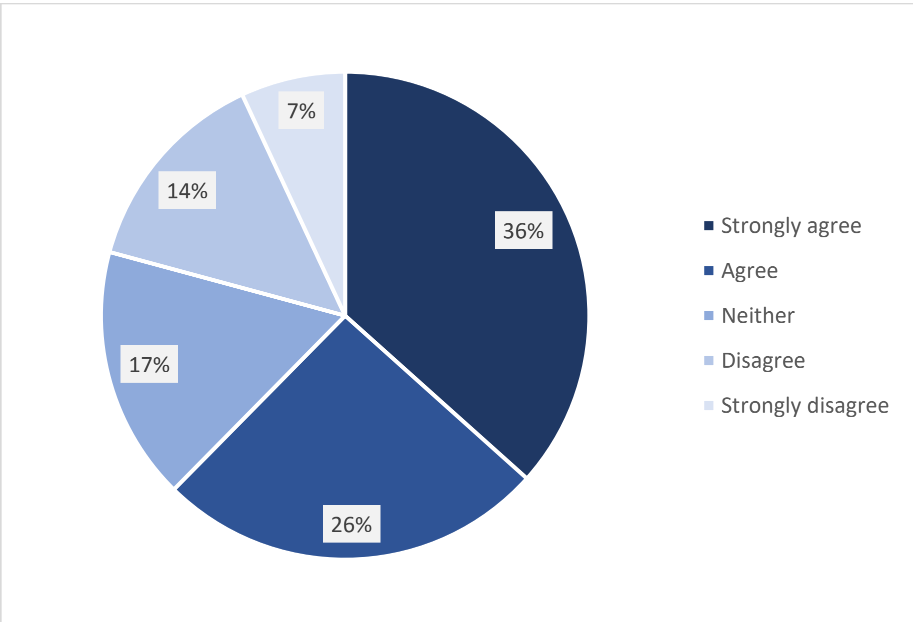

Figure 25: General Q7 - Overview of Responses

Project Developers and Investors were most likely to agree that the Claims Code should be tailored to specific audiences (88%), followed by Standards and Market Infrastructure (70%), Corporate (62%), Unaffiliated (60%), Research (44%), and Civil Society (36%) groups.

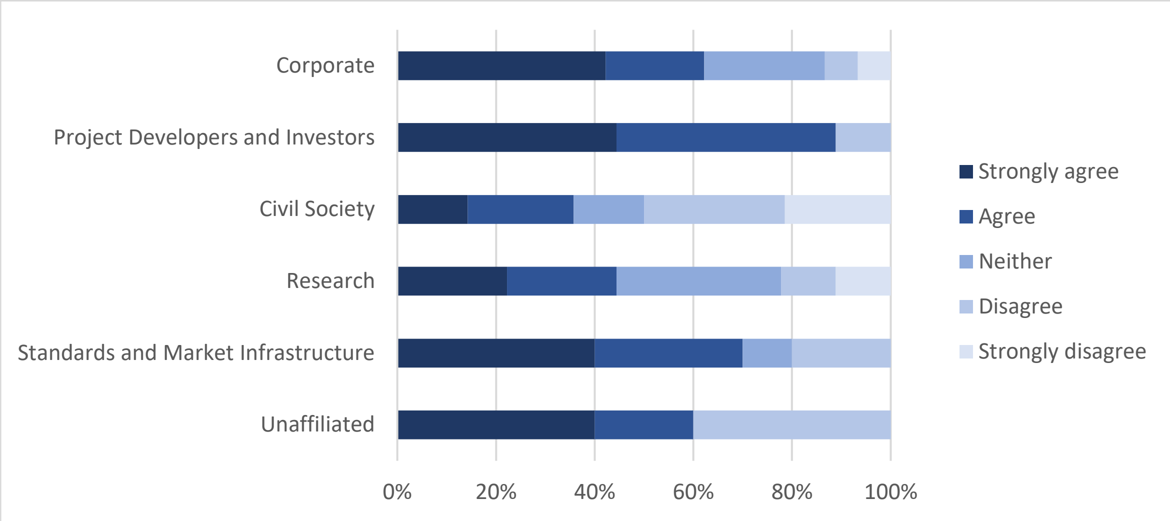

Figure 26: General Q7 - Responses by Stakeholder Category

Opinions are mixed on whether the Claims Code should tailor its guidance to different audiences. Of those who agreed that tailoring is necessary, several suggest that the Code could be overly burdensome for some SMEs, and tailoring (focused on "ease of use and transparency," as one respondent suggests) would be appropriate. Other respondents suggest that processes should be simplified for SMEs and that for companies in developing countries, the focus should be on "clarity around corresponding adjustments and NDCs, permanence and monitoring." One respondent suggested specific considerations for different types of companies, sectors, and geographies "to incentivize a broader uptake," which include "costs and local capacity to comply with requirements, development journey of the company, ability to reduce Scope 3 emissions (taking into consideration costs and extent)." Other respondents showed support for tailoring the Code by circumstance.

Several respondents disagreed with tailoring guidance to different audiences. Many argued that the Claims Code should not be tailored, but rather "be sufficiently robust and logically coherent to apply to all work to reduce emissions." Others suggest that having a consistent Code – rather than one tailored by circumstance – would help with "transparency and credibility." Additionally, several respondents suggest that tailored guidance for hard-to-abate sectors would dilute the requirements or even defeat the purpose of the Code by allowing for unsubstantiated sustainability claims.

1.7.2 Key messages and takeaways by sub-categories

Respondents from Ratings Agencies (100%), Stock Exchanges (100%), Project Developers and Investors (89%), and Consultancies (71%) agreed or strongly agreed the most that the Claims Code should be tailored for SMEs, hard-to-abate sectors, and companies in least developed countries. Those in Environmental/HR Coalitions and Advocacy Groups (25%), Think Tanks (33%), and Environmental NGOs (40%) agreed or strongly agreed the least with the same statement. Both Companies with Climate Targets (57%) and Business Associations and Memberships (57%) had the same level of agreement among their respondents, as did respondents in Academia (50%), and Standards Agencies (50%), who all agreed or strongly agreed that the Code should be tailored for specific audiences.

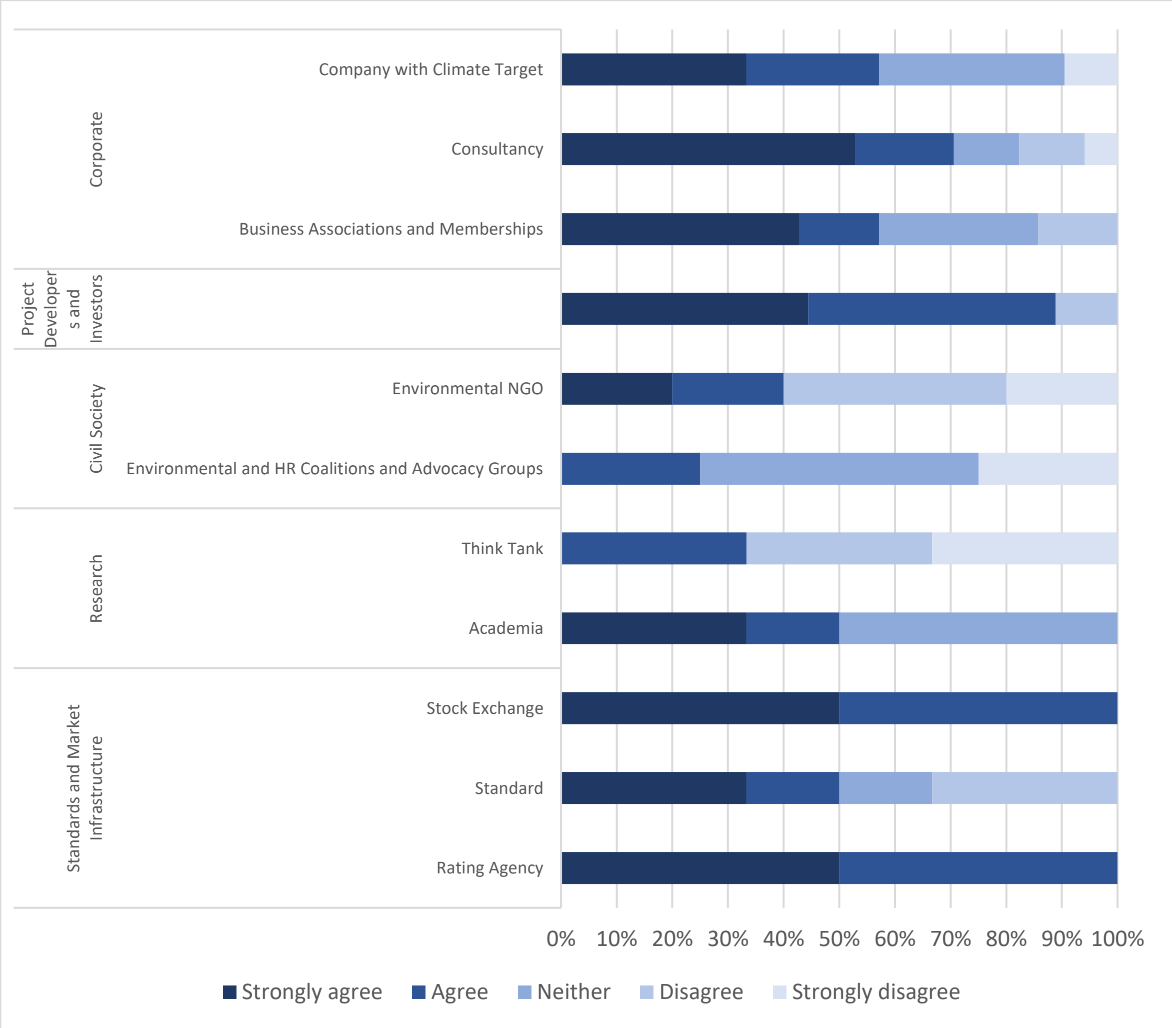

Figure 27: General Q7 – Responses by Stakeholder Category and Sub-Group

1.7.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When categorized by stakeholder market perspective, respondents within the Supply-side perspective agreed at the highest rate (88%) that the Claims Code should tailored for specific audiences. Respondents in the Oversight perspective agreed at the next highest levels (70%), followed by those on the Demand-side (57%) and finally those within the Observer market perspective (39%).

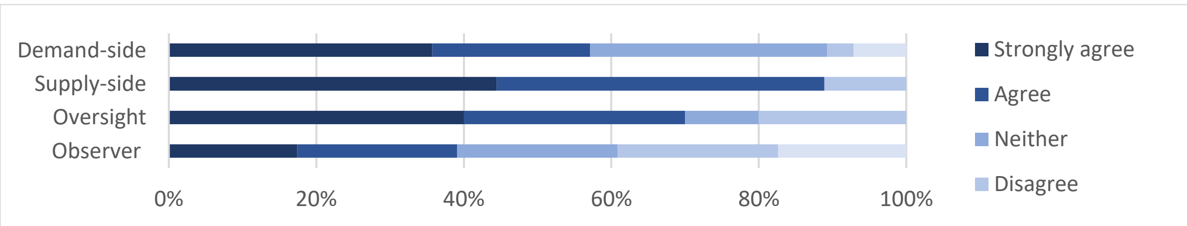

Figure 28: General Q7 – Responses by Stakeholder Market Perspective

2. Section 2: 'Prerequisites'

For each of the questions included in Section 2, we provide below a synthesized overview of the key messages and takeaways (i) overall and by main category of stakeholders, (ii) by sub-group, and (iii) by role in the carbon market.

2.1 Prerequisites Q1: the prerequisites are clear, comprehensive, and represent a reasonable expectation of good corporate climate practice.

2.1.1 Key messages and takeaways overall and by main category of stakeholders

Stakeholders were asked if the Code's prerequisites are clear, comprehensive, and represent a reasonable expectation of good corporate climate practice. When responding to this question, 62% of respondents agreed or strongly agreed and 22% disagreed or strongly disagreed. An additional 16% neither agreed nor disagreed with the statement.

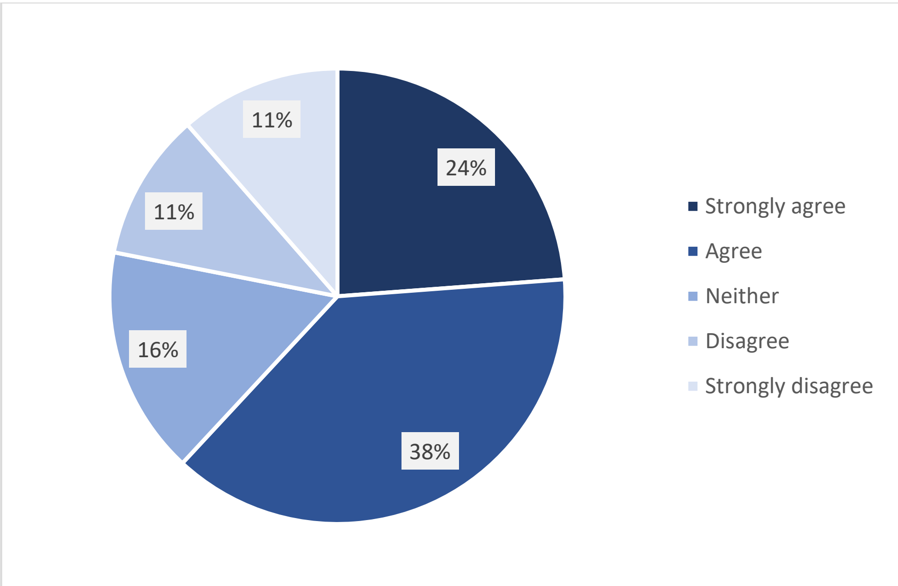

Figure 29: Prerequisites Q1 - Overview of Responses

When divided by stakeholder groups, the groups that agreed or strongly agreed at the highest rates that the prerequisites are clear, comprehensive, and represent reasonable expectations were Project Developers and Investors (83%), Research (75%), and Corporate actors (65%). Then, Standards and Market Infrastructure actors agreed or strongly agreed to a moderate extent (55%), followed by Civil Society (45%) and Unaffiliated actors (38%).

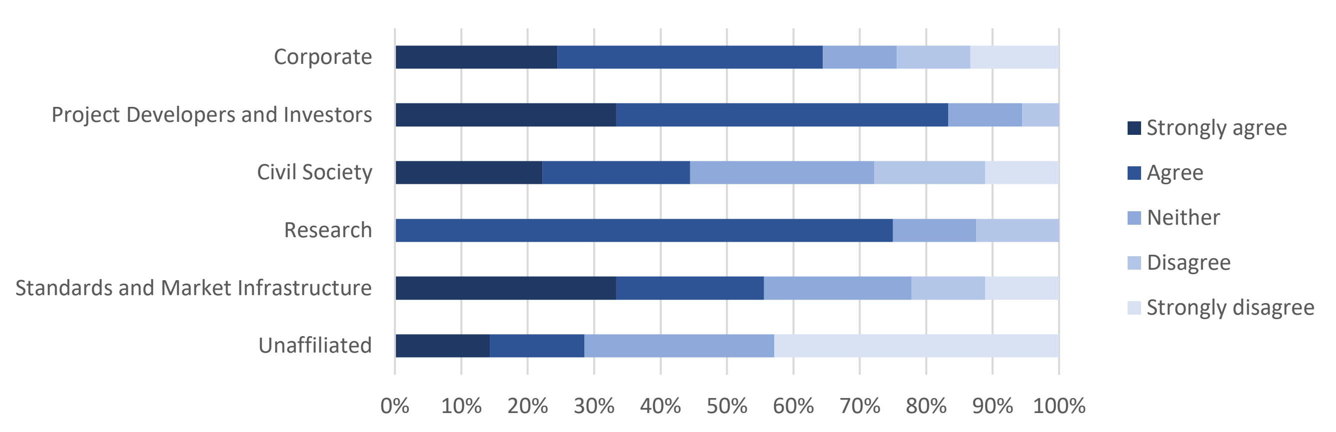

Figure 30: Prerequisites Q1 - Responses by Stakeholder Category

When asked whether the Code's prerequisites are clear, comprehensive, and represent a reasonable expectation of good corporate climate practice, respondents' written feedback varies significantly. For example, one respondent (Unaffiliated) suggests that the prerequisites offer an opportunity for greenwashing**,** as they are not detailed enough "to ensure that companies take climate action in addition to strong climate measures". On the other hand, another respondent (from Standards and Market Infrastructure) believes that "concerns over greenwashing are overblown in 2022," but that companies "want to minimize costs and will definitely have a preference for internal mitigation strategies […] Companies are not going to voluntarily act and simply buy credits."

These quotes illustrate the general 'camps' that disapproval for the Code's prerequisites fall within: 1) belief that the prerequisites are too stringent or unrealistic and 2) belief that the prerequisites are too lenient and allow for poor climate action. For example, one respondent (Companies with Climate Targets) believes that the prerequisites are too detailed and would require too many resources to implement. Annual reporting, for example, is too burdensome. Another respondent (Consultancy) believes that while the prerequisites are clear, "the bar is set too high." A respondent in Environmental HR and Coalitions and Advocacy Groups) believes the opposite. They write that the prerequisites included in the proposed Code are inadequate since they fail to require companies to reduce their emissions or implement the plans that they have developed.

Additionally, several respondents make recommendations for the prerequisites. These include more flexibility regarding the transition period; flexibility regarding the target years; and staggering interim and long-term targets since decarbonization trajectories will be different for different companies.

2.1.2 Key messages and takeaways by sub-categories

The stakeholder sub-categories with the largest agreement are Business Associations and Memberships (100% agree or strongly agree), Think Tanks (100% agree), and Project Developers and Investors (81% agree or strongly agree). The lowest levels of agreement are from Environmental and HR Coalitions and Advocacy Groups, where 40% of respondents agreed or strongly agreed that the prerequisites are clear, comprehensive, and represent reasonable expectation of good climate practice.

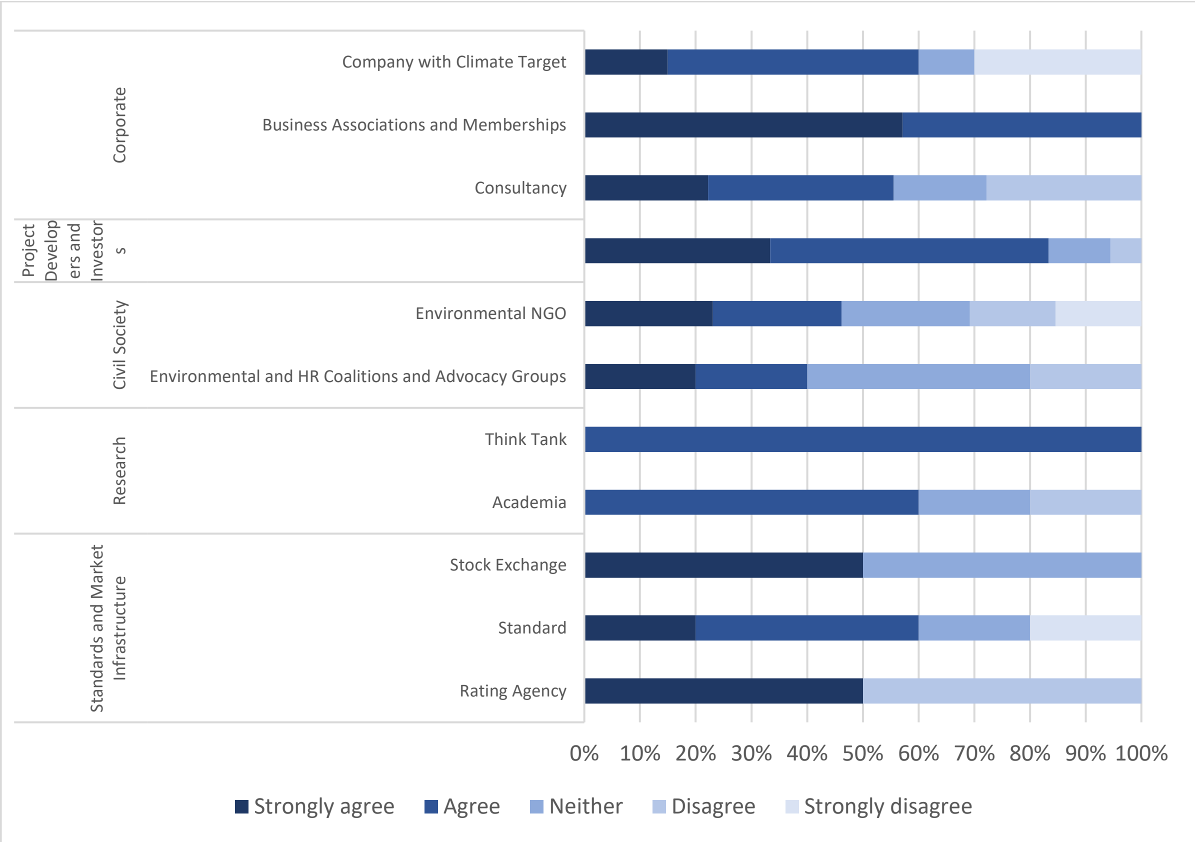

Figure 31: Prerequisites Q1 - Responses by Stakeholder Category and Sub-Group

2.1.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When divided by market perspective, stakeholders on the supply-side agreed or strongly agreed at the highest rates (81%), followed by demand-side actors (70%), those in Oversight (56%) and Observers (54%).

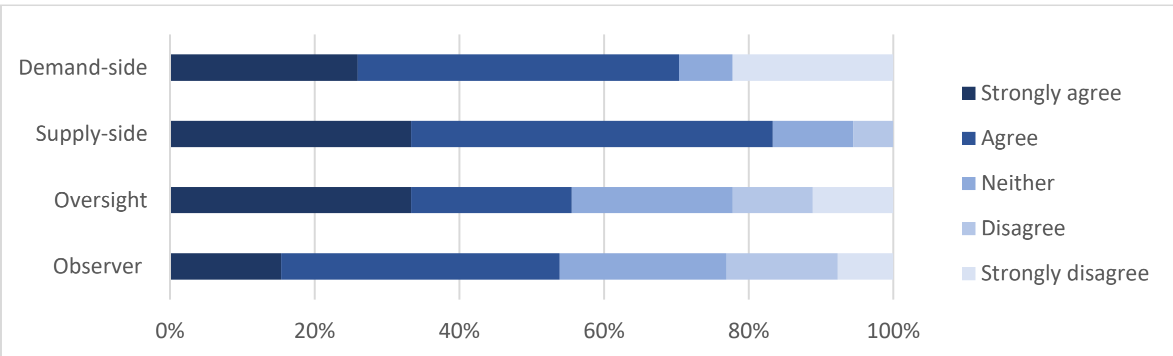

Figure 32: Prerequisites Q1 - Responses by Stakeholder Market Perspective

2.2 Prerequisites Q2: there are gaps to fill and/or alternative information sources and tools to draw on which should be included in the prerequisites.

2.2.1 Key messages and takeaways overall and by main category of stakeholders

When asked if there are gaps to fill and/or alternative information sources and tools to draw on which should be included in the prerequisites, 48% of respondents agreed or strongly agreed and 25% disagreed or strongly disagreed. Additionally, 27% of respondents neither agreed nor disagreed with the presented statement.

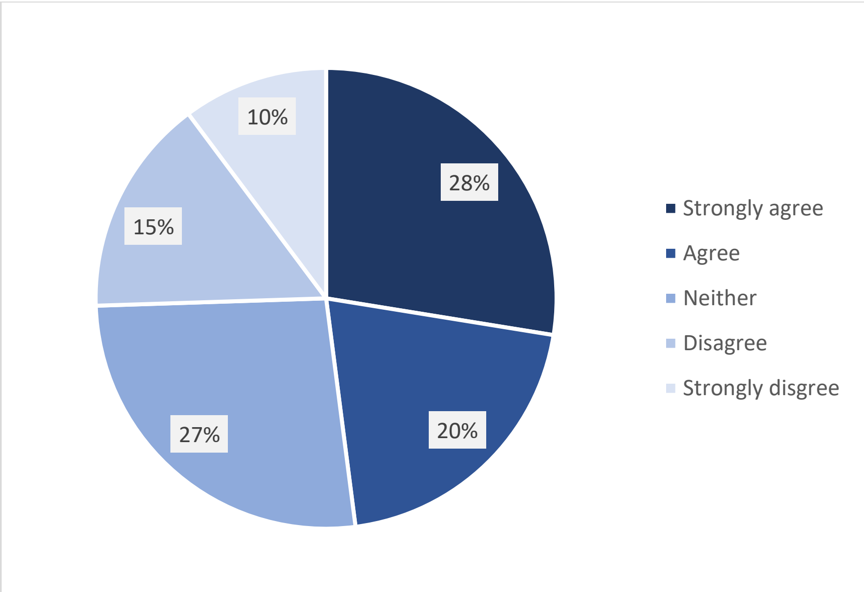

Figure 33: Prerequisites Q2 - Overview of Responses

Compared to several previous questions, there are more uniform answers across stakeholders in response to Prerequisites Q2. Those in Standards and Market Infrastructure agreed or strongly agreed at the highest rates (64%), followed by those in Research (%), Corporate (50%), Unaffiliated (50%), Project Developers and Investors (42%), and Civil Society (25%).

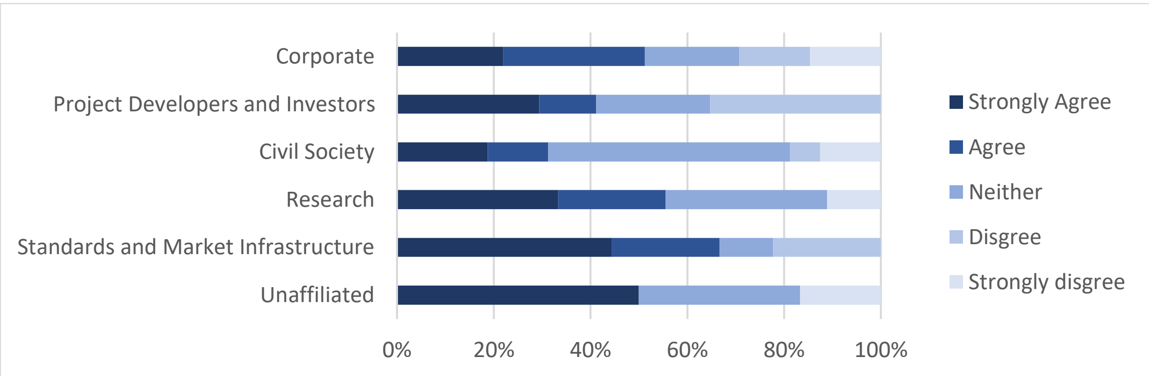

Figure 34: Prerequisites Q2 - Responses by Stakeholder Category

There is little consensus over what gaps exist within the prerequisites and how they should be filled. For example, one respondent (Company with Climate Target) recommends that a company should set SBTi targets as a prerequisite. On the other hand, another respondent (Consultancy) says that that having SBTi targets is not a sufficient requirement, as SBTi is actually a result of compromise between relevant stakeholders and not really science based.

These conflicting recommendations exist throughout the responses from stakeholders, though usually to lesser extents. Additionally, several respondents simply state that the prerequisites are unclear, but do not give detailed responses as to how to fix these issues. While it is difficult to summarize such disparate responses within and across stakeholders, some key takeaways can still be found. First, respondents make several recommendations for alternative sources and tools to utilize, including the IPCC findings on non-CO2 emissions; IPCC and IEA scenarios; the Oxford Offsetting Principles; and Gold Standard principles. Additionally, one respondent believes that SBTi Net Zero standard was not sufficiently incorporated.

Two respondents (Consultancy and Company with Climate Target) believe that the prerequisites are too ambitious for many companies, and that "several companies would not be interested in engaging with the Code only to be awarded with VCMI Bronze." The other respondent notes that the prerequisites are unclear on what it 'really takes' to comply with them and sees the prerequisites as an exceedingly high bar.

Additionally, three respondents (Civil Society) argue that there should "be restrictions against companies based on their main activities", such that "companies that derive most of their financial income from activities that are fundamentally incompatible with reaching the Paris Agreement objectives [...] should not be able to make green claims." Another respondent (Unaffiliated) argues something similar, noting that an impossible-to-decarbonize energy source at point of use (e.g., fossil fuels sold to individual consumers) cannot meet the prerequisite of having a science-aligned decarbonization plan.

Several respondents note that additional clarity is needed on science-aligned targets. For example, one respondent (Stock Exchange) asks: "Clarification is needed on what is meant by 'science-aligned' in this context. Verified by who and by which standard?"

Additionally, several respondents across stakeholder groups note that SMEs may not be able to meet the prerequisites as they currently stand. One respondent (Standards Agency) notes that "it is not clear if the pre-requisites could be readily met by SMEs but there does not seem to be an alternative option for such companies."

2.2.2 Key messages and takeaways by sub-categories

Ratings Agencies were the stakeholder sub-category which most agreed that there are gaps to fill and/or alternative information sources and tools to draw on which should be included in the prerequisites (100% strongly agree). Those in Academia agreed at the next highest rate (80%), followed by Standards Agencies (66%), Stock Exchanges (50%), Business Associations and Memberships (48%), Companies with Climate Targets (45%), and Project Developers and Investors (32%). The lowest levels of agreement with the same statement come from Environmental and Human Rights Coalitions and Advocacy Groups (20%), Think Tanks (25%), and Environmental NGOs (35%).

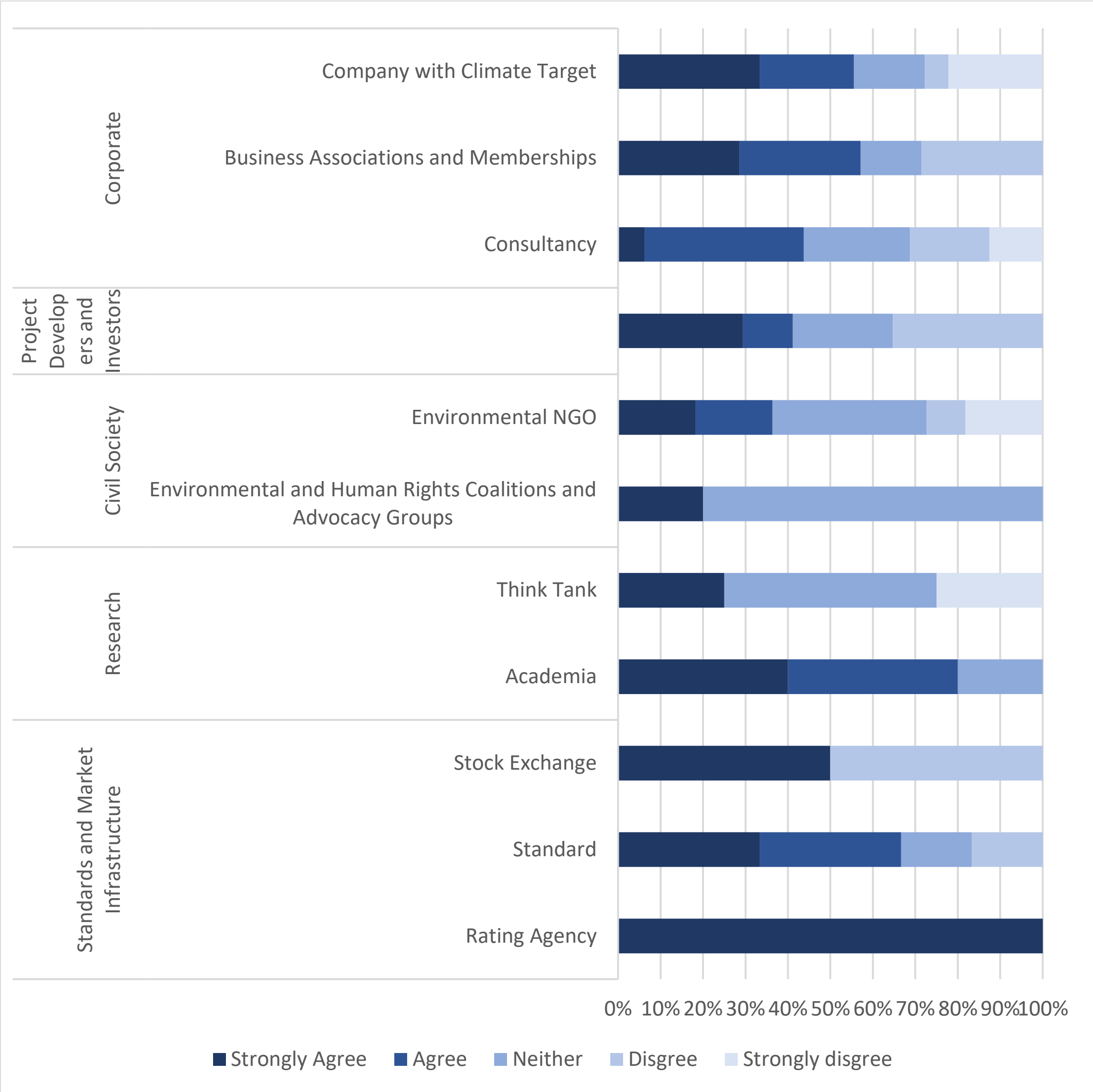

Figure 35: Prerequisites Q2 - Responses by Stakeholder Category and Sub-Group

2.2.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Divided by market perspective, stakeholders in Oversight agreed or strongly agreed with the statement at the highest rates (64%), followed by Demand-side actors (57%), Supply-side actors (42%), and Observers (40%).

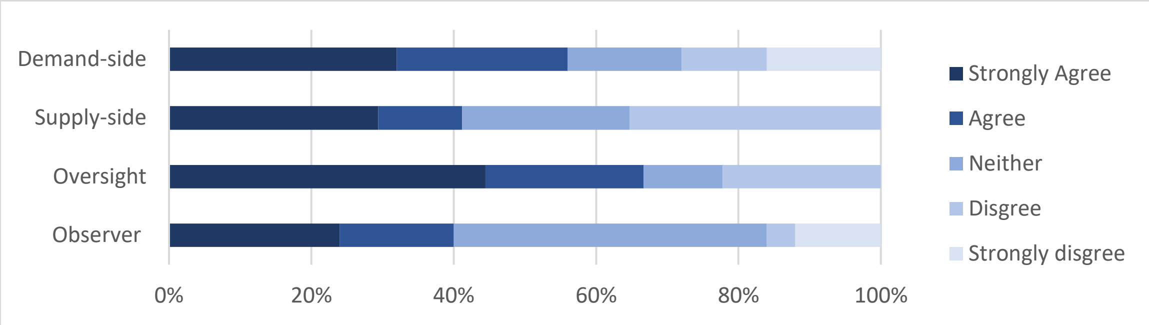

Figure 36: Prerequisites Q2 - Responses by Stakeholder Market Perspective

2.3 Prerequisites Q3: SBTi 1.5°C pathways are an appropriate guide for setting corporate targets.

2.3.1 Key messages and takeaways overall and by main category of stakeholders

Stakeholders were asked whether SBTi 1.5°C pathways are an appropriate guide for setting corporate targets. In response, a slight majority of respondents (53%) either agreed or strongly agreed. 35% of respondents disagreed or strongly disagreed with the same statement, and 12% of respondents neither agreed nor disagreed.

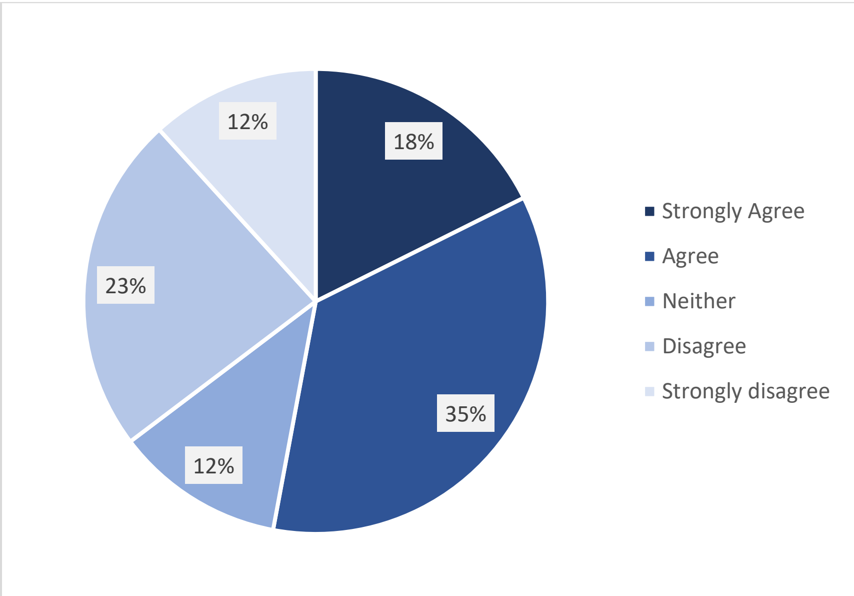

Figure 37: Prerequisites Q3 - Overview of Responses

The stakeholder groups that agreed at the highest rates that SBTi 1.5°C pathways are an appropriate guide are Project Developers and Investors (75%), those in Research (75%), and Unaffiliated sectors (71%). Respondents that agree at the next highest rates are Corporate actors (61%), those in Civil Society (53%), and Standards and Market Infrastructure actors (50%).

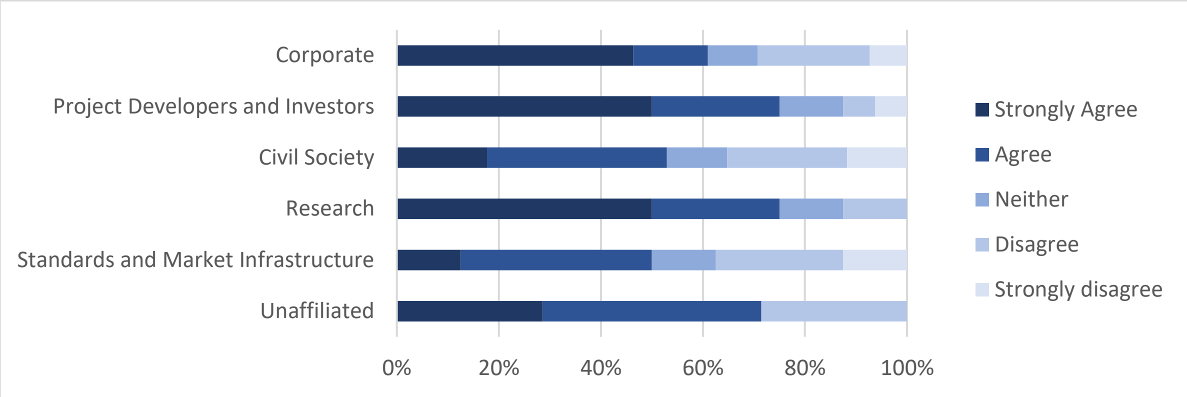

Figure 38: Prerequisites Q3 - Responses by Stakeholder Category

Overall, many respondents generally agreed that SBTi pathways are an appropriate guide for setting corporate targets while offering some caveats. For example, one respondent (Environmental/HR Coalitions and Advocacy Groups) agreed that SBTi 1.5 °C pathways are an appropriate guide for setting corporate targets, but notes that "the SBTi requirements on scope 3 emissions are inadequate" and as such "an interim target to reduce absolute scope 3 (or value chain wide) emissions should be set as a prerequisite." Two other respondents (Companies with Climate Targets) say that the SBTi pathways are only appropriate because, at present, there are no alternatives. Three other respondents (Environmental NGOs) believe that SBTi pathways are an appropriate guide for setting targets, but that "the SBTi must be pushed towards greater rigor," per one of the three respondents. Several other critiques (paired with general acceptance) of SBTi were given. These include issues with SBTi's wording of certain terms, a lack of science-based pathways for 'Well below 2°C' scenarios, the general use of 'Net Zero' language by corporations, and several more critiques.

However, some respondents disagree that SBTi pathways are appropriate for setting corporate targets. While some respondents express a general lack of faith in the SBTi standards, other respondents are more explicit in their disagreement. Some disagree that there should only be one pathway because there are more detailed and ambitions methodologies for specific sectors. One respondent (Companies with Climate Targets) expresses a similar sentiment, noting that there are other alternatives besides SBTi under development that better reflect companies' circumstances. Another respondent (Rating Agency) writes that using SBTi could be "misleading" as "the SBTi doesn't currently have any clear guidance on using carbon credits, except that removals can be used for residual emissions in the target year." Further, one respondent (Stock Exchange) questions "whether SBTi pathways are realistic for the same companies that are using carbon credits given that SBTi permits very limited offsetting" and therefore wonders whether "there [are] other recognized standards and pathways to consider."

2.3.2 Key messages and takeaways by sub-categories

When divided into stakeholder sub-categories, Business Associations and Memberships had the highest levels of agreement (86% agree or strongly agree) that the SBTi 1.5°C pathways are appropriate for setting guidelines for companies, followed by Standards Agencies (80%), Academia

(80%), Environmental/HR Coalitions and Advocacy Groups (75%), and Project Developers and Investors (75%), Consultancies (73%). Those that agreed at the lowest rates were Companies with Climate Targets (42% agree or strongly agree) and Environmental NGOs (46% agree or strongly agree). No respondents from Stock Exchanges or Rating Agencies agreed with the proposed statement about the appropriateness of SBTi standards.

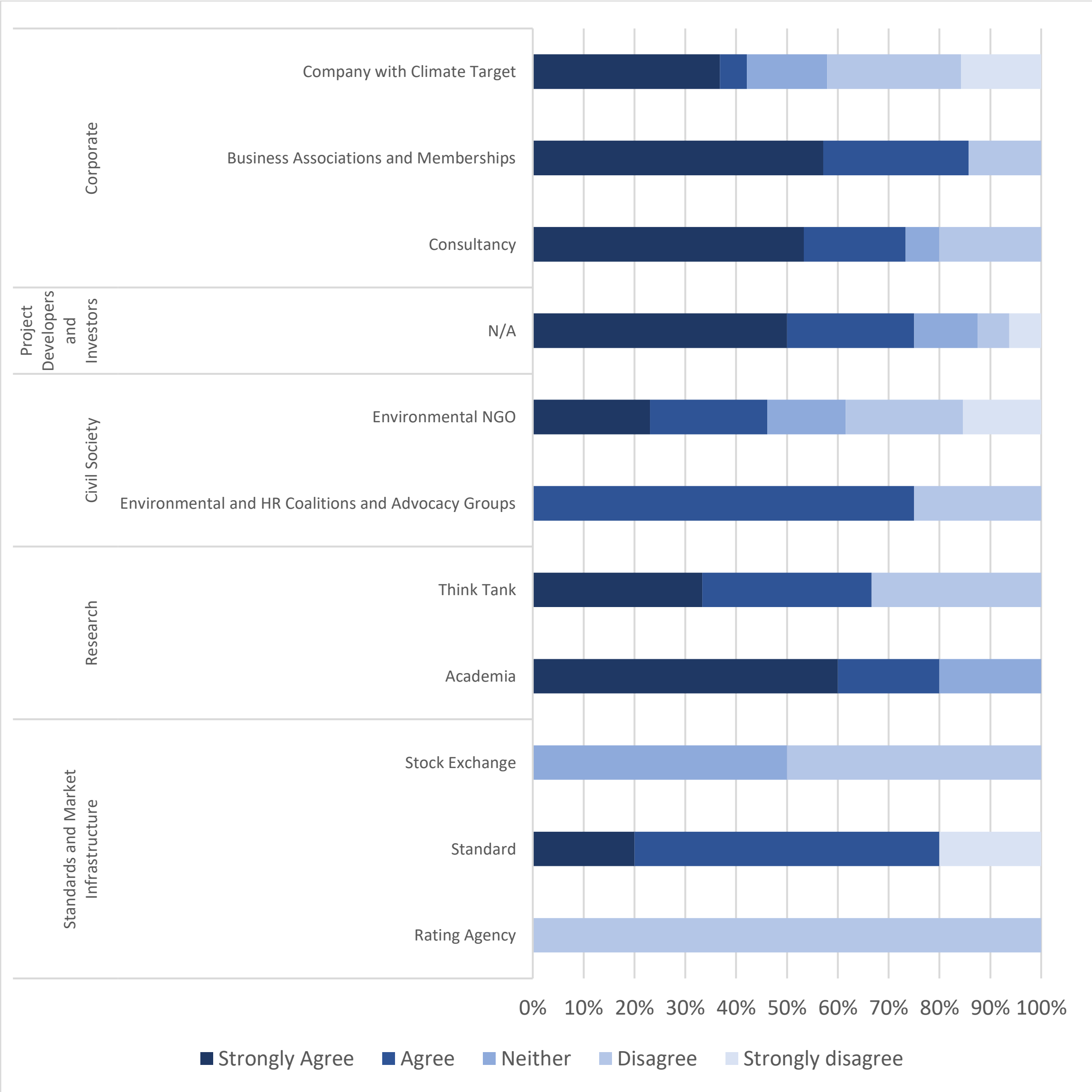

Figure 39: Prerequisites Q3 - Responses by Stakeholder Category and Sub-Group

2.3.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Divided by marker perspective, stakeholders on the Supply-side agreed or strongly agreed at the highest rates (75%) that SBTi 1.5°C pathways are appropriate for setting guidelines for companies. This is followed by Observers (60%), Demand-side actors (54%), and those in Oversight (50%).

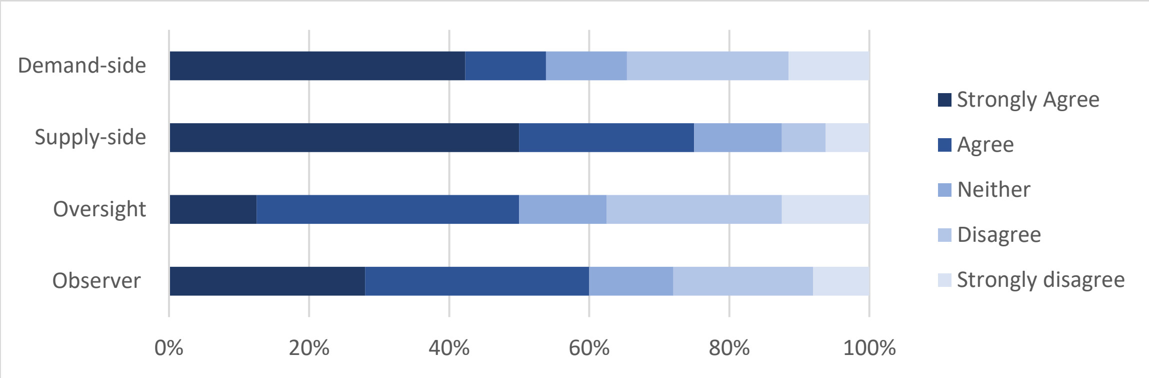

Figure 40: Prerequisites Q3 - Responses by Stakeholder Market Perspective

2.4 Prerequisites Q4: There is sufficient guidance for establishing and verifying companies' decarbonization pathways.

2.4.1 Key messages and takeaways overall and by main category of stakeholders

Respondents were asked to assess if there is sufficient guidance for establishing and verifying companies' decarbonization pathways within the Code. Respondents were split almost equally in three directions. 34% of respondents agreed or strongly agreed and 36% disagreed or strongly disagreed. An additional 30% of respondents neither agreed nor disagreed with the presented statement.

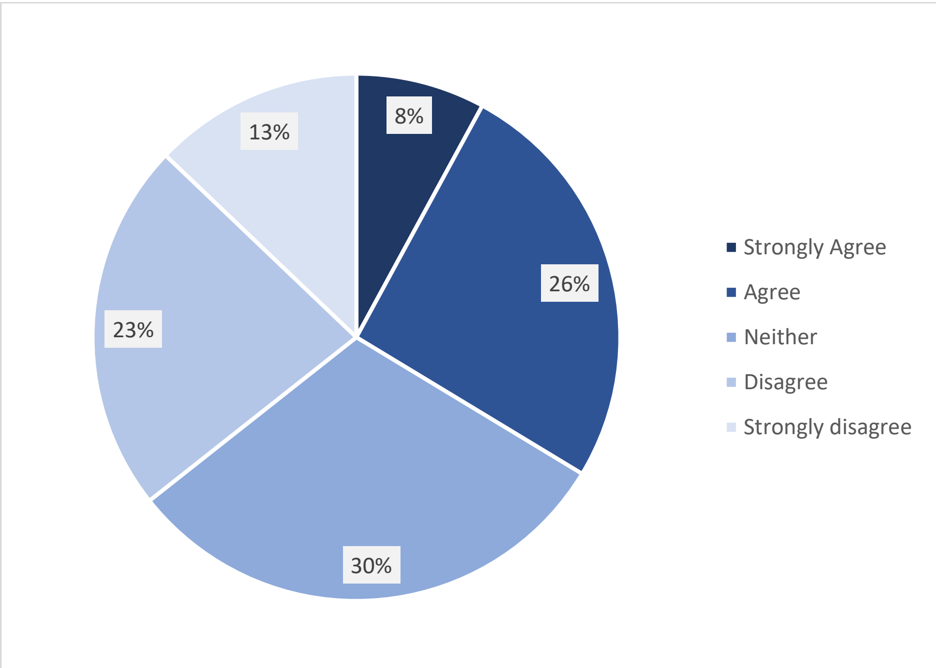

Figure 41: Prerequisites Q4 - Overview of Responses

When divided into stakeholder subcategories, there are significant differences between groups' responses. For example, 78% of Project Developers and Investors agreed or strongly agreed that there is sufficient guidance for establishing and verifying companies' decarbonization pathways. However, the next highest level of agreement was just 25% from those in the Corporate sector, followed by Research (22%), Civil Society (18%), Standards and Market Infrastructure (13%), and Unaffiliated (0%).

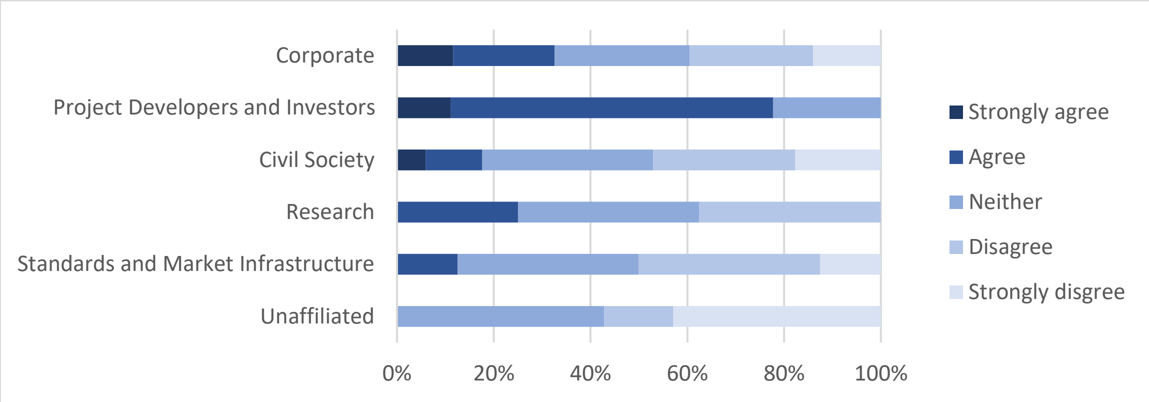

Figure 42: Prerequisites Q4 - Responses by Stakeholder Category

Several respondents (notably including ten respondents within the Corporate stakeholder group) believe there is insufficient guidance for establishing and verifying companies' decarbonization pathways within the Code. Those that disagree provide several reasons. These include assertions that there is insufficient guidance for some hard-to-abate sectors; that "the whole proposal is heavily reliant on the assessment/validation of a credible, independent third party," which at present does not exist, "certainly not at scale"; and that the current Code doesn't provide "detail on form or content" and "has not identified how compliance and verification will work."

Other respondents believe that there is sufficient guidance for establishing and verifying companies' decarbonization pathways but highlight some caveats. For example, one respondent (Business Associations and Memberships) writes that while the guidance might be sufficient, there is a lack of skills, knowledge, and capacity to implement it. Another respondent (Standard Agency) "considers [that] the prerequisites represent a reasonable expectation of good corporate climate practice, but more detail is needed to make them clear and comprehensive." Another respondent (Research) agrees that there is sufficient guidance for establishing pathways, but VCMI should consider working with SBTi to clarify appropriate verification processes.

Both stakeholders that agree that there is sufficient guidance and those that disagree provide several recommendations. These include defining the requirements for what is considered a credible and independent third party; establishing a process for evaluating third parties; and
including a verification and sanction mechanism to ensure companies are on track (and to publicly identify those that are not).

Some respondents make specific suggestions on amendments to the Code. One respondent (Civil Society) suggests including information in the "plans and strategies," such as the "the repartition of [companies'] capex, with the share and amount of capex devoted to high carbon projects and activities"; "key milestones to be reached to reduce GHG emissions"; and "specific requirements for companies involved in the fossil fuel sector regarding the evolution of their fossil fuel production and for the financial institutions that finance them."

Another respondent (Environmental NGO) identified three key elements still needed within the guidance to verify companies' targets. These include setting a long-term net-zero target (which should have a goal of reducing at least 90% of GHG emissions by 2050 and 100% overall) and setting a mandatory interim 2030 target. They also note that "the guidance requires that companies set science-based targets but does not disclose how their 'science-based' nature will be ensured," so requiring validation through the SBTi would be preferred.

2.4.2 Key messages and takeaways by sub-categories

The stakeholder sub-category with the largest level of agreement that there is sufficient guidance for establishing and verifying companies' decarbonization pathways is Project Developers and Investors (78%). Next, Business Associations and Membership agree at the next highest levels (56%), followed by Consultancies (41%), Academia (40%), Environmental NGOs (23%), Standards Agencies (20%), and Companies with Climate Targets (16%). Four stakeholder sub-categories had zero agreement with the aforementioned statement, including Rating Agencies, Stock Exchanges, Think Tanks, and Environmental/HR Coalitions and Advocacy Groups.

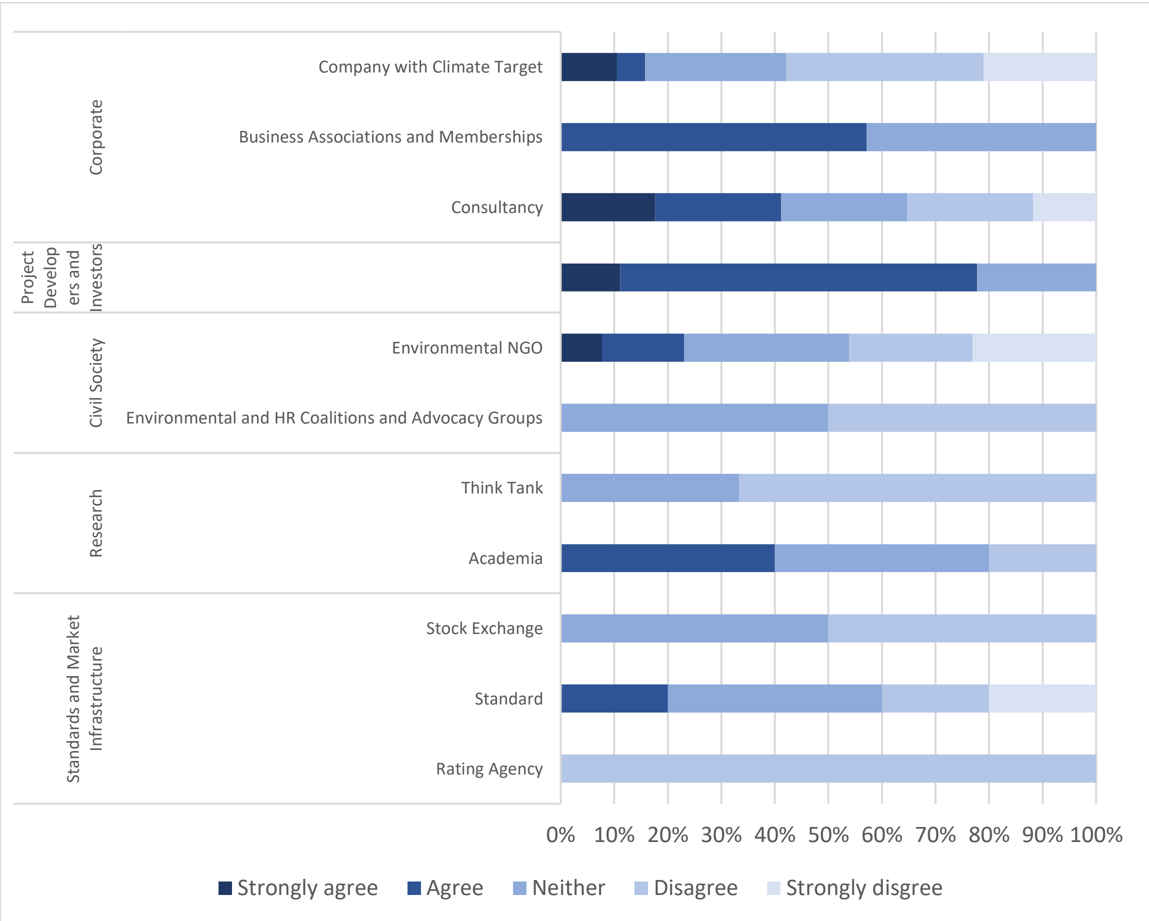

Figure 43: Prerequisites Q4 - Responses by Stakeholder Category and Sub-Group

2.4.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

By a significant margin, Supply-side actors agreed or strongly agreed at the highest rate (78%) that the prerequisites provide sufficient guidance for evaluating companies' decarbonization pathways. Next, Demand-side actors agreed or strongly agreed at the next highest level (23%), followed by Observers (20%), and those in Oversight (16%).

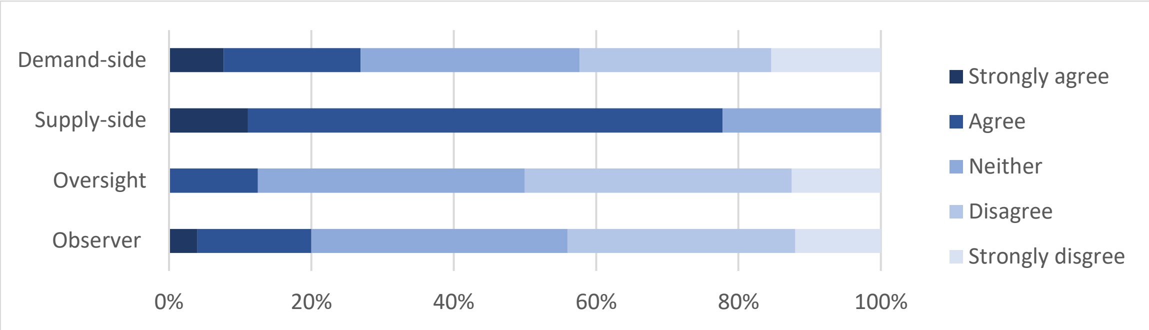

Figure 44: Prerequisites Q4 - Responses by Stakeholder Market Perspective

2.5 Prerequisites Q5: SBTi requirements for accounting for Scope 3 emissions are appropriate.

2.5.1 Key messages and takeaways overall and by main category of stakeholders

Stakeholders were asked if SBTi requirements for the accounting for Scope 3 emissions are appropriate. Overall, 45% of respondents agreed or strongly agreed and 31% disagreed or strongly disagreed with the statement. An additional 24% neither agreed nor disagreed (Figure 45).

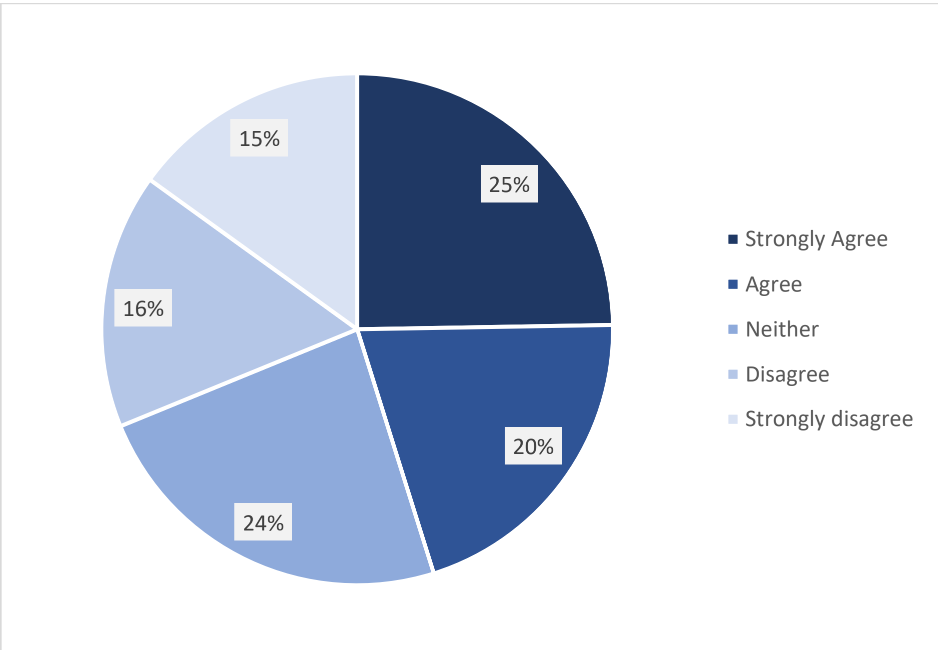

Figure 45: Prerequisites Q5 - Overview of Responses

Divided into stakeholder groups, Project Developers and Investors agreed or strongly agreed that SBTi requirements are appropriate for Scope 3 accounting at the highest levels (69%). Next, Research agreed or strongly agreed at the next highest rate (50%), followed closely by Corporate actors (48%). Standards and Market Infrastructure actors (43%), Unaffiliated actors (29%), and Civil Society actors (15%) agreed or strongly agreed at the lowest levels of the stakeholder groups.

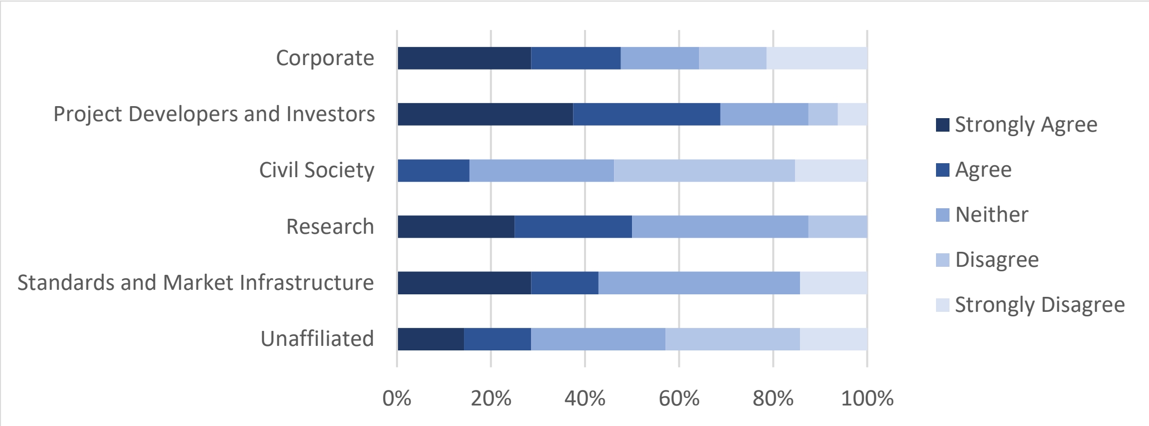

Figure 46: Prerequisites Q5 - Responses by Stakeholder Category

Feedback on Prerequisites Q5 is extensive and with significant overlap to the written responses on Prerequisites Q3. In response to both questions, respondents occasionally recognize the role of SBTi guidance in the absence of alternatives but make several caveats about its use. For example, two respondents (Companies with Climate Targets) believe that SBTi requirements do not work for all sectors; another goes on to write that more guidance is needed regarding which of the 15 categories of Scope 3 emissions can be offset and by how much. One respondent (Consultancy) posits that the SBTi regular target requirement for Scope 3 is adequate, but not the SBTi Net-Zero requirement.

However, there is significantly more written feedback asserting that the SBTi requirements are inappropriate for accounting Scope 3 emissions than there is feedback asserting the opposite. Multiple distinct lines of reasoning are given. For example, respondents across stakeholder groups write that SBTi boundaries are insufficient, like the 67% coverage of Scope 3 emissions being “plainly inappropriate for some key high-emitting sectors” (according to one respondent) and subject to underhand calculations that make companies’ emissions look better than reality (according to another respondent). Others plainly note that SBTi requirements are not science-aligned, and that that companies that make net-zero claims should at least be able to address 90% of their Scope 3 emissions, striving for more over time.

Respondents provide several recommendations. These include (but are not limited to) suggesting that more attention be paid to Scope 3 emissions and social safeguards; that the threshold should be lowered to 10% from 40%; that the coverage should be raised to 80% from 67% for all companies; and that the VCMI should “strongly limit […] exemptions in scope 3 coverage.”

2.5.2 Key messages and takeaways by sub-categories

Ratings Agencies strongly agreed unanimously (100%) that the SBTi requirements for Scope 3 accounting are appropriate. Within the same stakeholder group, sub-categories of Stock Exchanges (0% agree or strongly agree) and Standards Agencies (40% agree or strongly agree) occupied the other sides of the spectrum.

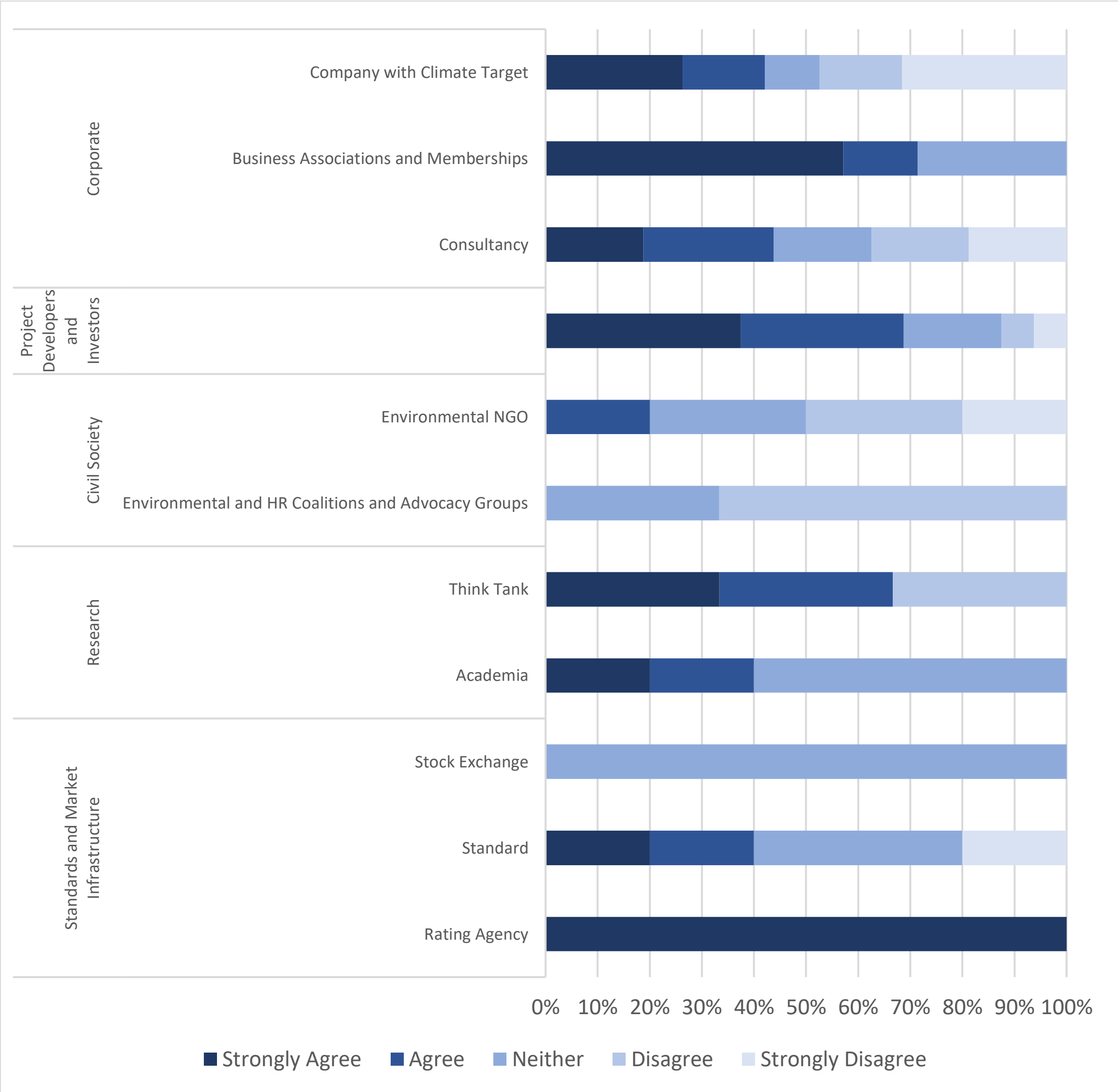

Figure 47: Prerequisites Q6 - Responses by Stakeholder Category and Sub-Group

2.5.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Supply-side actors agreed at the highest levels (69% agree or strongly agree) that the SBTi accounting requirements for Scope 3 emissions are appropriate. Next, Demand-side actors agree at the next highest rates (50%), followed by those in Oversight (43%), and Observers (29%).

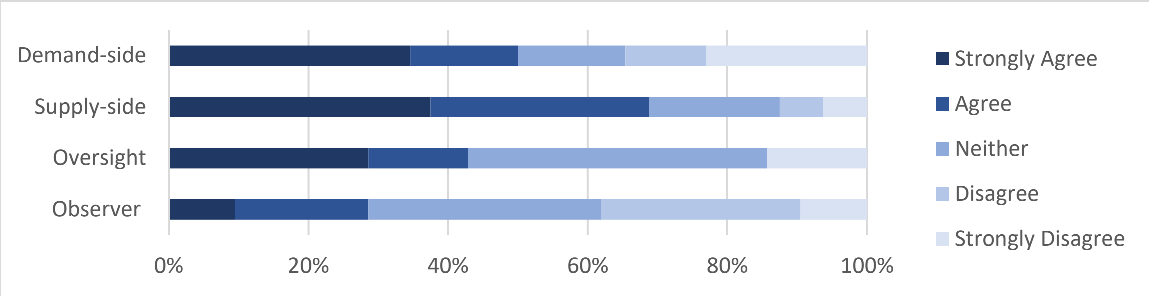

Figure 48: Prerequisites Q6 - Responses by Stakeholder Market Perspective

2.6 Prerequisites Q6: There should be a step before meeting the Claims Code prerequisites (an "on ramp") to encourage companies who do not yet meet the prerequisites to begin the VCMI journey.

2.6.1 Key messages and takeaways overall and by main category of stakeholders

Respondents were asked whether there should be a step before meeting the Claims Code prerequisites (an "on ramp") to encourage companies who do not yet meet the prerequisites to begin the VCMI journey. Responses were split: 47% of respondents agreed or strongly agreed, whereas 43% of respondents disagreed or strongly disagreed. Only 10% of respondents neither agreed nor disagreed – a significantly lower percentage of respondents who were 'on the sidelines' compared to previous questions.

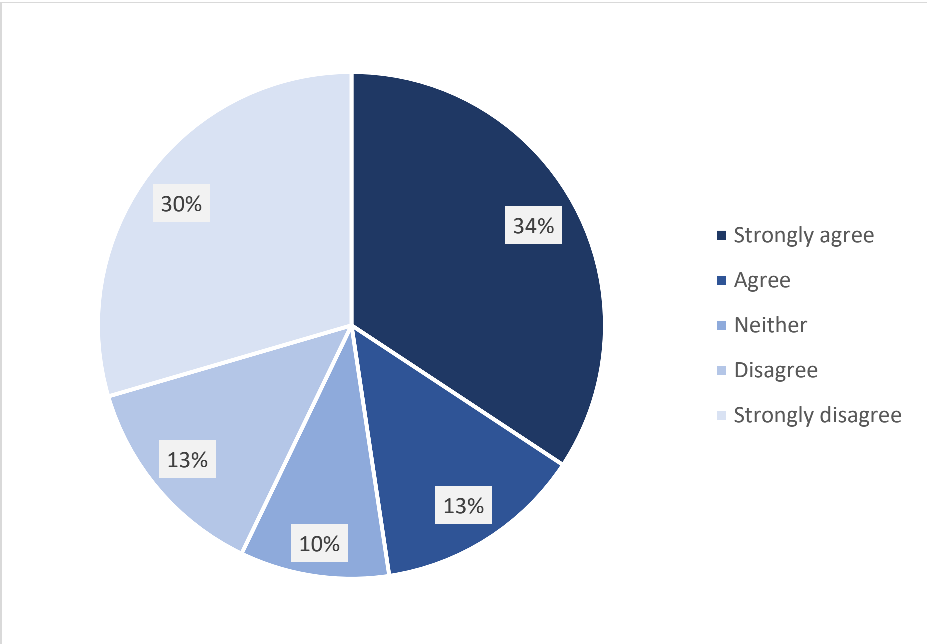

Figure 49: Prerequisites Q6 - Overview of Responses

Standards and Market Infrastructure actors agreed or strongly agreed at the highest levels (60%) that there should be a so-called 'on ramp' within the Code. Project Developers and Investors, Corporate, and Unaffiliated actors agreed or strongly agreed at moderate rates (50% or 51%) with the same statement. Those in Research (37%) and Civil Society (17%) agreed or strongly agreed at the lowest levels of all stakeholder groups.

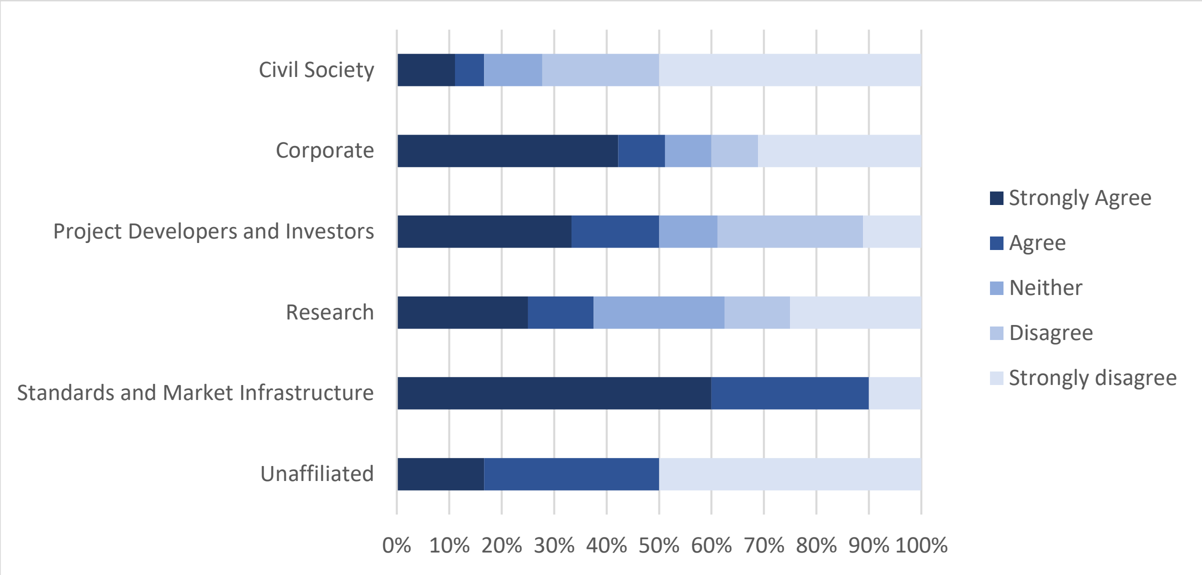

Figure 50: Prerequisites Q6 - Responses by Stakeholder Category

As is noted in Figure 49, respondents' opinions are split whether there should be an 'on ramp' within the Claims Code. The respondents who agree that there should be an 'on ramp' within the Code make several recommendations, most notably that the step should be transparent, have high enough ambitions, and should be tailored for specific types of companies. Recommendations include that the 'on ramp' not constitute a stand-alone claim (making its ambition too low); that there should be separate 'on ramps' per industry; and that the Code should allow companies to participate before they have met Scope 1 and 2 targets only "if they have a credible reduction pathway stated." Another respondent (Consultancy) suggests that the 'on ramp' should last at least two years. One respondent (Environmental NGO) agrees with the notion of an 'on ramp' and "would suggest price transparency on assessment of decarbonisation decisions." Several other recommendations were made by respondents, including the step being made available specifically for SMEs, and an endorsement of the concept only if the 'on ramp' is strictly time-limited and with targets not too high.

Others disagree that an 'on ramp' is advisable at all. Some respondents plainly state their opposition (like expressing that an 'on ramp' simply should not be the goal of the VCMI), whereas other provide more specific reasoning. For example, one respondent (Civil Society) disagrees "because reducing or suspending the prerequisites will maximize the risks identified." One respondent (Environmental NGO) disagrees that there should be an 'on ramp' as it "risks driving complacency instead of ambition and will allow companies to claim too much credit for actions that have limited climate benefit," and will "[facilitate] greenwashing." Another respondent (also Environmental NGO) expresses a similar sentiment, arguing that "on ramps already exist under VCMI's structure in the form of Brand/Products/Service claims" which they describe as representing "the highest opportunity for greenwashing vis-a-vis the VCMI."

2.6.2 Key messages and takeaways by sub-categories

There are noticeable trends within stakeholder subgroups. For example, all three sub-categories of the Standards and Market Infrastructure group had high levels of agreement that there should be an 'on ramp' within the Code for companies who don't yet meet the prerequisites. Ratings agencies agreed or strongly agreed with that statement at rate of 100%, and Stock Exchange actors strongly agreed at a level of 100%. Standards Agencies had a high level of support, with % of those respondents agreeing or strongly agreeing with the statement. The lowest levels of support come from Think Tanks (0% agree or strongly agree), Environmental NGOs (15%), and Environmental/HR Coalitions and Advocacy Groups (20% strongly agree).

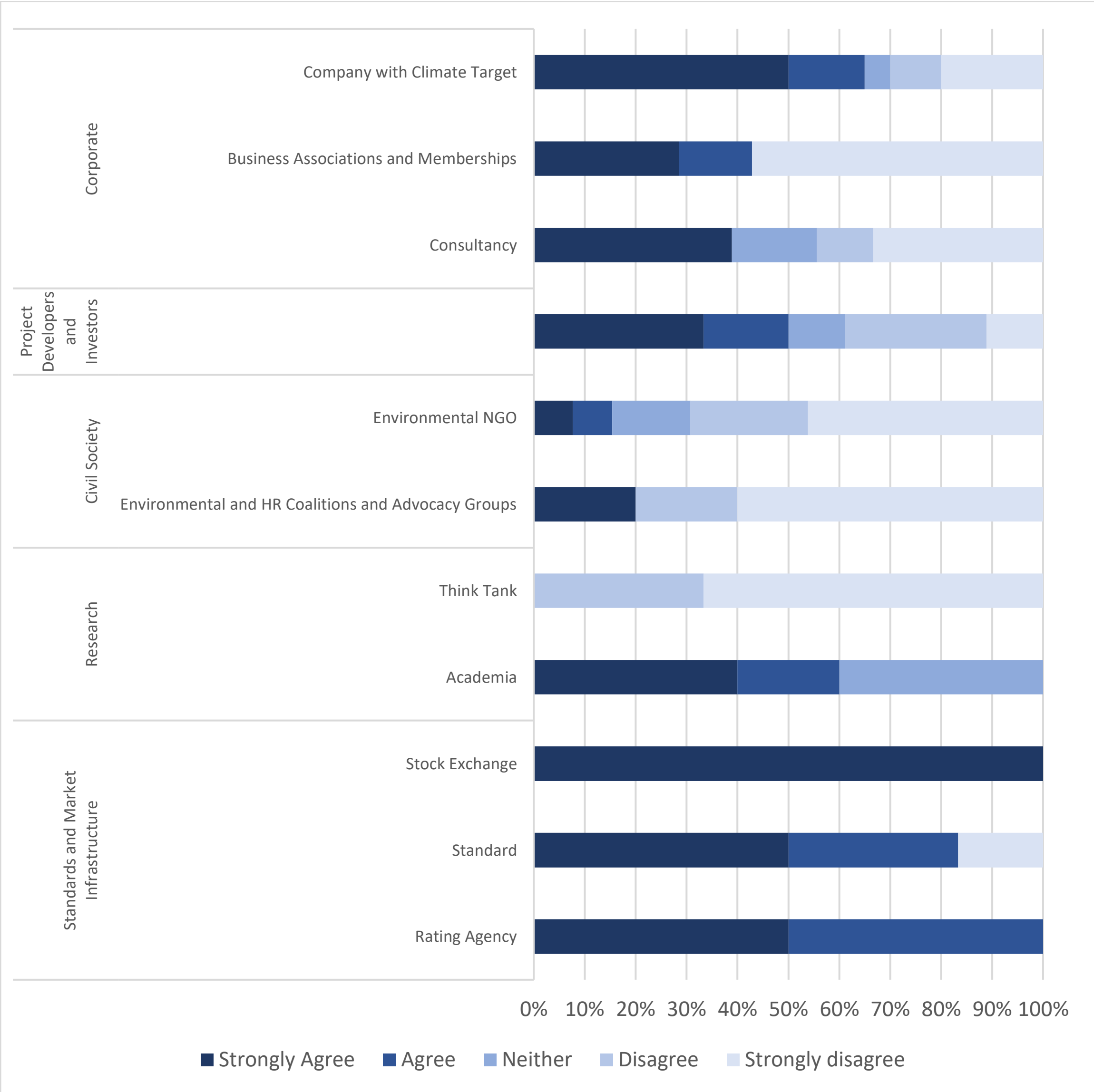

Figure 51: Prerequisites Q6 - Responses by Stakeholder Category and Sub-Group

2.6.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Oversight actors agree at the highest rates that an 'on ramp' for companies is needed within the code (60% agree or strongly agree), followed by Demand-Side actors (59%), Supply-side actors (45%), and Observers (23%).

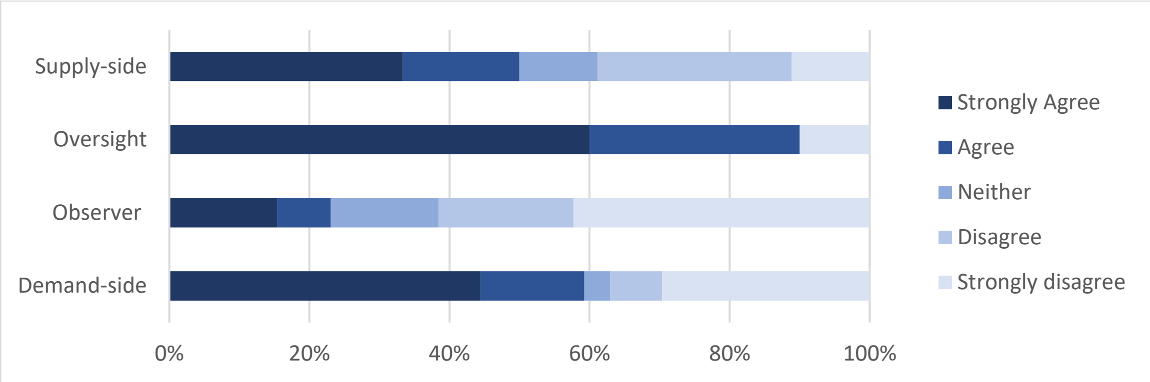

Figure 52: Prerequisites Q6 - Responses by Stakeholder Market Perspective

2.7 Prerequisites Q7: Further guidance is required to substantiate that a company's policy engagement is aligned with its Net Zero commitment.

2.7.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether further guidance is required to substantiate that a company's policy engagement is aligned with its Net Zero commitment, most respondents agreed or strongly agreed (67%). 18% disagreed or strongly disagreed with the same statement, and 13% of respondents neither agreed nor disagreed.

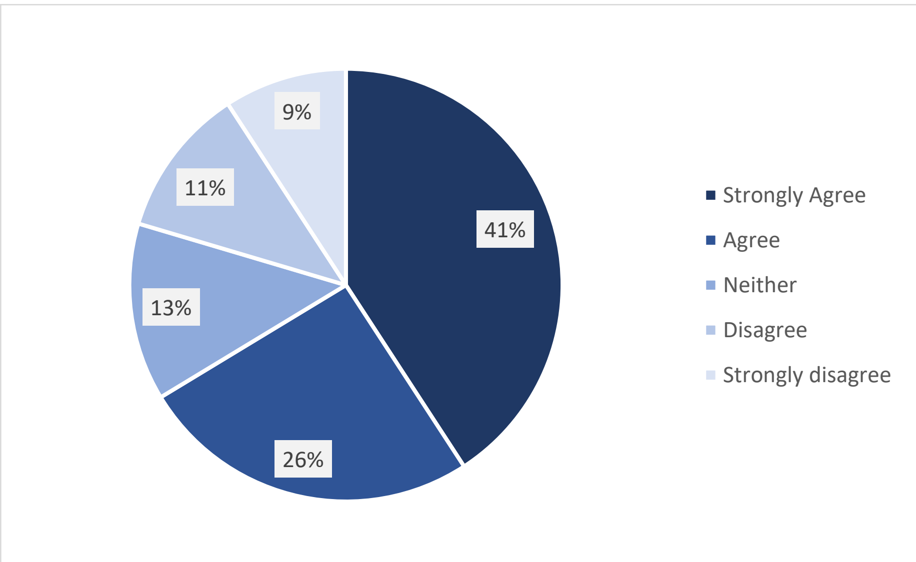

Figure 53: Prerequisites Q7 - Overview of Responses

Standards and Market Infrastructure actors agreed or strongly agreed at a high rate (90%) that further guidance is needed within the Code to substantiate companies' Net Zero claims. Those in Civil Society (50%), Unaffiliated sectors (50%), Corporate actors (48%), and Project Developers and Investors (60%). Researchers agreed or strongly agreed at the lowest levels (50%).

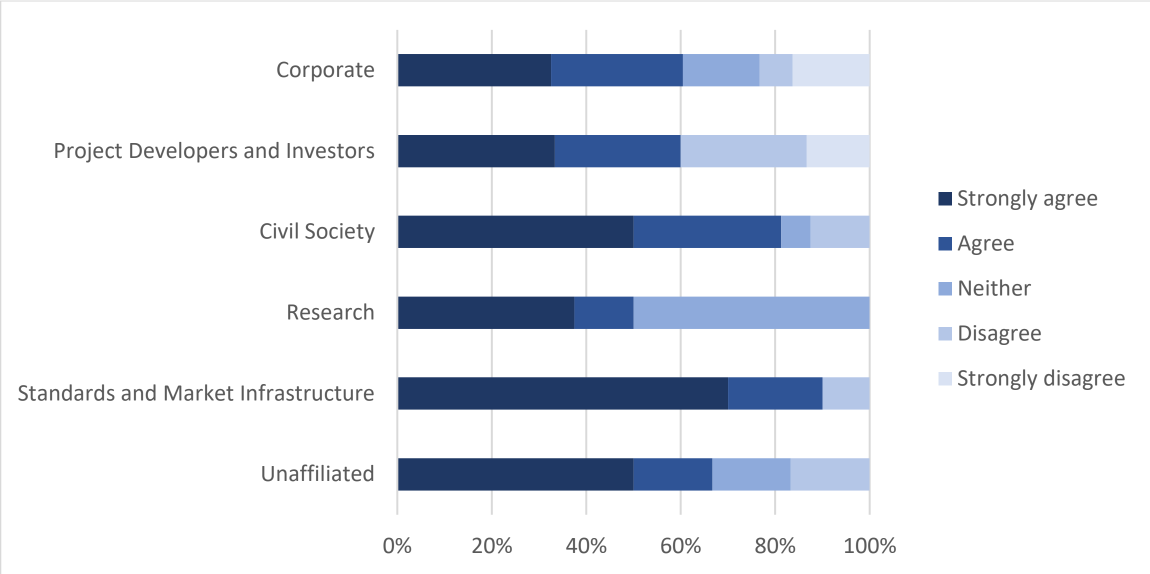

Figure 54: Prerequisites Q7 - Responses by Stakeholder Category

There seems to be a consensus from respondents that further guidance is needed within the Claims Code. Overall, respondents across stakeholder groups suggest that greater transparency over targets and monitoring, and greater clarity of definitions and are required.

Some respondents highlighted specific points within the Code that need more clarity, such as the interaction between the GHG Protocol and the SBTi Standard; what is meant by "consistent with the goals of the Paris Agreement"; and the consequences for non-compliance with the Code. One respondent points to a specific page within the Code that they believe needs work, writing that "the requirement on [page] 20 is ambiguous as to whether a company can choose to make a statement that applies only to its activities, or whether a company must also apply the statement to any trade groups to which it belongs. VCMI should clarify its intention, how it will substantiate companies' position, and how it will transparently report the basis for substantiation."

Three respondents (Environmental NGOs) suggest a specific tool that the VCMI should draw on. They recommend that the VCMI "draw on the work from InfluenceMap to assess the impact of specific companies' lobbying practices" and recommend that "the VCMI should run checks against InfluenceMap ratings annually." Two respondents, also Environmental NGOs, suggest requiring "more transparency from [companies], including a list of all the trade associations of which it is a member, and an overview of their positioning on key climate policymaking initiatives." Similar sentiments about increased transparency requirements are echoed by others across stakeholder groups.

2.7.2 Key messages and takeaways by sub-categories

As for stakeholder sub-groups, both Ratings Agencies and Standards Agencies had 100% agreement or strong agreement that further guidance is needed. Think Tanks (33%) and Stock Exchanges (50%) are the sub-groups that agree or strongly agree to the lowest extent that further guidance is needed to substantiate a company's Net Zero commitment.

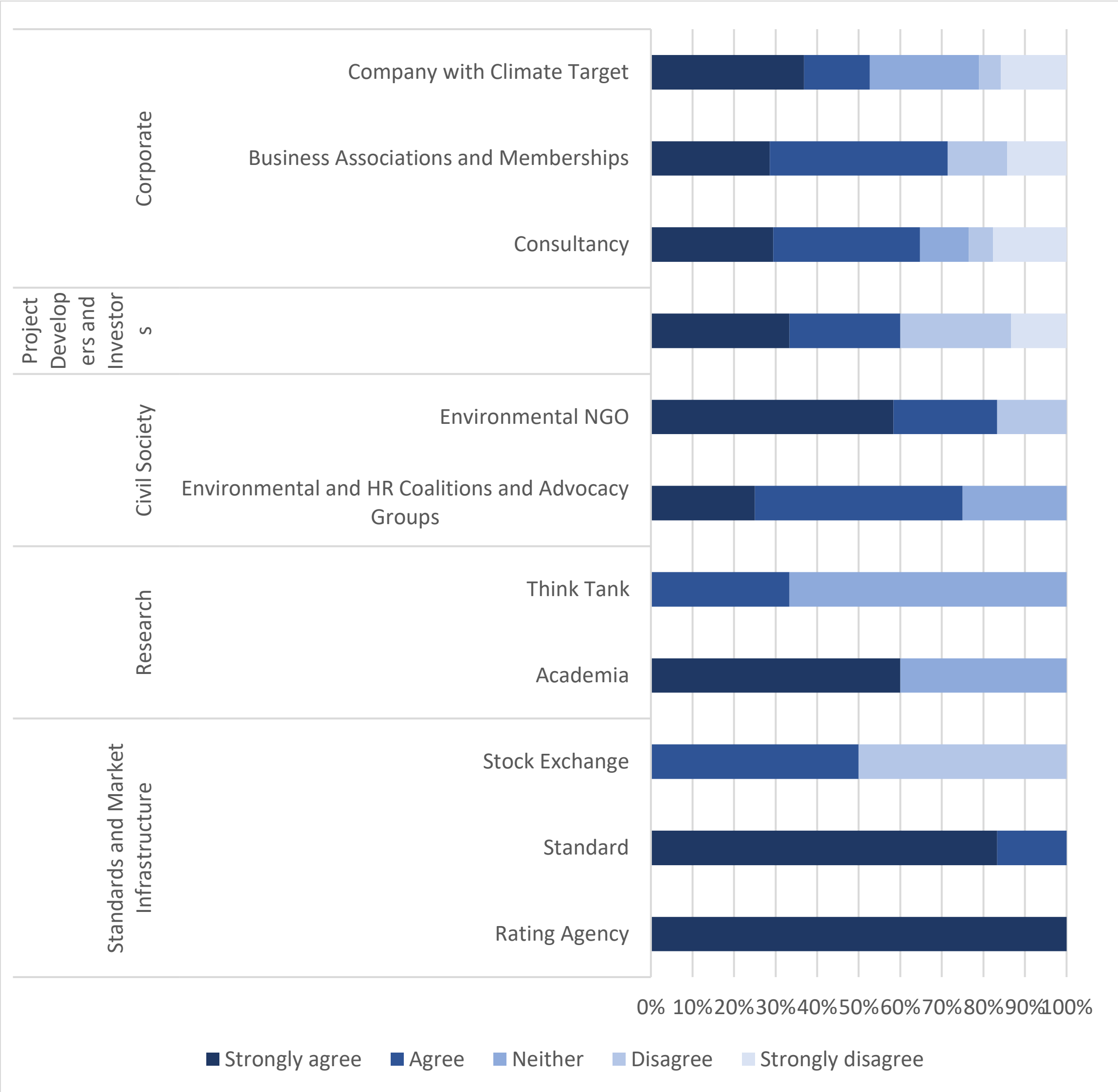

Figure 55: Prerequisites Q7 - Responses by Stakeholder Category and Sub-Group

2.7.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When divided by market perspective, actors in Oversight agreed or strongly agreed at the highest levels that additional guidance is required to substantial that a company's policy engagement is aligned with its Net Zero commitment (70%). Observer actors agree or strongly agree at the next highest levels (70%), followed by Supply-side actors (60%) and Demand-side actors (58%).

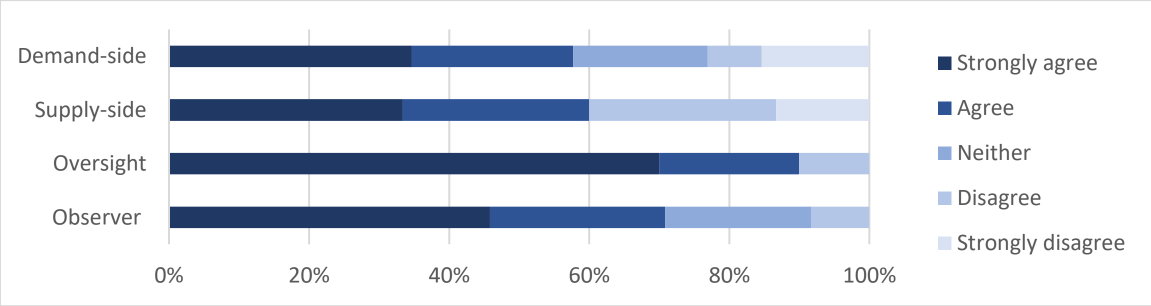

Figure 56: Prerequisites Q7 - Responses by Stakeholder Market Perspective

3. Section 3: 'Claims'

For each of the questions included in Section 3, we provide below a synthesized overview of the key messages and takeaways (i) overall and by main category of stakeholders, (ii) by sub-group, and (iii) by role in the carbon market.

3.1 Claims Q1: The schedule of claims respects the accepted mitigation hierarchy.

3.1.1 Key messages and takeaways overall and by main category of stakeholders

Overall, 63% of respondents agreed or strongly agreed that the schedule of claims respects the accepted mitigation hierarchy, and just 18% disagreed or strongly disagreed. A further 19% of respondents neither agreed nor disagreed with the statement Considering the relatively low levels of disagreement (9%) and strong disagreement (9%) amongst respondents, overall responses to this question reflect generally neutral to positive outlooks on whether the schedule of claims respects the accepted mitigation hierarchy.

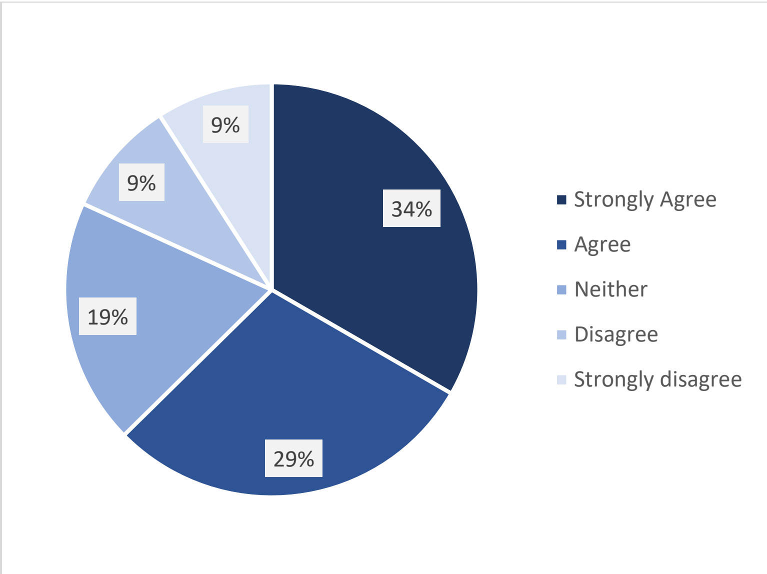

Figure 57: Claims Q1 - Overview of Responses

When divided into stakeholder groups, the highest levels of agreement registered among Project Developers and Investors (83% agree or strongly agree), Standards and Market Infrastructure (75%), and Corporate (69%) stakeholders. Civil Society and Research respondents' level of agreement was more moderate, with around 40% of those groups agreeing or strongly agreeing that the schedule of claims respects the accepted mitigation hierarchy.

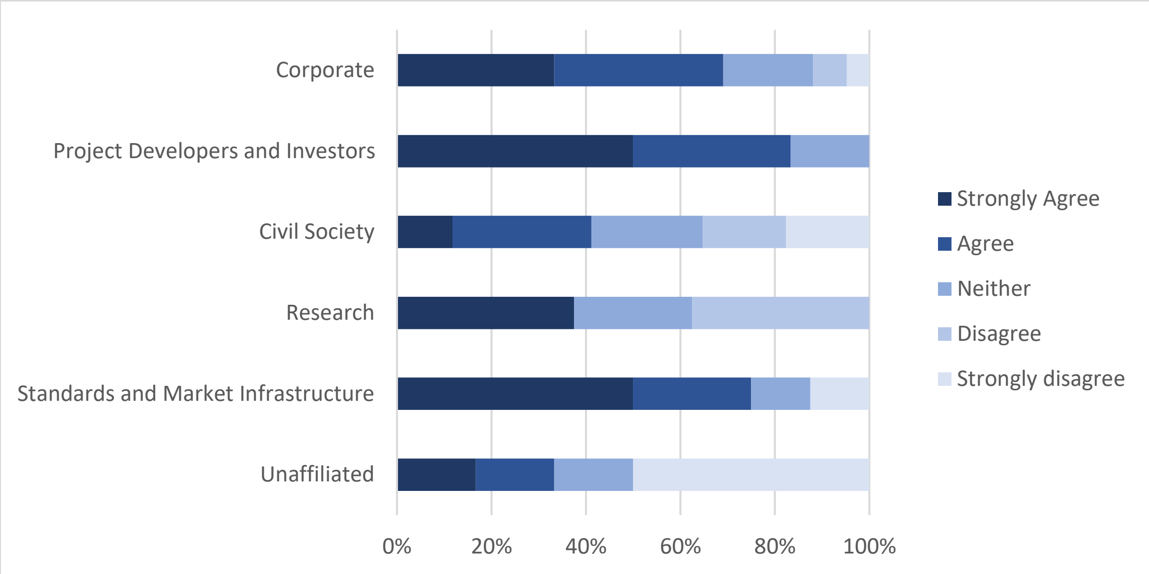

Figure 58: Claims Q1 - Responses by Stakeholder Category

Despite most respondents agreeing or strongly agreeing that the schedule of claims respects the accepted mitigation hierarchy, written responses primarily present the disagreeing viewpoint or, at minimum, caveats to respondents' agreement. For example, all claims' levels (Bronze, Silver, and Gold) receive feedback suggesting that they do not meet the accepting mitigation hierarchy. Several respondents across categories (one from Corporate, six from Civil Society, one from Research, and three from Unaffiliated) commented that the VCMI Bronze claim does not respect the mitigation hierarchy. One Corporate respondent argued that VCMI Silver is not in line with the hierarchy, and four respondents (three Unaffiliated and one Corporate) argue that VCMI Gold does not respect the hierarchy, either. While all three claim levels are accused of not following the accepted mitigation hierarchy, the scale of criticism is concentrated on the Bronze level. This largely reflects feedback from other survey questions in which VCMI Bronze generally receives poorer evaluations than either Silver or Gold. However, VCMI Gold is also critiqued. For example, one respondent (Consultancy) commented that it is unclear whether VCMI Gold respects the hierarchy, as it depends on how the "on track" assessment is carried out. One respondent recommended further clarification on what it is meant exactly by "mitigation hierarchy." Finally, two respondents (Corporate and Academia) pointed out that the Code does not differentiate between reductions and removals. They further argued that differentiating between reductions and removals should be encouraged in future versions of the Code.

3.1.2 Key messages and takeaways by sub-categories

The highest levels of agreement or strong agreement that the schedule of claims respects the mitigation hierarchy are within sub-categories of Stock Exchange (100%), Rating Agency (100%), Project Developers and Investors (83%), Business Associations and Memberships (83%), and Consultancy (82%). Environmental and HR Coalitions and Advocacy groups (60%), and Standards (60%) agree or strongly agree at the next highest rates. Around a third of Environmental NGO respondents agree or strongly agree with the statement.

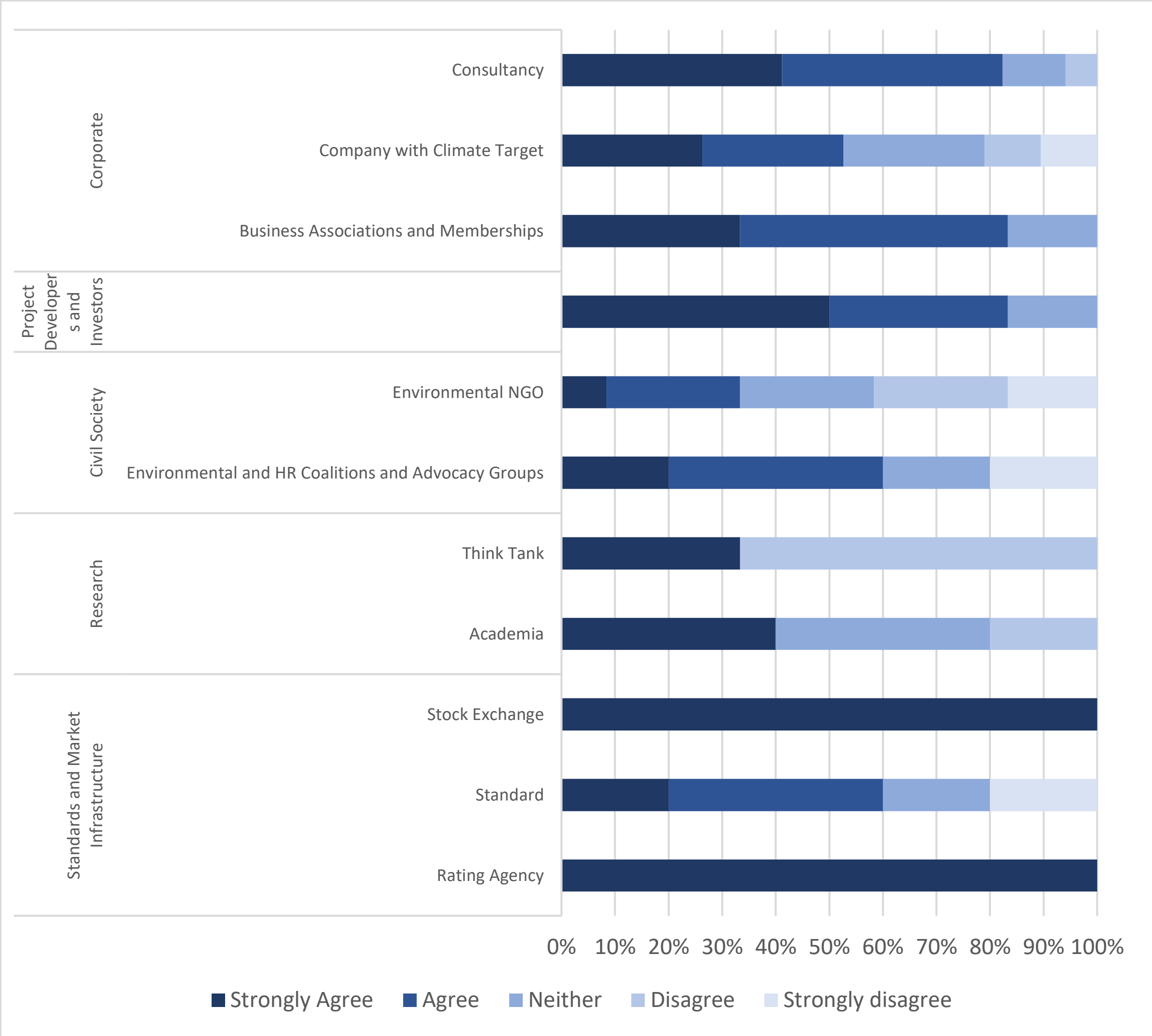

Figure 59: Claims Q1 - Responses by Stakeholder Category and Sub-Group

3.1.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

A majority of respondents in the Supply-side (83%), Oversight (75%), Demand-side (60%) market perspectives agreed or strongly agreed that the schedule of claims respects the mitigation hierarchy, while that was the case for a minority of Observers (40%).

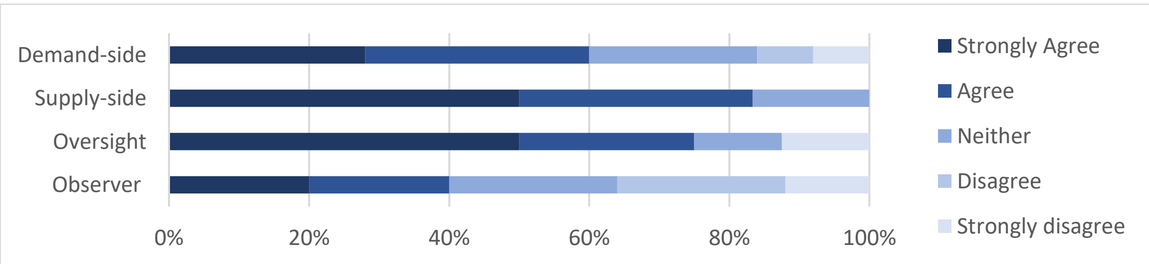

Figure 60: Claims Q1 - Responses by Stakeholder Market Perspective

3.2 Claims Q2: Thresholds for use of carbon credits in VCMI Gold, Silver and Bronze are appropriate.

3.2.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the thresholds for use of carbon credits in VCMI Gold, Silver, and Bronze are appropriate, 34% agreed or strongly agreed and 41% of respondents disagreed or strongly disagreed. A further 25% neither agreed nor disagreed. As illustrated in Figure 5, responses to this question were split relatively evenly between most levels of agreement compared to previous questions. This should underscore the diverse set of opinions that stakeholders hold over the thresholds for use of carbon credits within VCMI Gold, Silver, and Bronze.

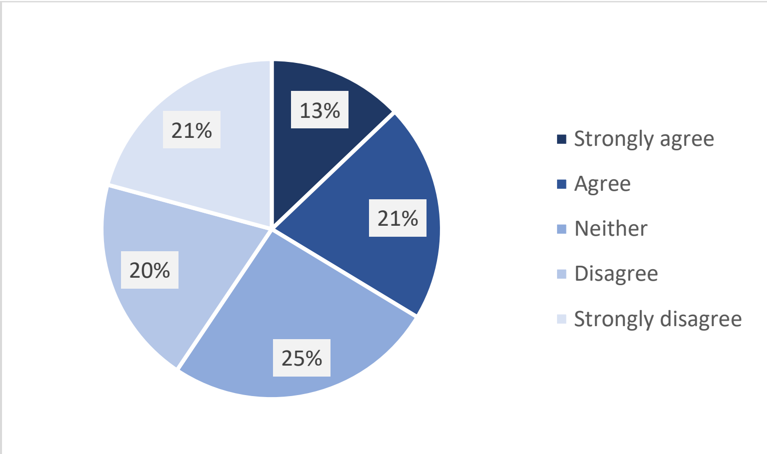

Figure 61: Claims Q2 - Overview of Responses

The vast majority (88%) of Project Developers and Investors agreed or strongly agreed that the thresholds for use of carbon credits in VCMI Gold, Silver, and Bronze are appropriate. Such high levels of agreement are in stark contrast to the remaining stakeholder groups, in which levels of agreement did not reach more than 30%. In some groups, there were significant portions of respondents who neither agreed nor disagreed with the statement presented in Claims Q2 – particularly Research stakeholders. Unaffiliated actors disagreed at the highest rate, with three quarters of respondents in that group disagreeing or strongly disagreeing with the statement.

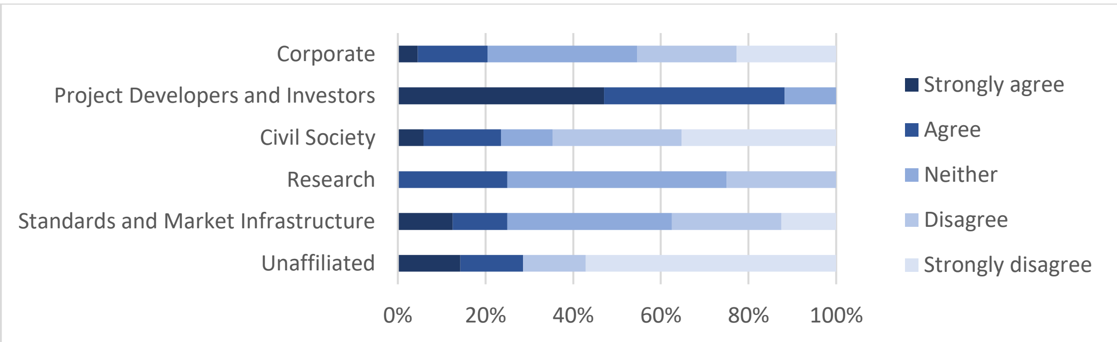

Figure 62: Claims Q2 - Responses by Stakeholder Category

Stakeholders' written feedback reveals several key themes regarding Claims Q2. First, fifteen respondents across all stakeholder groups disagreed with the VCMI Bronze threshold. Additionally, eleven respondents disagreed with the VCMI Silver threshold, and often cited the 20% threshold as being too low. The Gold claim generally receives less criticism, with four respondents agreeing that the threshold for VCMI Gold is sufficient. Some corporate respondents recommended more flexibility within the thresholds, both generally and for some specific sectors (e.g., hard-to-abate sectors and SMEs). Four Corporate respondents added that the Claims Code is too rigid and/or does not provide the right incentives to motivate corporate climate action.

Several respondents recommended alternative thresholds, with many highlighting the 20% threshold as being "especially low," or "totally inadequate," for example. Recommendations include (but are not limited to) a 75% to 80% ceiling on the purchase of carbon credits; increasing the Bronze/Silver thresholds "from 20% to a higher figure (such as 50% - 60%)"; and keeping only the Gold claim going forward, while eliminating Bronze and Silver.

3.2.2 Key messages and takeaways by sub-categories

High levels of disagreement were registered among all sub-categories except for Project Developers and Investors (88% agree or strongly agree), with agreement reaching 50% only in the Rating Agency sub-category. Almost 70% of Environmental NGO and Think Tank respondents disagreed or strongly disagreed that thresholds for use for Gold, Silver, and Bronze claims are appropriate, as opposed to other categories which registered higher levels of neutral opinions. Considering Project Developers and Investors are the only category that has no sub-categories, this more granular look corresponds with the data displayed in Figure 6 and continues to show the widespread disagreement amongst most stakeholder categories.

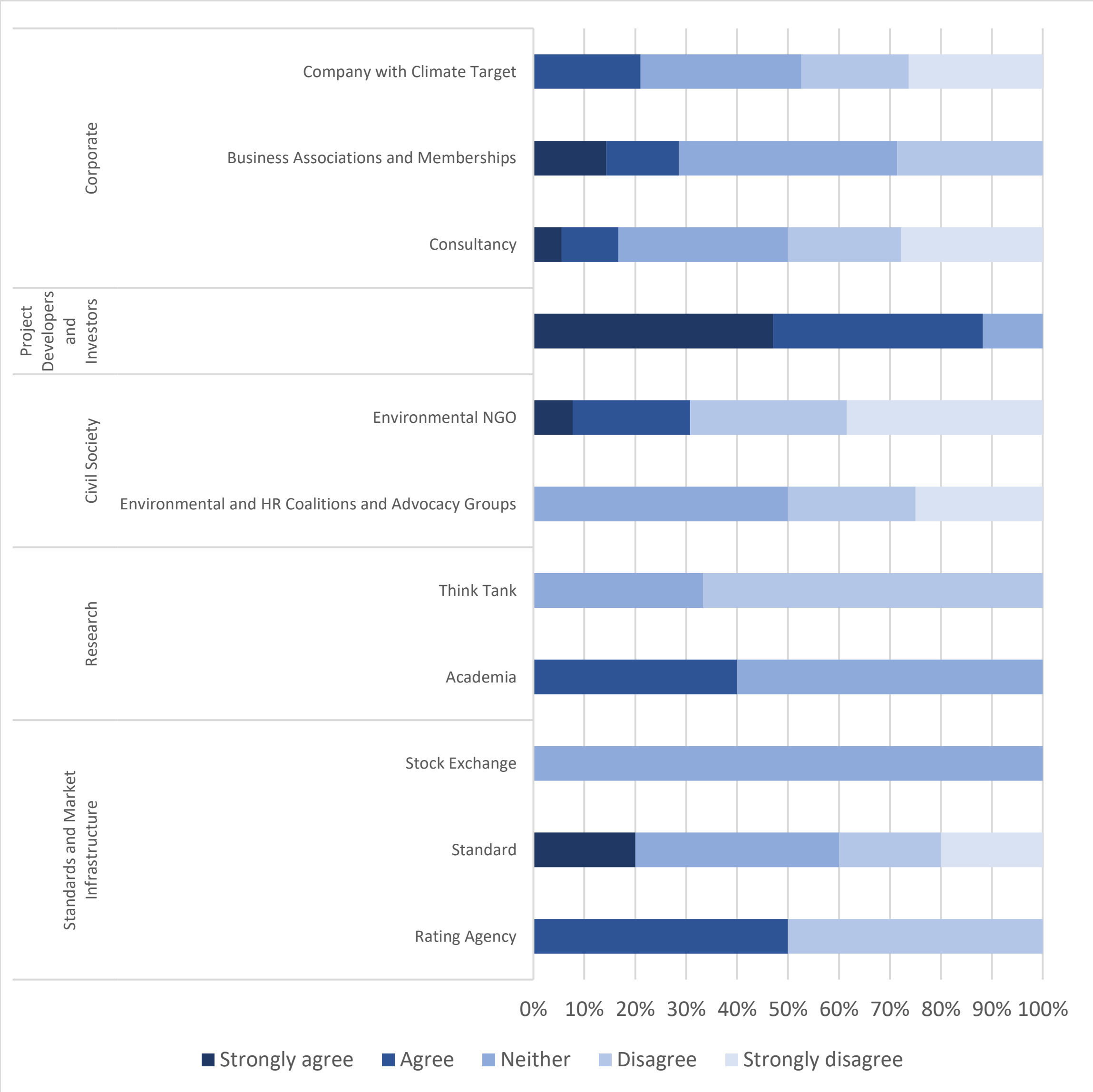

Figure 63: Claims Q2 - Responses by Stakeholder Category and Sub-Group

3.2.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

The vast majority of Supply-side respondents (88%) expressed their agreement or strong agreement that the thresholds for use of carbon credits in VCMI Gold, Silver, and Bronze are appropriate (which, again, corresponds with the categories in previous figures). The levels of agreement or strong agreement for Oversight (24%), Demand-side (23%), and Observer (23%) actors were much lower in comparison.

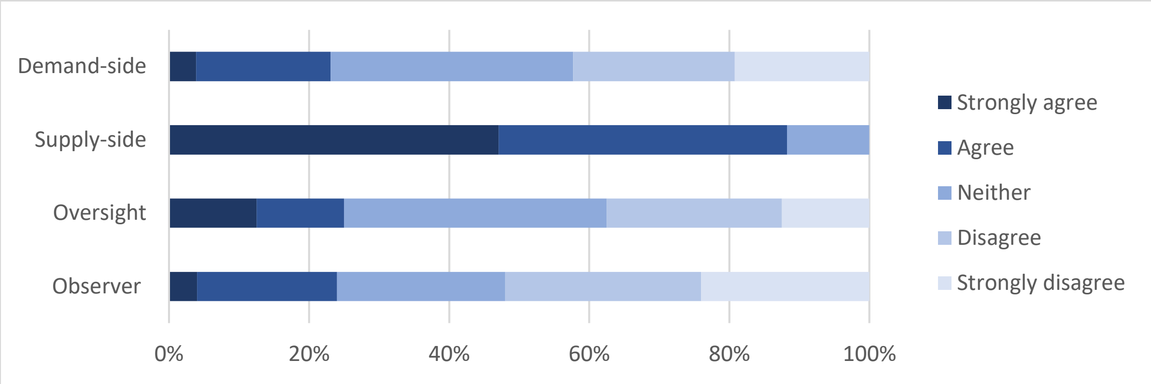

Figure 64: Claims Q2 - Responses by Stakeholder Market Perspective

3.3 Claims Q3: For each of the VCMI Claims (Gold, Silver, Bronze): please indicate whether you think it is too ambitious, strikes the right balance between ambition and accessibility, or is vulnerable to misuse and additional guardrails are needed to prevent greenwashing

Overall, respondents provide extremely mixed feedback on the VCMI Claims. When any given perspective is offered by a stakeholder, it is not uncommon for the exact opposite viewpoint to be offered by another. Despite such heterogenous feedback, several themes emerge within the feedback across stakeholder groups.

A. Bronze

Sentiments towards the Bronze claim appear poorer than those towards Silver or Gold claims (though the latter two still receive critique). Seven respondents across stakeholder groups believe that the Bronze claim in particular leads to greenwashing. Five Project Developers and Investors respondents similarly found this claim not appropriate, confusing, and/or vulnerable to misuse. Additionally, two Civil Society respondents wrote that VCMI Bronze is insufficiently stringent. Another respondent argued that the claim should not exist, with a Standard and Market Infrastructure respondent agreeing. One Civil Society stakeholder commented that the Bronze tier has the same problems as Gold and Silver tiers but multiplied. Another respondent wrote that the Bronze claim violates the SBTi standard for Scope 3 net-zero targets. Additionally, one Research respondent found VCMI Bronze problematic since it may incentivize companies to use carbon credits in place of reducing (Scope 3) emissions within their own value chain.

In stark contrast to critiques of greenwashing, some respondents think that even the Bronze claim is too stringent. For example, two Corporate respondents consider the Bronze level to be too ambitious, with one stating that “for some sectors or organizations, participation in the Code even at the most flexible Bronze level may be difficult” and that the Bronze tier should be reconsidered as an ‘on-ramp’ to Silver and Gold tiers, by enabling more flexibility around Scope 3 emissions. A Research respondent agrees that Bronze is too ambitious. Another respondent (Company with Climate Target) believes that the prerequisites ensure that “there is enough safeguard to prevent greenwashing” for both Bronze and Silver levels, again contrasting with other respondents’ claims that Bronze is susceptible to greenwashing. These comments illustrate the diversity of opinions on the VCMI claims, which are often in direct opposition to one another.

B. Silver

Like the Bronze claim, the Silver claim also received diverse feedback from respondents. For example, five of six respondents in Environmental NGOs believe that the Silver claim is either unnecessary or even that it is a "shining example of greenwashing." In contrast, one of six said that the "Silver claim strikes the right balance between ambition and accessibility, although 20% of emissions to be covered with credits is quite low." Others appear to agree with this later sentiment; four respondents (three Unaffiliated and one Project Developers and Investors) also argued that the 20% threshold is too low. Three others within Standards and Market Infrastructure believe that the Silver claim is appropriate (while offering some caveats). Additionally, one Standard and Market Infrastructure respondent commented that VCMI Silver is not ambitious enough, while another argued that it is not distinct enough from VCMI Gold.

C. Gold

Generally, the Gold claim appears to be more widely endorsed than Silver and Bronze, though it was not without criticism. Several respondents across stakeholder groups believe that the Gold claim strikes the right level of ambition. For example, six Project Developers and Investors and two Civil Society respondents found Gold balanced. Similarly, one Corporate respondent commented that Gold has the right level of ambition. Two respondents (one Civil Society and one Standards and Market Infrastructure) deemed Gold appropriate, and one Research stakeholder considered its requirements ambitious but necessary.

Not all respondents agree with this assessment. For example, four respondents (Consultancy) believed that Gold could be too ambitious for some sectors or companies. Another Standards and Market Infrastructure stakeholder deemed VCMI Gold not ambitious enough. Additionally, three Unaffiliated respondents and two Project Developers and Investors commented that the net-zero qualification for VCMI Gold is misleading. Further, Six Civil Society respondents argued that the net-zero claim should be dropped. Two Standards and Market Infrastructure respondents concurred, arguing that a company could claim the title of 'net-zero' before truly achieving that milestone.

Some respondents gave specific advice for the VCMI Gold claim moving forward. For example, one Standards and Market Infrastructure respondent suggested requiring removal credits to neutralize unabated emissions for the attainment of the Gold label. One Research respondent suggested expanding VCMI Gold to include "historical emissions, a stipulation on the base year, and involve Share of Proceeds for Adaptation."

D. General Recommendations (All Levels)

Several respondents give general comments that apply to all three Claims. One respondent (Company with Climate Targets) argues that all VCMI Claims “need to be simplified and further clarified, and do not account for the diversity of (legitimate) approaches companies are taking to plan, build, and execute their net zero programs and strategies.” Two respondents (Corporate and Civil Society) considered all Claims to be vulnerable to misuse. Elaborating on this point, the Corporate respondent wrote that the “use of Gold, Silver, and Bronze, may be misleading - a company should either be able to credibly claim that they are contributing to a 1.5C-aligned future, or that they're not.” Three respondents suggested adding a Platinum claim for climate positive companies or companies addressing historical emissions, as the current highest level of ambition is not reflected in the Code.

Some respondents expressed their general endorsement of the Claims while offering some caveats. One Civil Society respondent argued that “the three claim types strike the right balance in providing a precise sequence, motivation, and the end goal.” However, they suggested that “the role of removals should be further elaborated." One Research respondent wrote that the claims are appropriate, but the code should avoid language such as ‘carbon neutrality’ and incentivize preference for removals over time. Similarly, one Standard and Market Infrastructure respondent wrote that “the guidance generally strikes the right balance, but more guidance is needed on selecting high quality credits.” One Standard said that all claims are appropriate.

Finally, several respondents raised some points related to the language used to name each Claim. For example, one respondent argues that “VCMI Gold, Silver and Bronze labels are not compelling: Companies want to be able to make claims about their progress largely to communicate to their customers. These consumers are unlikely to know what VCMI is, nor connect with terms that just say ‘gold’, ‘silver’, or ‘bronze.’”

3.4 Claims Q4: Further criteria are needed to ensure companies increase the share of unabated emissions that they cover with carbon credits in VCMI Silver and Bronze claims

3.4.1 Key messages and takeaways overall and by main category of stakeholders

Overall, 46% of respondents believed that further criteria are needed to ensure that companies increase the share of unabated emissions covered with carbon credits for the VCMI Silver and Bronze claims. Further, 40% disagreed or strongly disagreed and 14% neither agreed nor disagreed. While there is a slight bias towards agreement, Figure 9 reiterates the split opinions held by respondents with no clear consensus over whether further criteria are needed as asked within Claims Q4.

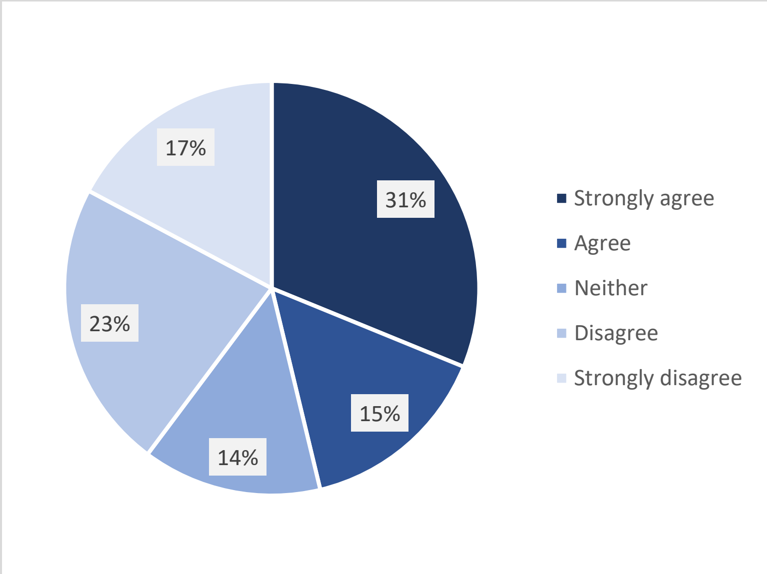

Figure 65: Claims Q4 - Overview of Responses

Levels of agreements and strong agreement were high (60% or more) for Civil Society, Research and Standards and Market Infrastructure categories. Agreement was lowest among Project Developers and Investors respondents (24% agree or strongly agree), followed by Corporate respondents (38% agree or strongly agree).

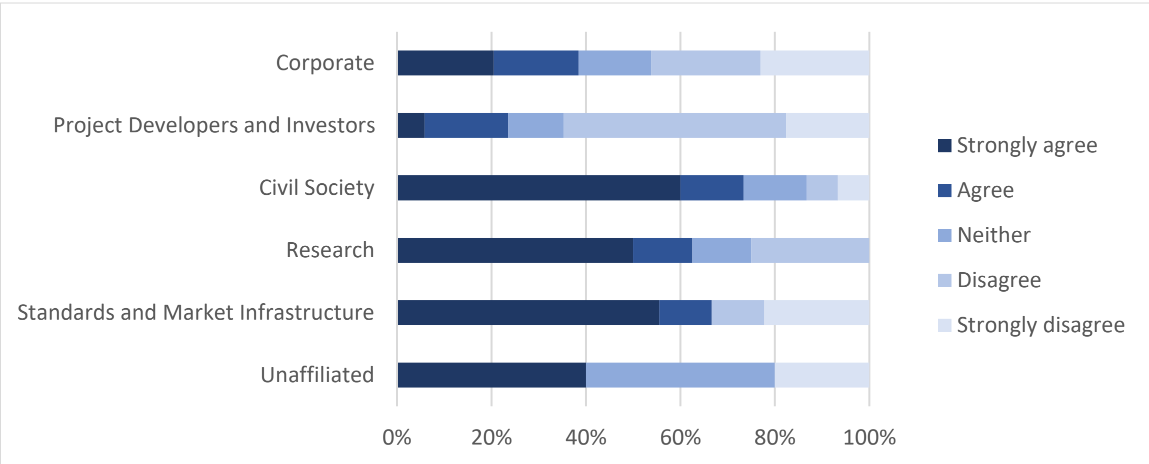

Figure 66: Claims Q4 - Responses by Stakeholder Category

Written feedback from respondents on Claims Q4 primarily makes suggestions for the Claims going forward. Between three Civil Society stakeholders, several suggestions are made. These include setting “a price floor on all credits at the cost of CCS [plus] 50%” to ensure that “investment in credible credits is not crowded out by nature-based credits.” One of these respondents also suggests “the silver claim should start at a higher rate than 20% and/or require a progressive increase of coverage [...] The lower the initial threshold, the higher the annual increase should be. Full coverage of unabated emissions should be reached by 2040 at the latest.” Another respondent suggests that “guidance is provided on the expected share, other than the initial 20%”.

Three respondents (Research) thought that the code should specify a minimum rate of increase in the share of unabated emissions covered by carbon credits for Silver and Bronze. An additional three respondents (Project Developers and Investors) commented that the code should provide more guidance on year-to-year increases in the unabated emissions covered by carbon credits. Like in response to previous questions, three respondents (Civil Society) commented that VCMI Bronze should not exist. Two respondents expressed the same opinion for VCMI Silver. Some respondents also suggested different thresholds for the claims.

3.4.2 Key messages and takeaways by sub-categories

The highest levels of agreement were registered by the Environmental/HR Coalitions and Advocacy and Rating Agency sub-groups, both of which agreed or strongly agreed with the statement posed in Claims Q4 at a rate of 100%. Agreement among Standards, Academia, Think Tank, and Environmental NGO groups were also high, all of which agreed or strongly agreed at rates of 60% or higher. Less than 30% of the Company with Climate Target sub-category and Project Developers and Investors agreed that further criteria are needed to ensure companies increase the share of unabated emissions that they cover with carbon credits in VCMI Silver and Bronze claims, and no respondents from Stock Exchanges agreed.

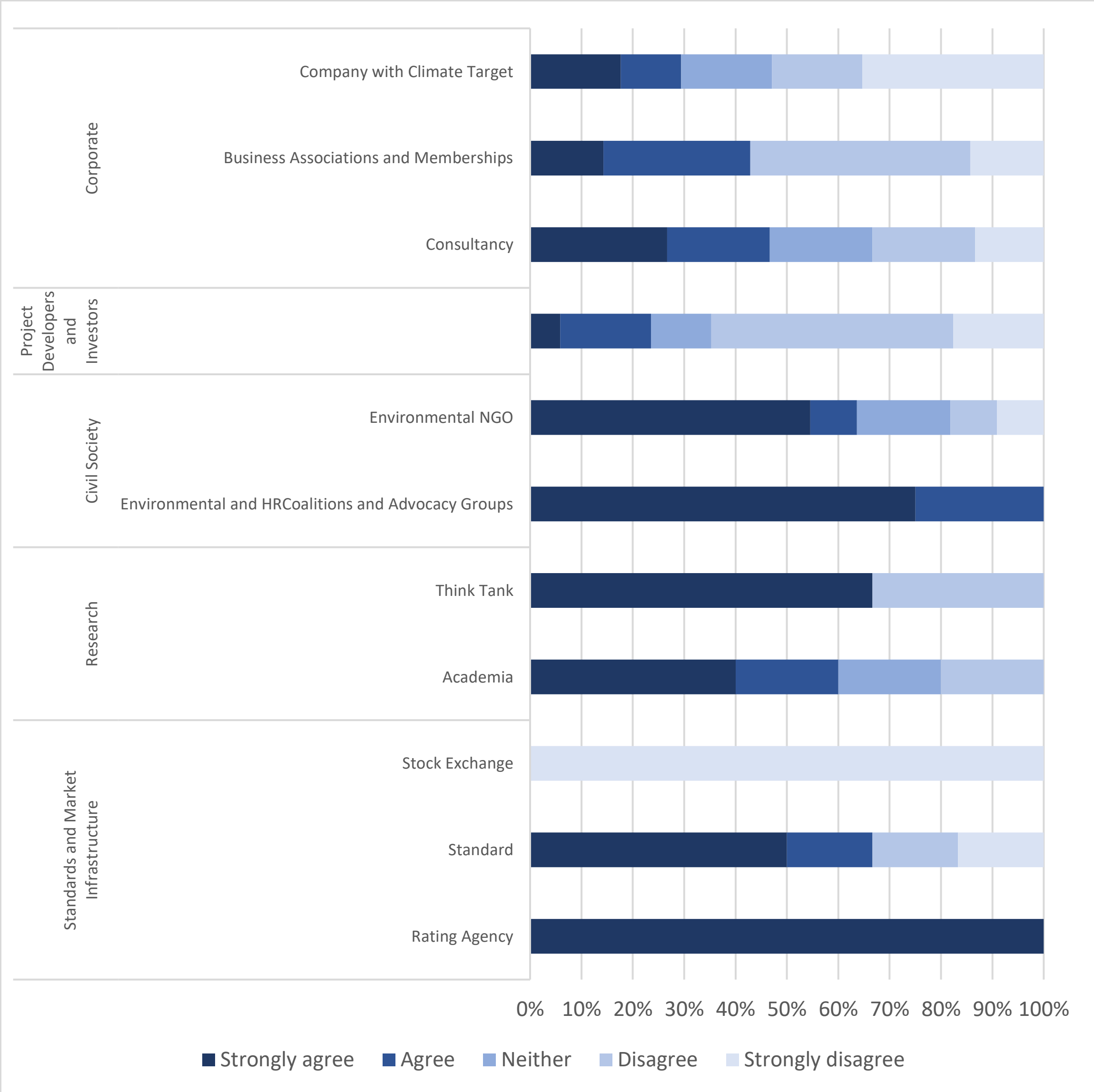

Figure 67: Claims Q4 - Responses by Stakeholder Category and Sub-Group

3.4.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

A majority of Oversight and Observer respondents agreed that further criteria are needed surrounding unabated emissions within the Claims. In contrast, a minority of Demand-side and Supply-side respondents agreed with the statement.

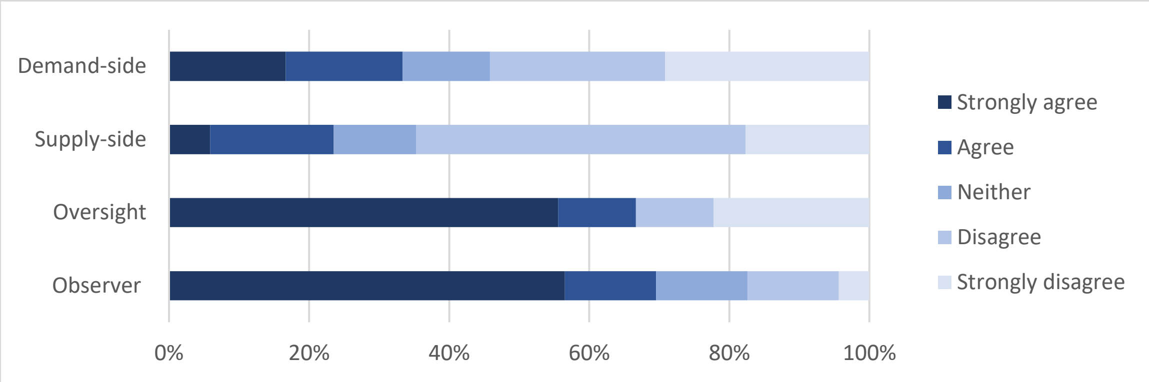

Figure 68: Claims Q4 - Responses by Stakeholder Market Perspective

3.5 Claims Q5: Further criteria are needed to ensure companies make significant improvements on Scope 3 interim reduction targets through time in the VCMI Bronze claim

3.5.1 Key messages and takeaways overall and by main category of stakeholders

A slight majority (51%) of respondents agreed or strongly agreed that further criteria are needed to ensure companies make improvements on Scope 3 emissions reduction targets through time in the VCMI Bronze claim. 13% of respondents neither agreed nor disagreed. While this suggests that stakeholders generally feel neutral to positive about the statement in Claims Q5, over a third of respondents (36%) disagreed or strongly disagreed with the statement, underscoring the fact that that agreement is far from unanimous.

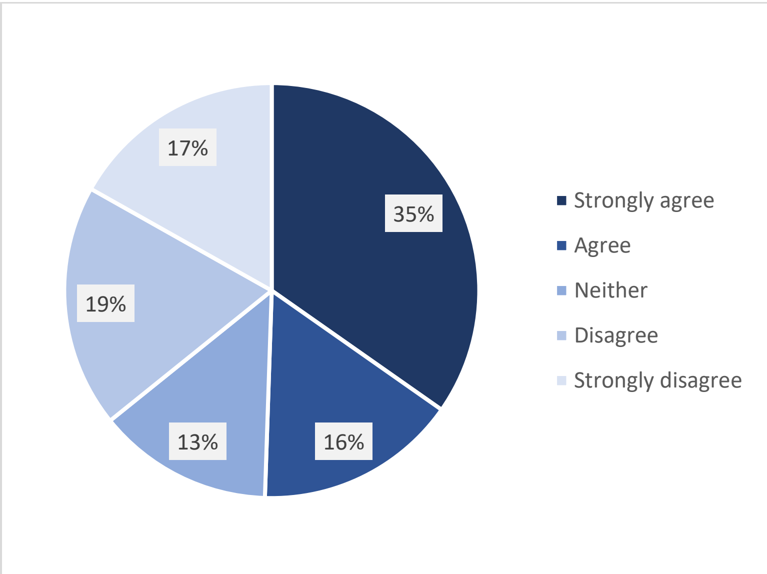

Figure 69: Claims Q5 - Overview of Responses

Most respondents in Civil Society (80%), Research (71%), and Project Developers and Investors (53%) stakeholder categories agreed or strongly agreed that further criteria are needed to ensure companies make improvements on Scope 3 emissions reduction targets in the VCMI Bronze claim. The highest levels of disagreement or strong disagreement were registered among Corporate stakeholders (54%) and Project Developers and Investors (41%).

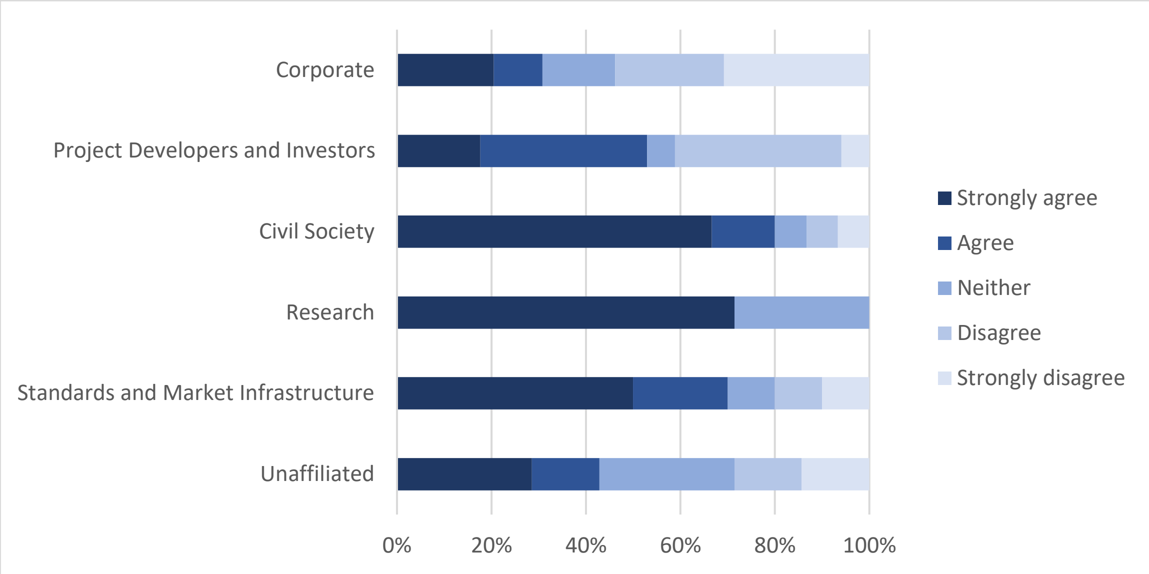

Figure 70: Claims Q5 - Responses by Stakeholder Category

Written feedback from respondents largely included suggestions for further criteria for the Code to include to ensure companies make significant improvements on Scope 3 emissions reduction efforts within the Bronze claim. Five respondents (Project Developers and Investors) commented that further guidance is needed on how Scope 3 reductions are accounted for by different members of the same supply chain investing in similar interventions as there is ample room for double counting and claiming. Six respondents (Civil Society and Standard Agencies) reiterated that, in their opinions, the Bronze claim should not exist. Two respondents (Corporate) argue that the Claims Code's requirements are "very aggressive" and that it's often not feasible to reduce one's value chain emissions through, for example, changing suppliers. Other respondents argue that organizations shouldn't be awarded with a Bronze certification if they aren't transparent about their emissions reduction strategy or if there is a consistent increase in emissions against their baseline. Some respondents suggested even further criteria for improving Scope 3 emissions efforts.

3.5.2 Key messages and takeaways by sub-categories

The highest levels of agreement that further criteria around Scope 3 emissions is needed were among Rating Agency (100% agree or strongly agree), Business Associations (71%), Project Developers and Investors (69%), and Think Tank (67%) sub-categories. The lowest levels of agreement were registered among Environmental/HR Coalitions and Advocacy Groups and Stock Exchanges – neither of which agreed to any extent with the statement in Claims Q5.

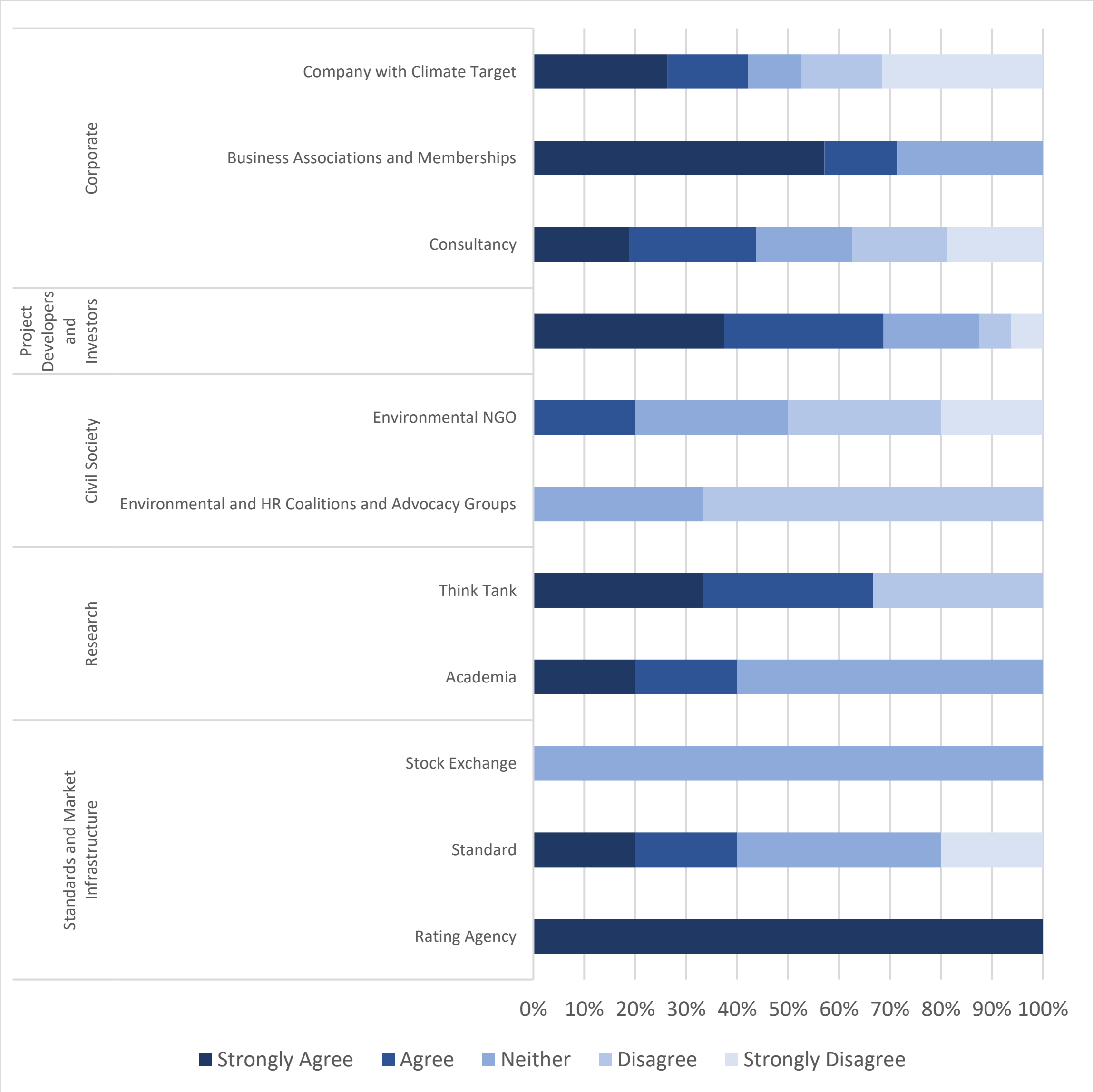

Figure 71: Claims Q5 - Responses by Stakeholder Category and Sub-Group

3.5.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Divided by market perspective, Supply-side actors agreed or strongly agreed at the highest rate (79%) that additional criteria surrounding Scope 3 interim targets is needed. Half of Demand-side respondents and a minority of Oversight (43%) and Observer (29%) agreed or strongly agreed with the same statement.

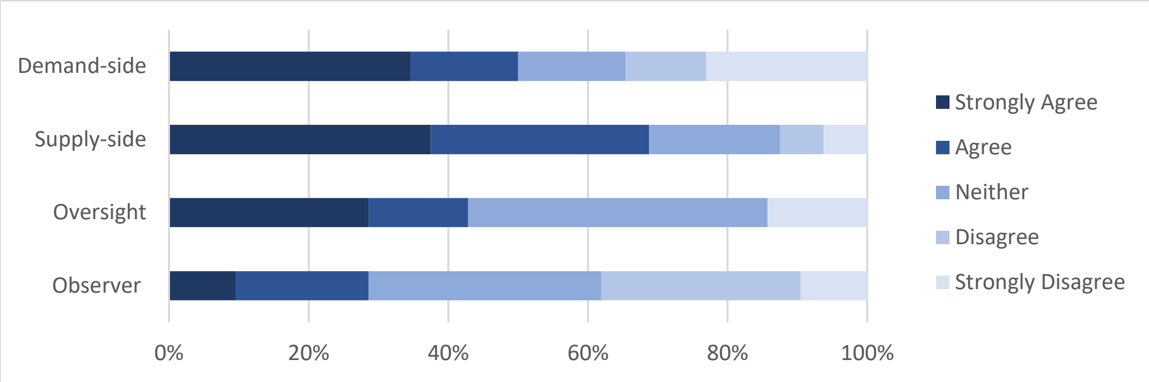

Figure 72: Claims Q5 - Responses by Stakeholder Market Perspective

3.6 Claims Q6: Additional factors should be taken into account when assessing whether a company is "on track" to meet its interim targets

3.6.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether additional factors should be considered in the assessment of whether a company is “on track,” slightly over half (52%) of all stakeholders agreed or strongly agreed. An additional 34% disagreed or strongly disagreed, and 14% neither agreed nor disagreed. While stakeholders clearly lean towards affirmative to neutral opinions on the statement in Claims Q6, the lack of consensus – similar to previous questions – is once again apparent.

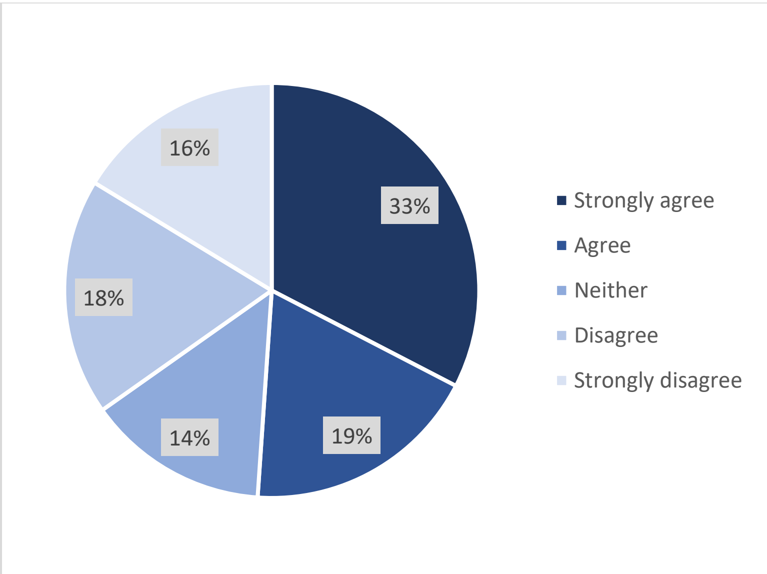

Figure 73: Claims Q6 - Overview of Responses

A majority of respondents in Research (75%), Standards and Market Infrastructure (71%), and Corporate (61%) stakeholders agreed or strongly agreed that additional factors should be considered in assessing whether a company is “on track.” While a minority of Civil Society and Unaffiliated sectors agreed or strongly agreed with the same statement, Project Developers and Investors stood out as having the lowest levels of agreement by a significant margin, at just 18%.

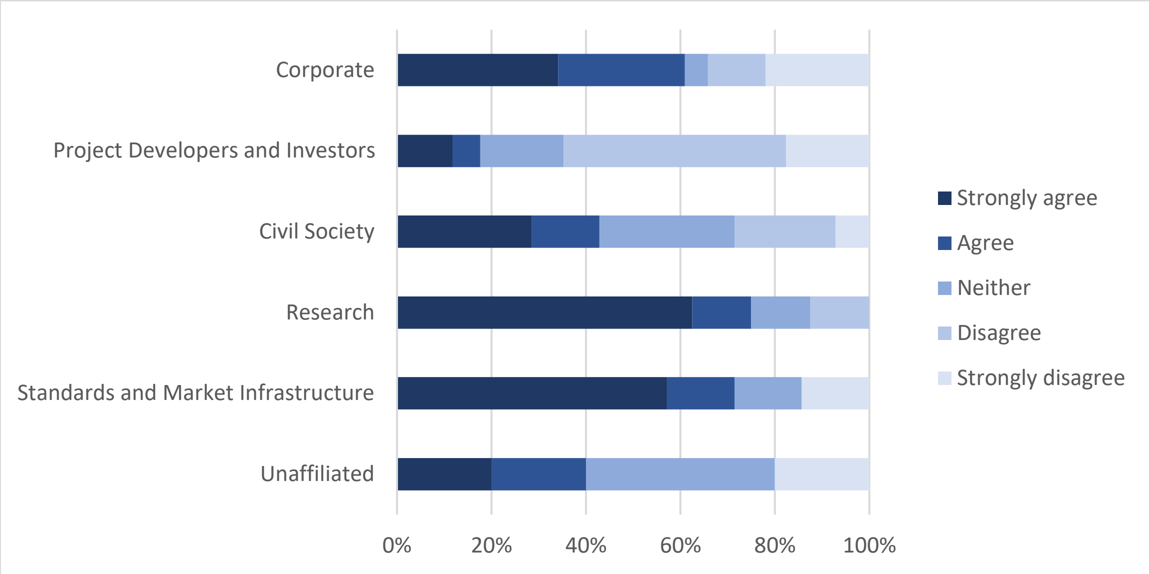

Figure 74: Claims Q6 - Responses by Stakeholder Category

Written respondents from stakeholders make several suggestions regarding Claims Q6. Several Corporate respondents pointed out that macroeconomic and other external factors outside the company's responsibility may affect the achievement of targets, and therefore these additional factors should be considered. Three respondents recommended VCMI to pursue close cooperation with the SBTi to clarify the modalities of this assessment. Several other recommendations include providing more flexibility to account for unforeseen obstacles that may impact a company's ability to stay 'on track'; adding an additional "do no harm" commitment; and better defining milestones and MRV procedures.

Several respondents across all categories commented on the significant lack of clarity on what being "on track" actually means within the Code, together with the role of interim targets. For example, one respondent (Company with Climate Target) asks, "How do we assess whether companies are 'on track' on an annual basis when interim targets are several years apart and when unexpected changes in emissions and the world around us occur?"

3.6.2 Key messages and takeaways by sub-categories

There are high levels of agreement across several sub-categories. Respondents from Stock Exchanges, Consultancies, and Companies with Climate Targets were split in their answers, while 40% Environmental NGOs respondents agreed that additional factors should be considered when assessing whether a company is 'on track.' The category most opposed the inclusion of additional factors in the assessment of companies was Project Developers and Investors, with a level of agreement or strong agreement at 18%.

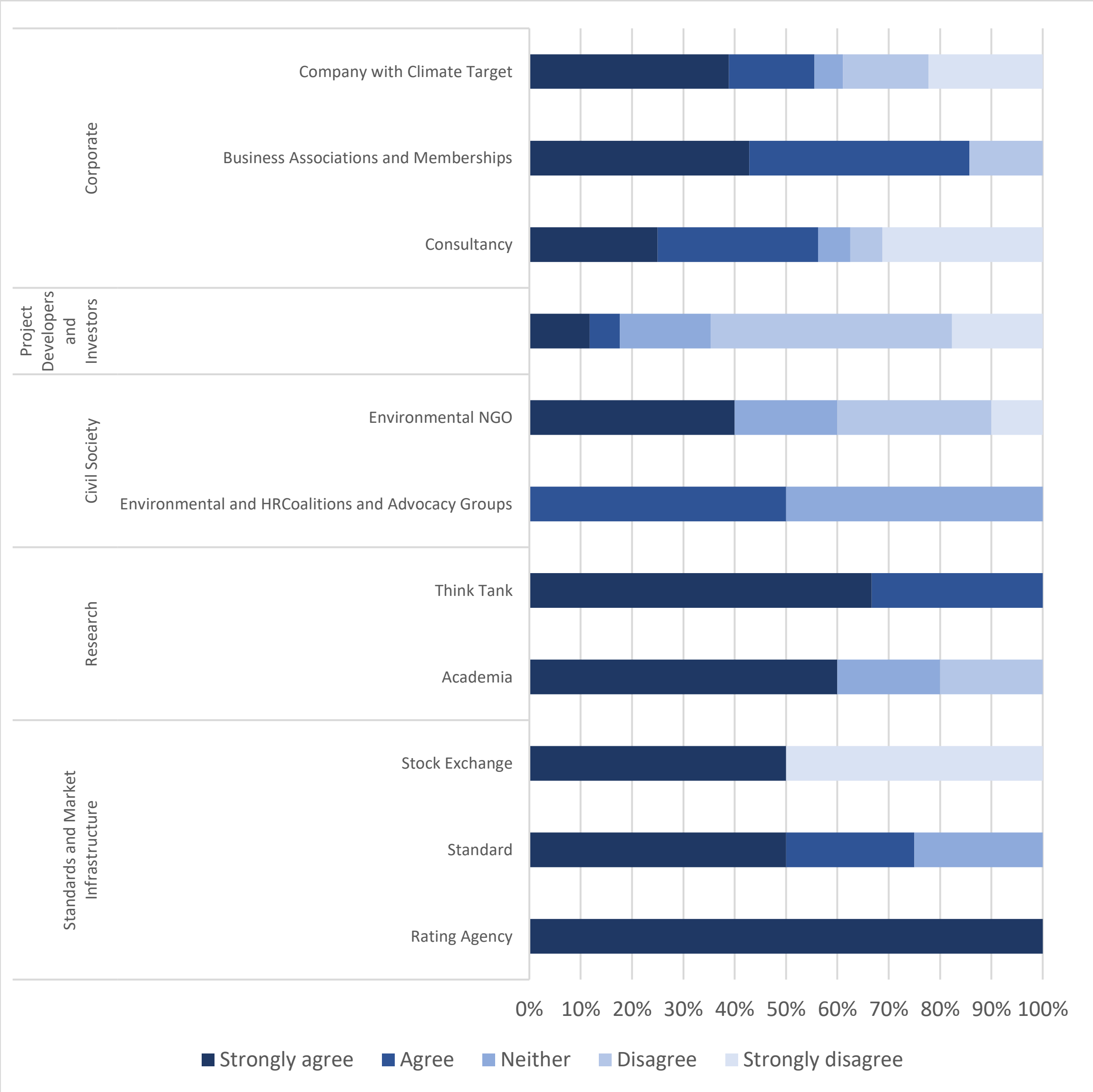

Figure 75: Claims Q6 - Responses by Stakeholder Category and Sub-Group

3.6.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Corresponding with Project Developers and Investor responses in previous figures, a minority of Supply-side respondents (18%) expressed their agreement that additional criteria should be considered when assessing companies' will meet their interim targets. In contrast, Observers (55%), Demand-side (64%), and Oversight (71%) respondents agreed at higher rates.

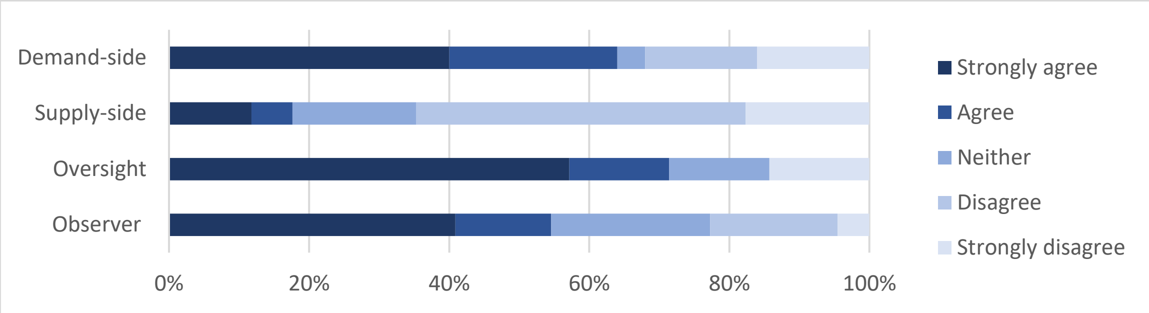

Figure 76: Claims Q6 - Responses by Stakeholder Market Perspective

3.7 Claims Q7: The claims schedule is not sufficiently accessible for (i) SMEs and (ii) different sectors and should be tailored

3.7.1 Key messages and takeaways overall and by main category of stakeholders

Overall, a plurality (47%) of respondents agreed or strongly agreed with the statement that the claims schedule is not accessible for SMEs and different sectors, and 37% of respondents disagreed or strongly disagreed. An additional 16% neither agreed nor disagreed with the same statement. Like responses to previous questions, stakeholders' opinions are again divided.

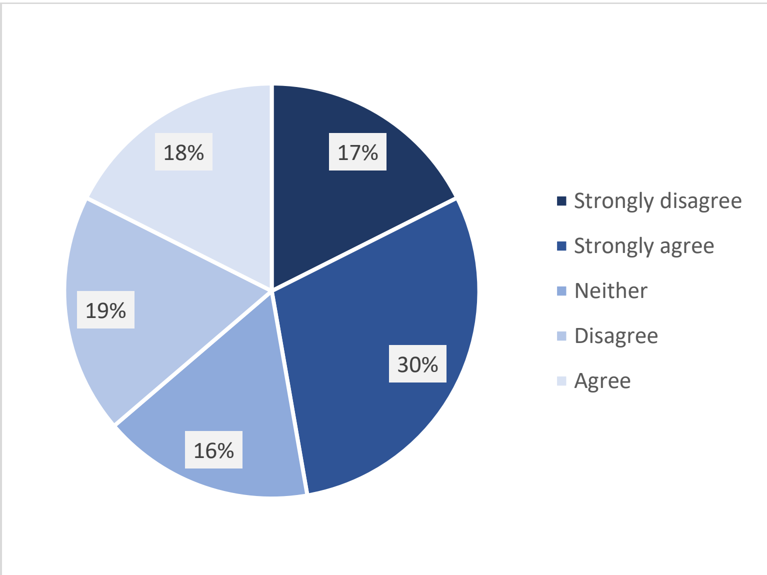

Figure 77: Claims Q7 - Overview of Responses

Standards and Market Infrastructure (75%) respondents agreed or strongly agreed at the highest rates, followed by Project Developers and Investors (56%) and Corporate respondents (48%). Research (25%) and Civil Society (31%) respondents agreed or strongly agreed at the lowest rates of all stakeholder groups.

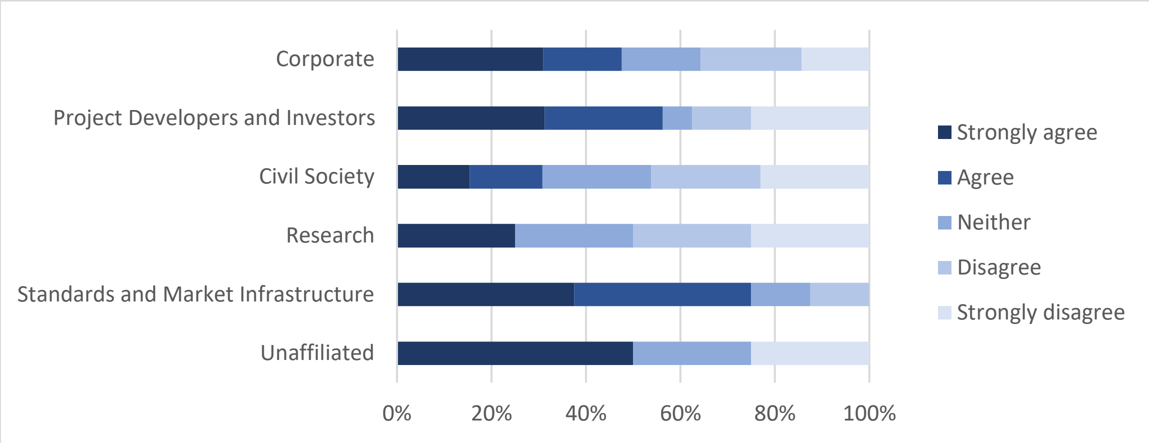

Figure 78: Claims Q7 - Responses by Stakeholder Category

Overall, written feedback argues that the claims schedule is not sufficiently accessible for SMEs and other sectors. A diverse set of suggestions was provided by respondents. Seven Corporate respondents, two Project Developers and Investors, and one Government respondent suggested that the Code may be too burdensome for SMEs. For example, one Corporate respondent writes that "There must be a way to make it easy for smaller corporations, while not diluting the integrity for the large corporations, or of the VCMI brand." Other Corporate respondents suggested considering sector-specific guidance for some industries (including hard-to-abate sectors), especially the financial sector and sectors that do not have an approved methodology under the SBTi standards. Two respondents (Standards and Market Infrastructure) also agreed that the claims schedule should be tailored, with one suggesting tailoring with regards to "sector, geography, overall contribution to the climate challenge, etc."

3.7.2 Key messages and takeaways by sub-categories

The stakeholder sub-categories with the highest levels of agreement that the claims schedule is not sufficiently accessible for SMEs and other sectors are Stock Exchanges (100% agree), Rating Agencies (100% strongly agree), and Standards Agencies (60% agree or strongly agree). Sub-categories within the Corporate sector and Project Developers and Investors all agree or strongly agree at similar rates (hovering around 50%). Those in Academia agree with the statement at the lowest rate (20%).

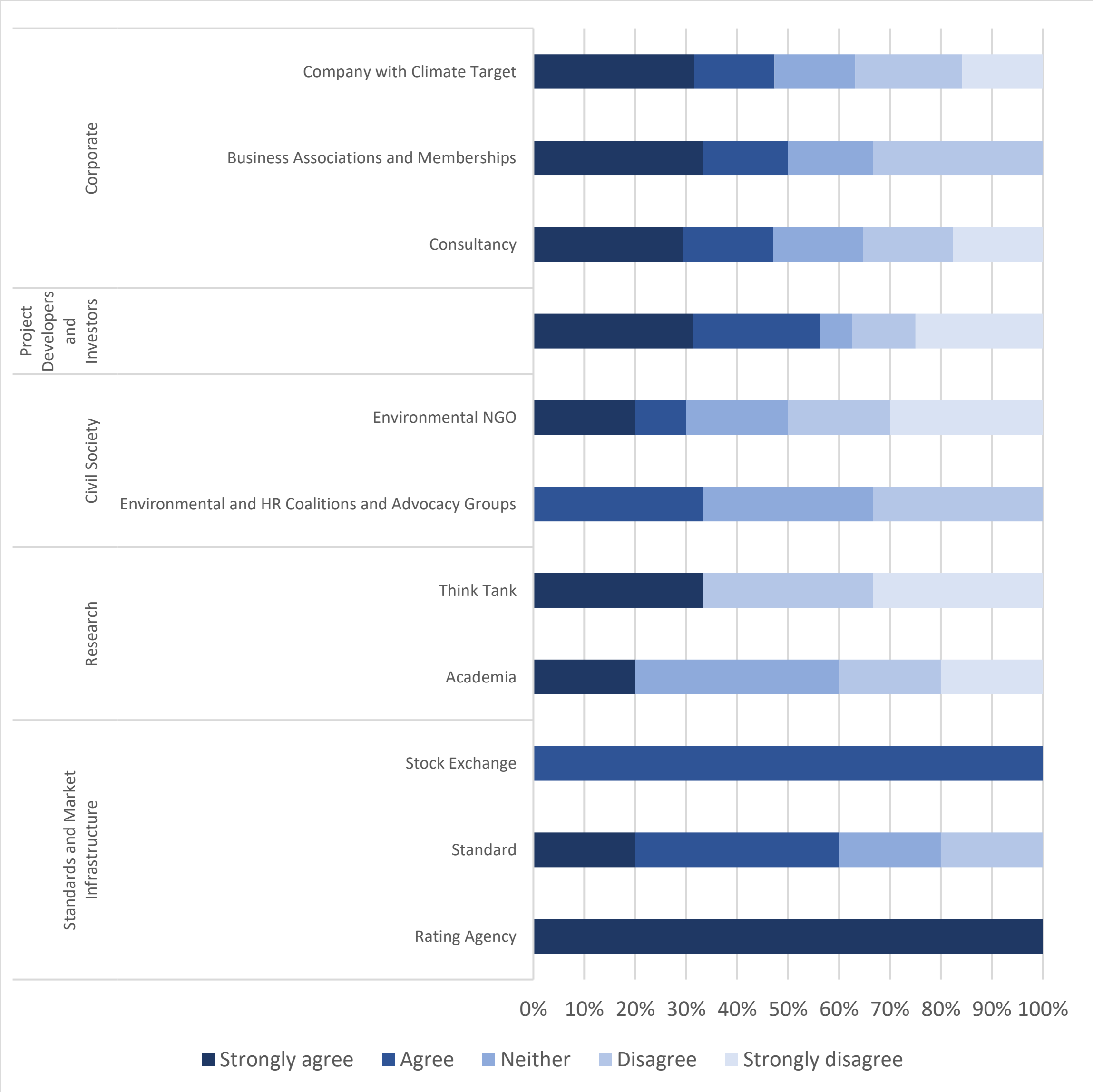

Figure 79: Claims Q7 - Responses by Stakeholder Category and Sub-Group

3.7.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Oversight respondents agreed or strongly agreed at the highest rates (75%), followed by Supply-side (56%), Demand-side (48%), and Observer (29%) actors.

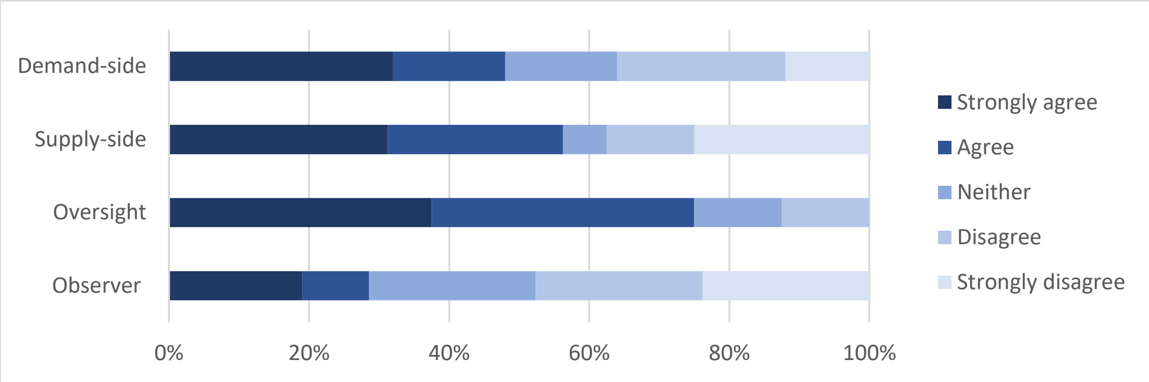

Figure 80: Claims Q7 - Responses by Stakeholder Market Perspective

3.8 Claims Q8: Carbon credits underpinning VCMI contribution claims should not need to be associated with corresponding adjustments.

3.8.1 Key messages and takeaways overall and by main category of stakeholders

Overall, half of respondents agreed or strongly agreed that carbon credits underpinning VCMI contribution claims should not need to be associated with corresponding adjustments, while 32% disagreed or strongly disagreed. Nearly a fifth (18%) of respondents neither agreed nor disagreed with the statement.

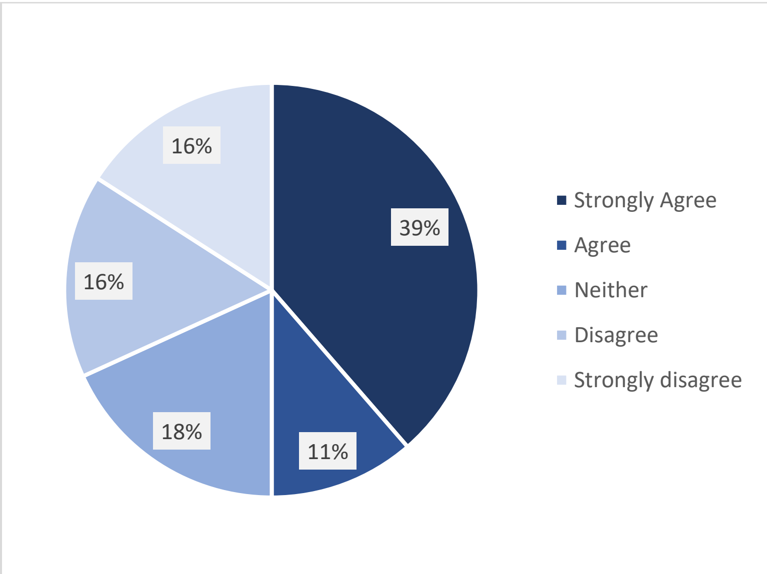

Figure 81: Claims Q8 - Overview of Responses

Agreement was highest among Corporate (60%), Standards and Market Infrastructure (57%), and Project Developers and Investors (58%) categories. Civil Society respondents (14%) agreed or strongly agreed at the lowest rates that carbon credits underpinning VCMI contribution claims should not need to be associated with corresponding adjustments.

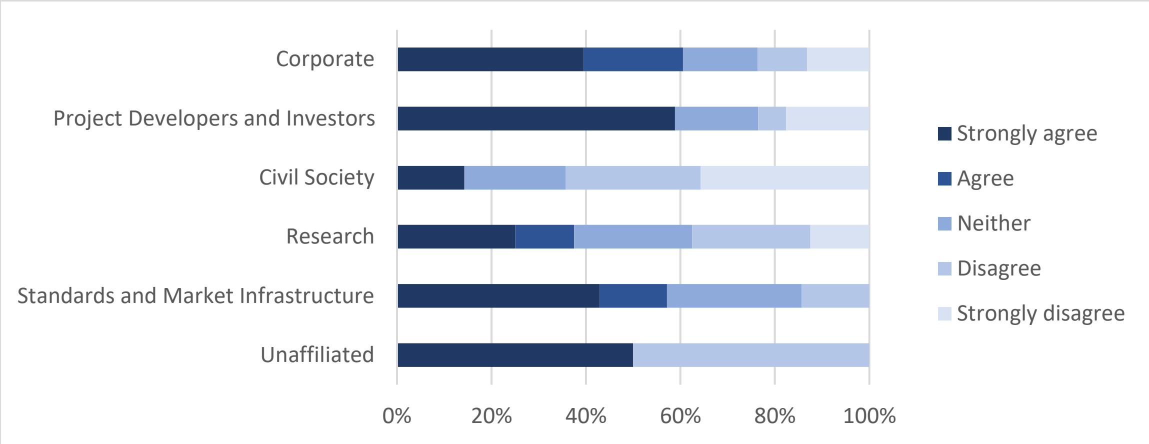

Figure 82: Claims Q8 - Responses by Stakeholder Category

Written feedback reflects diverse opinions that stakeholders hold over the question of corresponding adjustments. On the side of agreement, four respondents agreed that carbon credits underpinning VCMI contribution claims should not need to be associated with corresponding adjustments, citing the current uncertainty regarding Article 6 rules. Two respondents raised the possibility for the Code to offer further guidance on the topic in the future.

While some respondents agreed with the statement posed in Claims Q8, others expressed their disagreement. Five Corporate respondents, three Civil Society respondents, and three Project Developers and Investors commented that corresponding adjustments should, in fact, be made. For example, one Corporate respondent writes that "if a corporate or other entity claims to be offsetting its emissions with new and additional emission reductions, or contributing to global mitigation, those same underlying emission reductions cannot also be [claimed] by another entity – including the host Party. A corresponding adjustment is necessary to support a credible offsetting claim. "Two Civil Society respondents argued that CAs are needed for the net-zero and carbon neutrality claims in particular. Further, two respondents recommended that companies disclose whether CAs were made.

3.8.2 Key messages and takeaways by sub-categories

Within stakeholder groups, there was significant diversity of opinion on the need for credits to be associated with corresponding adjustments. For example, 100% of Standards Agencies agreed or strongly agreed with the statement, whereas no Ratings Agencies nor Stock Exchanges agreed at all, despite being under the same stakeholder umbrella. Corporate sub-categories, in contrast, were more unified in their moderate agreement on the statement, as noted in Figure 27.

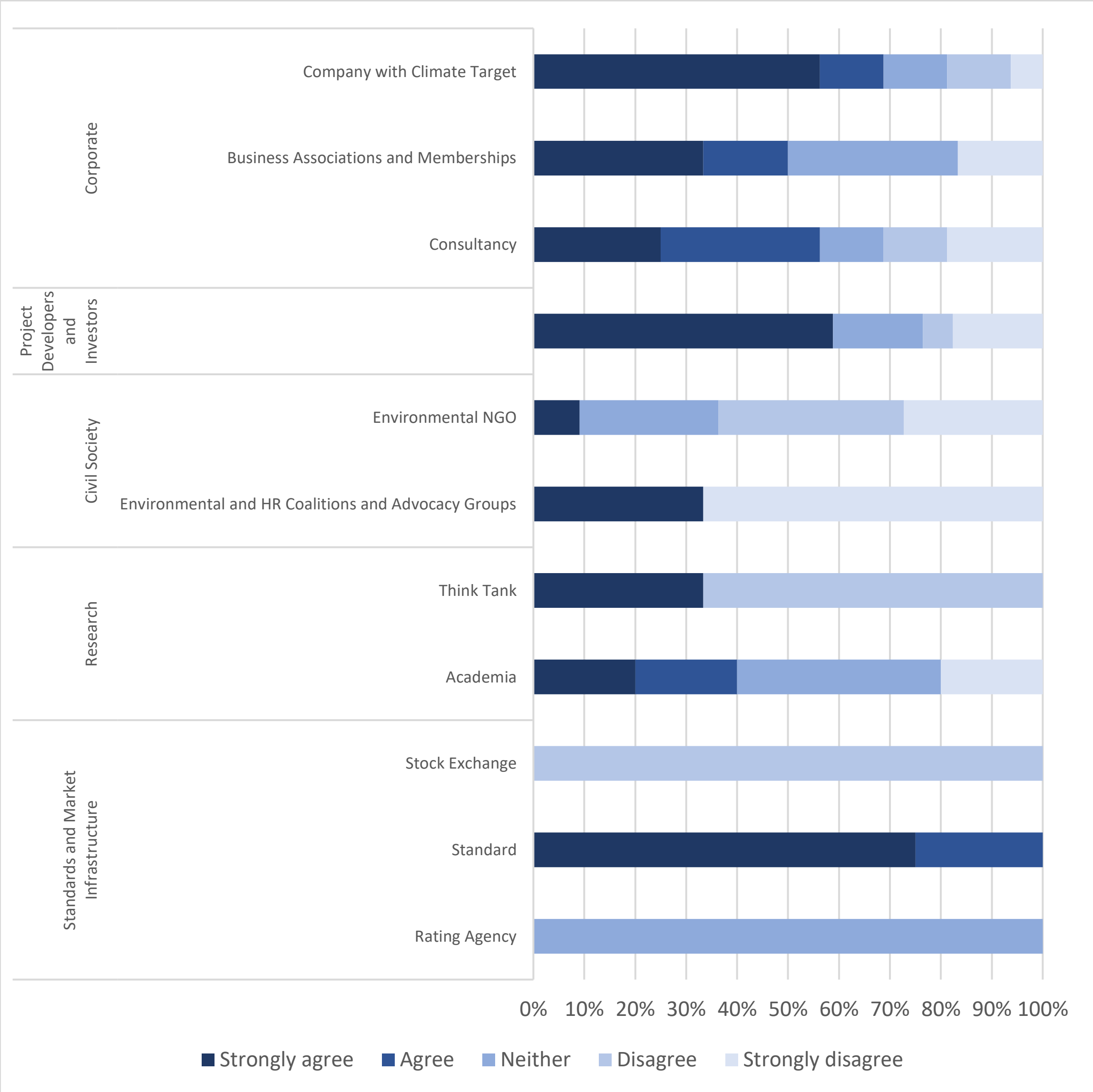

Figure 83: Claims Q8 - Responses by Stakeholder Category and Sub-Group

3.8.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Demand-side, Supply-side, and Oversight actors agreed or strongly agreed at similar rates that carbon credits associated with the VCMI contribution claims should not need to be associated with corresponding adjustments (57% – 63%). In contrast, those from the Observer role in the carbon market agreed or strongly agreed at a lower rate of 23%.

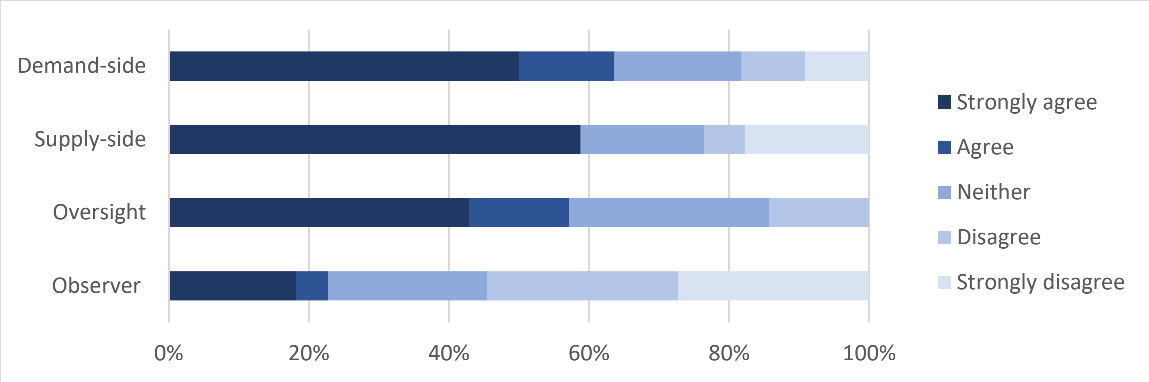

Figure 84: Claims Q8 - Responses by Stakeholder Market Perspective

3.9 Claims Q9: There should be differentiated claims for exclusive use of carbon credits associated with corresponding adjustments.

3.9.1 Key messages and takeaways overall and by main category of stakeholders

Overall, 46% of respondents agreed or strongly agreed on the need for differentiated claims for exclusive use of carbon credits associated with corresponding adjustments, whereas 25% disagreed or strongly disagreed. The proportion of respondents who neither agreed nor disagreed (29%) was significantly higher than for previous questions.

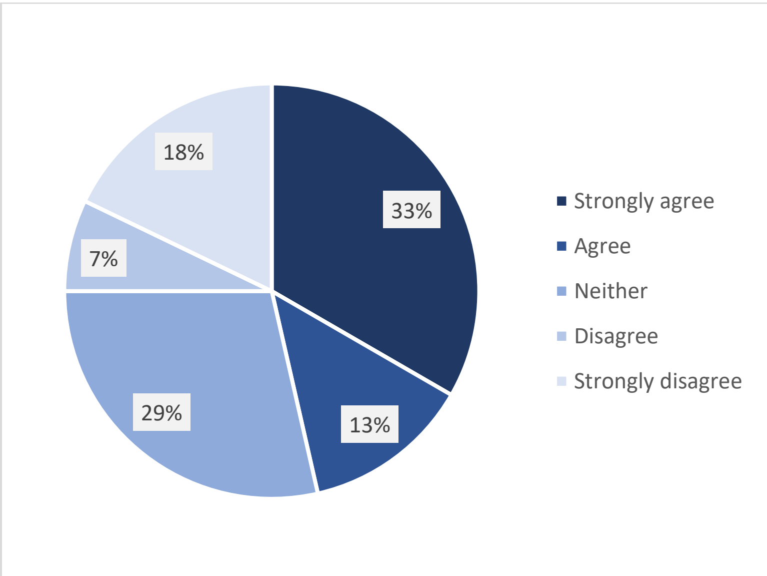

Figure 85: Claims Q9 - Overview of Responses

The stakeholder groups agreeing or strongly agreeing at the highest rates are Unaffiliated (67%), Research (62%), and Project Developers and Investor (56%) actors. In contrast to previous questions' responses divided by stakeholder groups, most categories displayed moderate levels of agreement, with no outliers with extreme agreement or disagreement.

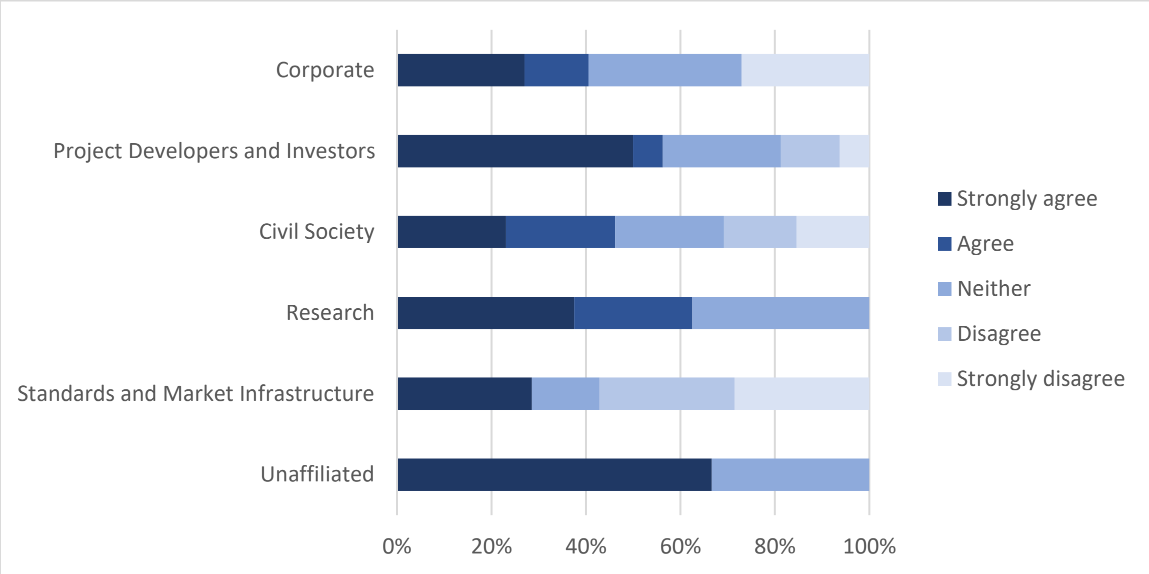

Figure 86: Claims Q9 - Responses by Stakeholder Category

Written responses again reflect diverse perspectives from stakeholders, including several implementation suggestions. Two Corporate respondents suggested waiting until full implementation of Article 6 systems at the national and international levels before assessing how the Claims Code interfaces with those systems. Within the Project Developers and Investors category, two respondents similarly suggested waiting before giving further guidance. Another Corporate respondent noted that different claims for different types of credits would lead to more confusion in the market. A Civil Society stakeholder concurred, noting that an abundance of claims "will become extremely confusing to implement, and even more confusing for stakeholders to understand."

Another Corporate respondent agreed with the statement presented in Claims Q9, stating that "there should be differentiated claims for exclusive use of carbon credits associated with CAs, since the climate impact from the perspective of the atmosphere is different when using CA-based and non-CA-backed carbon credits."

Two Project Developers and Investors respondents think that corresponding adjustment should not be associated to contribution claims, therefore there would be no need to differentiate claims. Two other respondents (one Corporate and one Civil Society) argued that there should be no differentiation, because only credits with corresponding adjustments should be allowed.

Two Standards and Market Infrastructure respondents argued that differentiation could lead to the belief that credits without corresponding adjustments are of lesser quality. Another respondent wrote that "regarding corresponding adjustments [...] full disclosure is the most important thing," adding that "the VCMI code should seek to complement the regulatory environment rather than dictate any differentiation ex ante."

3.9.2 Key messages and takeaways by sub-categories

When divided by stakeholder sub-categories, responses were fairly heterogenous. At noted in Figure 31, some groups had high levels of agreement (Stock Exchanges, though only one respondent was surveyed here) and other had no agreement (Rating Agency). More moderate levels of agreement came from Think Tank (over 66%), Academia (60%), Consultancy (50%) and Environmental NGO (50%) groups. Respondents from Standards overwhelmingly disagreed or strongly disagreed (75%) on the need for differentiated claims for exclusive use of carbon credits associated with corresponding adjustments.

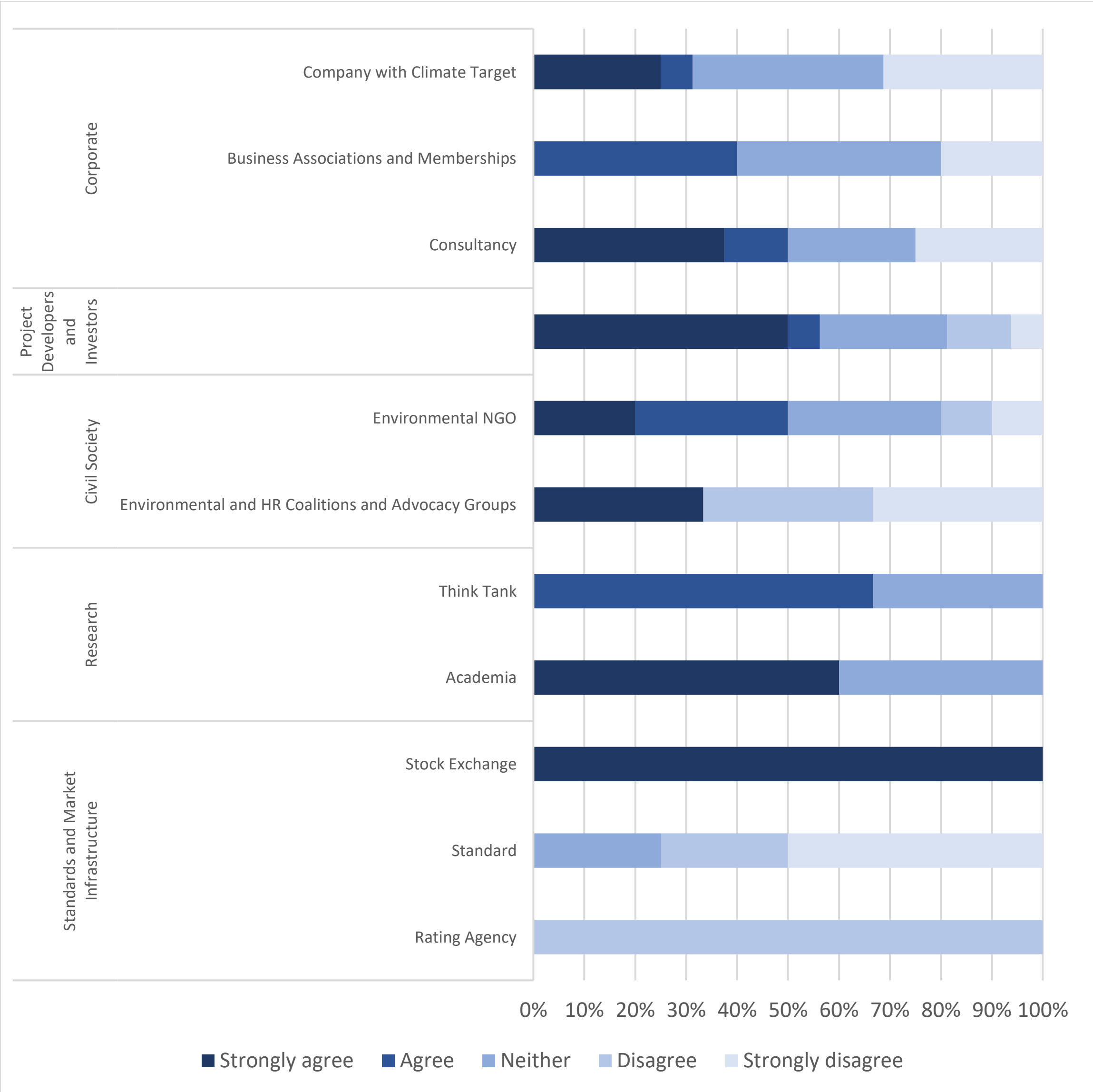

Figure 87: Claims Q9 - Responses by Stakeholder Category and Sub-Group

3.9.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Respondents from Supply-side (56%), Observers (53%), Demand-side (33%), and Oversight (26%) groups agreed or strongly agreed at more moderate rates compared to other questions divided by market perspective.

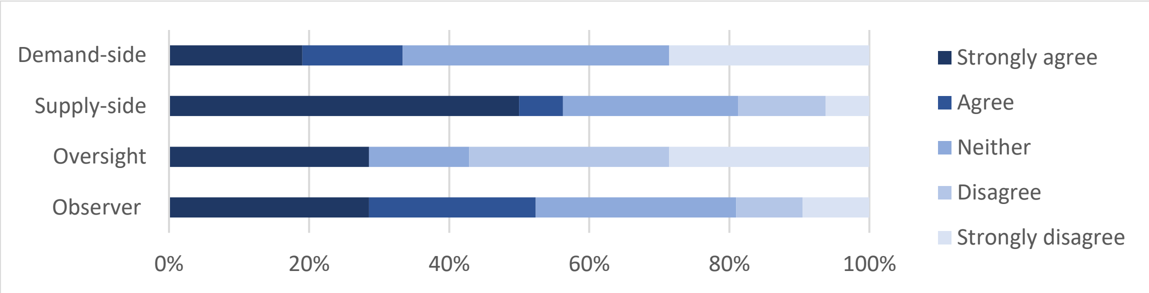

Figure 88: Claims Q9 - Responses by Stakeholder Market Perspective

3.10 *Claims Q10: Additional guidance is needed on the Brand, Product and Service claims.*

3.10.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether additional guidance is needed on the Brand, Product, and Service claims, respondents leaned towards agreement. The majority (59%) of respondents agreed or strongly agreed that additional guidance is needed for these types of claims, while 30% disagreed or strongly disagreed. Additionally, 11% of respondents neither agreed nor disagreed. The most common response from stakeholders was strong agreement (43%), suggesting a large base of respondents feel strongly that additional guidance is needed for this portion of the Claims Code.

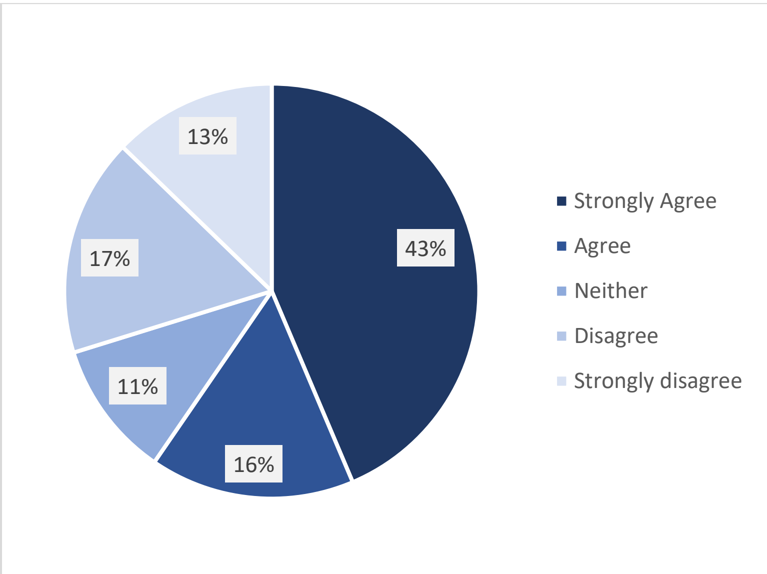

Figure 89: Claims Q10 - Overview of Responses

A vast majority of Civil Society respondents agreed or strongly agreed that additional guidance is needed (93%), followed by Research (63%) and Corporate (55%) respondents. Notably, the majority (59%) of Project Developers and Investors disagreed or strongly disagreed, which is the highest level of disagreement by a significant margin.

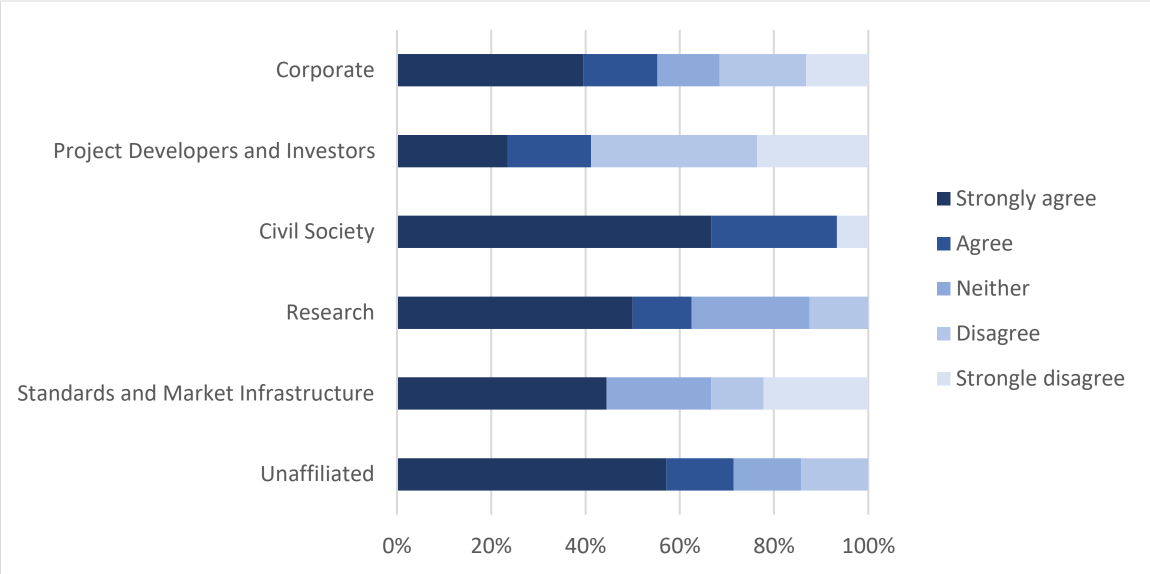

Figure 90: Claims Q10 - Responses by Stakeholder Category

The general agreement that additional guidance is needed for the Brand/Produce/Service claims is reflected within the written feedback. Several Corporate respondents questioned the Brand/Product/Service delineation, and some noted that such claims should not be allowed at all. This component of the claims is "too strict" according to one respondent, and risks deterring some companies that may be focusing on transition only one of their products towards carbon neutrality as a starting point. Another respondent notes that the "separation of brand, product and service claims without a rigorous framework as at the entity level does not make sense." Further, another respondent writes that the claims give "credibility and legitimacy to the greenwashing at the products level" as they do not require that companies "reduce their emissions to meet the standards, meaning that companies can effectively use this as an unevidenced, statement of intent."

Indeed, seven Civil Society respondents were critical of these types of claims, arguing that the Brand/Product/Service claims would lead to increasing greenwashing. Three Unaffiliated respondents concurred, noting that climate claims at this level are simply not possible. Generally, respondents' feedback calls for increased clarity on this aspect of the claims, with some calling the Brand/Product/Service claims "vague" or unnecessary.

Others make specific suggestions on how to improve this component of the claims. For example, two Corporate respondents noted that enabling product-level claims disassociated with enterprise-level claims would accelerate uptake of the Claims Code, notably among companies from hard-to-abate sectors. Similarly, one Standards and Market Infrastructures respondent pointed out that these types of claims could be "the initial on-ramp for many companies before potentially continuing through bronze to Silver and Gold."

3.10.2 Key messages and takeaways by sub-categories

Several sub-categories show significant levels of agreement and/or strong agreement that additional guidance is needed on the Brand/Product/Service claims, including Think Tanks (100%), Environmental/HR and Advocacy Groups (100%), Environmental NGOs (91%), and Consultancies (72%). In all other sub-categories, between 40% and 50% of respondents agreed or strongly agreed.

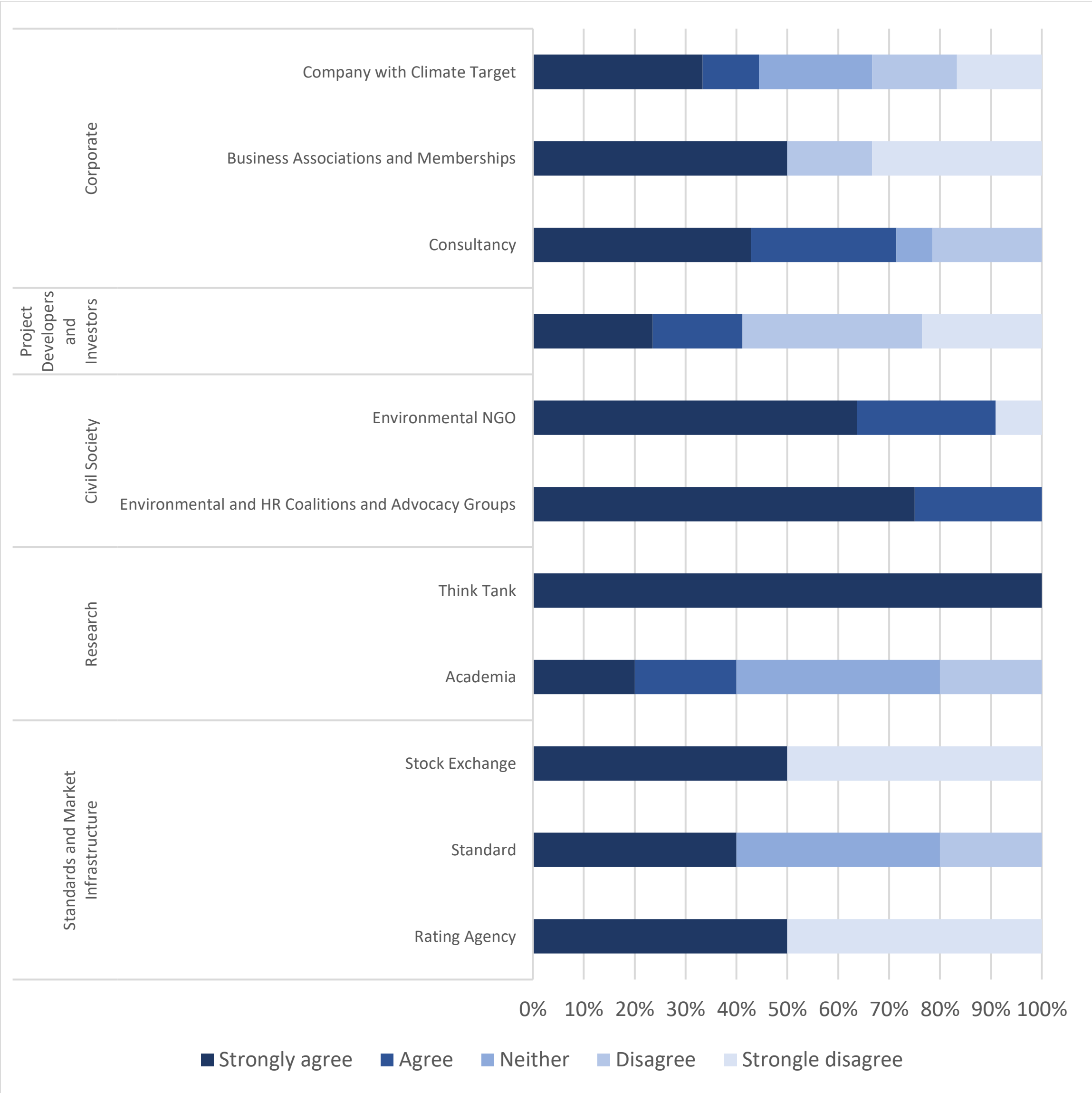

Figure 91: Claims Q10 - Responses by Stakeholder Category and Sub-Group

3.10.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

When divided by stakeholder category, a majority of Observers (83%) agreed or strongly agreed that additional guidance is needed on the Brand/Product/Service claims. All other categories, a minority of respondents agreed or strongly agreed with the same statement, though agreement hovered between 40% and 50% for Demand-side, Supply-side, and Oversight actors.

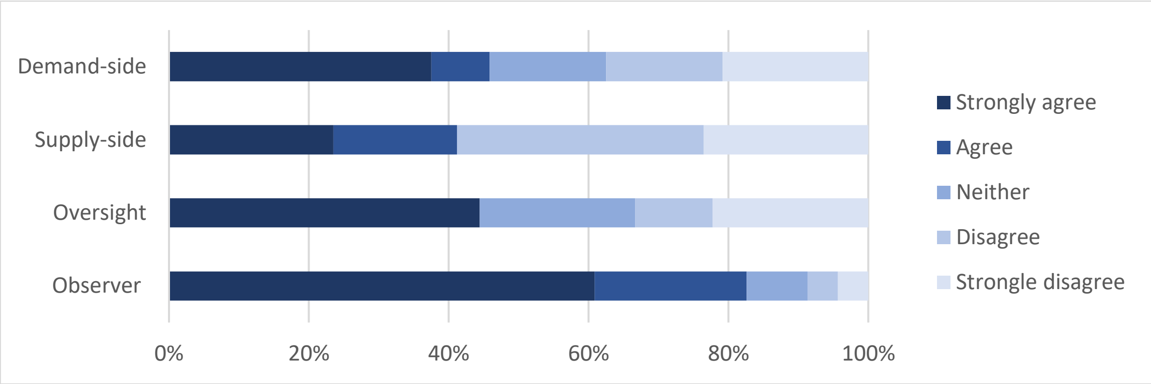

Figure 92: Claims Q10 - Responses by Stakeholder Market Perspective

4. Section 4: 'Credits'

For each of the questions included in Section 4, we provide below a synthesized overview of the key messages and takeaways (i) overall and by main category of stakeholders, (ii) by sub-group, and (iii) by role in the carbon market.

4.1 Credits Q1: The criteria for high quality carbon credits are clear and comprehensive.

4.1.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the criteria for high quality carbon credits are clear and comprehensive, 38% of respondents agreed or strongly agreed and 44% disagreed or strongly disagreed. An additional 18% neither agreed nor disagreed with the statement. The even distribution between the five different responses suggests a clear lack of consensus on this point. Evidently, there are many different viewpoints held by different stakeholders regarding the clarity and comprehensiveness of the criteria for high quality credits.

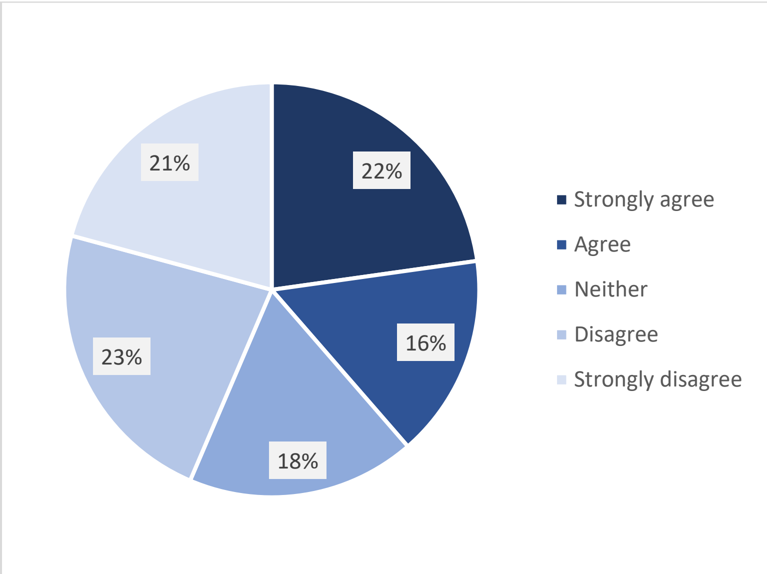

Figure 93: Credits Q1 - Overview of Responses

When divided into stakeholder groups, those in Research (11%) showed the lowest rates of agreement or strong agreement that the criteria for high quality carbon credits are clear and comprehensive. Project Developers and Investors agreed or strongly agreed at the highest rate (58%), followed by Corporate (43%) and Unaffiliated (40%) actors.

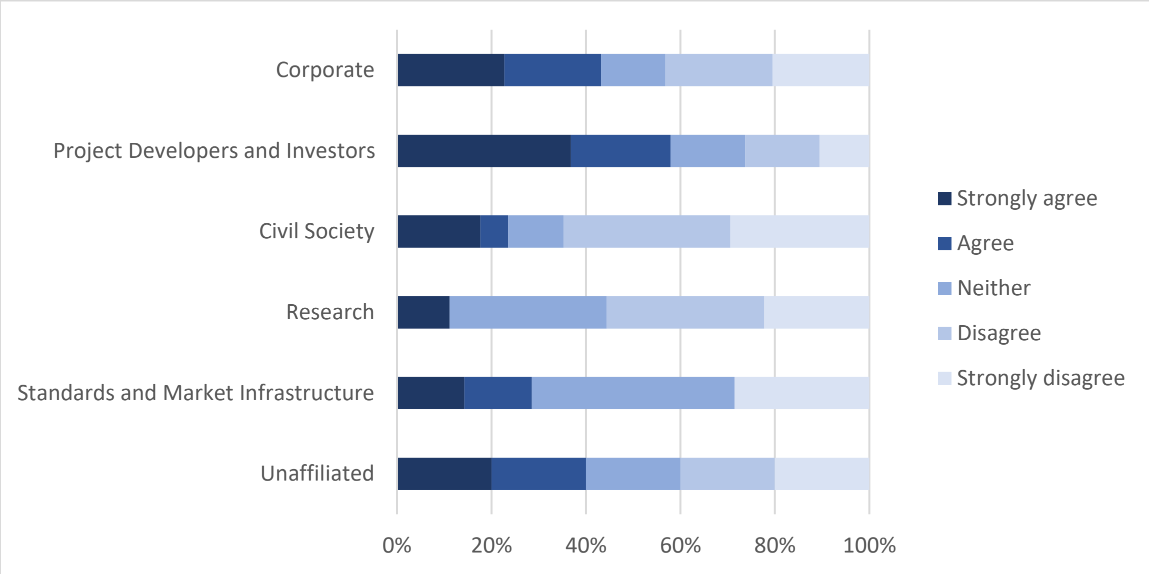

Figure 94: Credits Q1 - Responses by Stakeholder Category

While some feedback from stakeholders reflects approval of the criteria for high quality carbon credits, the majority of responses received offered critique or recommended changes. Several respondents across stakeholder groups suggest that the Code incorporate pre-existing criteria from other standards, such as CORSIA and the IC-VCM. For example, six respondents within Companies with Climate Targets believe the VCMI should explicitly endorse CORSIA and IC-VCM standards, and not include additional criteria. Three respondents from Consultancies and one from Environmental NGOs agree that the VCMI should align with or mirror existing initiatives. Nonetheless, this opinion is not unanimous among stakeholders. One respondent (Environmental NGO) argues that the "VCMI should not allow CORSIA compliance to count, nor should it rely on standards processes that are still in development." Other stakeholders argue that other areas of the criteria are lacking. For example, one respondent (Environmental NGO) argues that the criteria are "NOT COMPREHENSIVE [emphasis in original] if not accompanied by a commitment to FPIC, and related social and environmental standards."

Other stakeholders express broad disagreement with the criteria, often expressing a general opposition to carbon credits, or taking issue with a lack of "substantive definition of 'high-quality.'"

One respondent (Environmental/HR Coalitions and Advocacy Groups) recommends that "on top of the criteria currently presented in the draft code, [...] the recommendations made by Carbon Market Watch with the 4 minimum requirements which carbon removal schemes shall meet" are also included: 1) "removal of GHG from the atmosphere," 2) "permanence of the removal," 3) "consideration of upstream and downstream emissions associated with the removal process," and 4) "the total quantity of GHG removed is greater than total quantity of GHG emitted.""

4.1.2 Key messages and takeaways by sub-categories

Though with just one respondent, Stock Exchanges expressed 100% strong agreement that the criteria for high-quality carbon credits is clear and comprehensive. Consultancies were nearly evenly split between agreement and disagreement, with only a small portion of respondents neither agreeing nor disagreeing. This makes Consultancies the most polarized sub-group of any stakeholders. Many sub-categories express low to moderate rates of agreement with the statement provided in Credits Q1, ranging between 16% (Environmental/HR Coalitions and Advocacy Groups) and 56% (Business Associations and Memberships).

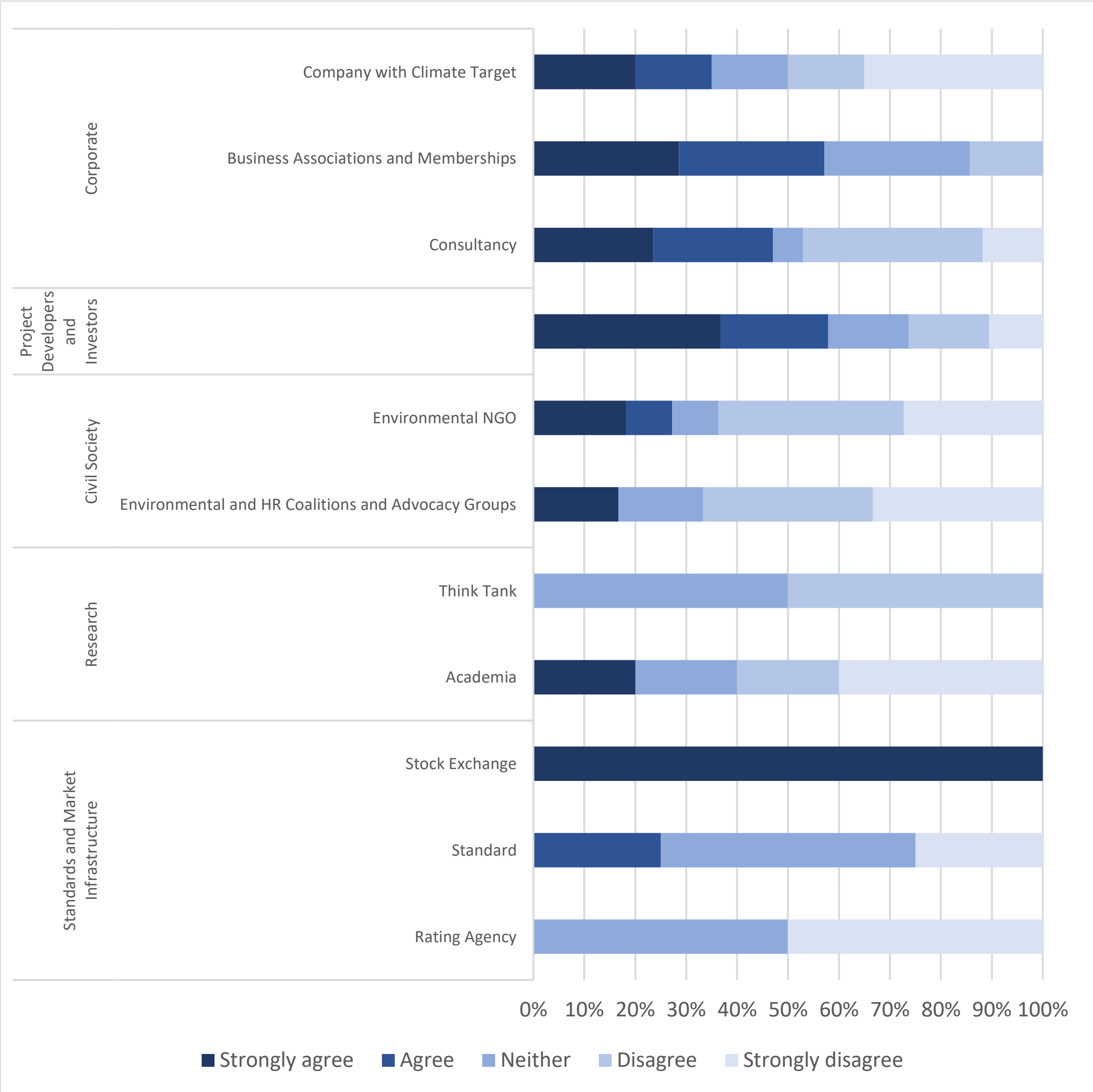

Figure 95: Credits Q1 - Responses by Stakeholder Category and Sub-Group

4.1.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Divided by market perspective, actors on the Supply-side agreed with the statement at the highest levels (56%), followed by Demand-side (41%), Oversight (30%), and Observer (19%) actors.

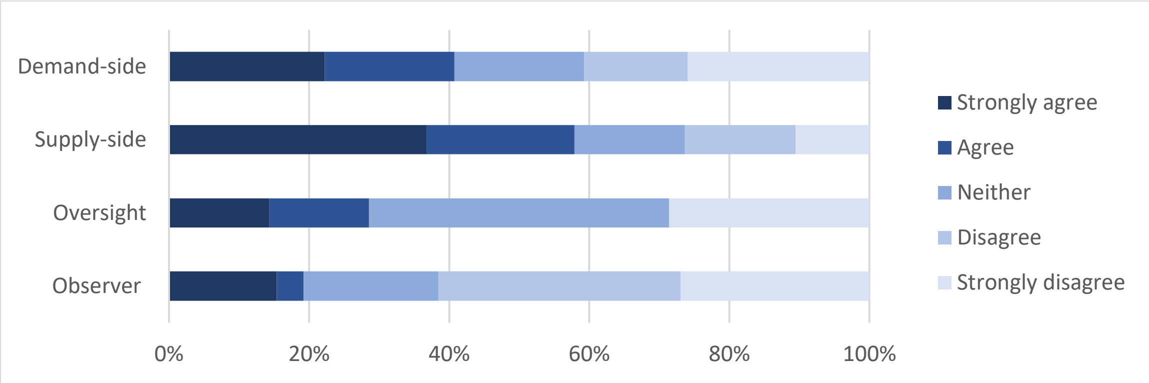

Figure 96: Credits Q1 - Responses by Stakeholder Market Perspective

4.2 Credits Q2: There are gaps and/or alternative information sources and tools to draw on which should be included in the criteria.

4.2.1 Key messages and takeaways overall and by main category of stakeholders

48% of respondents agree or strongly agree that there are gaps and/or alternative information sources and tools to draw on which should be included in the criteria. 45% disagree or strongly disagree, and just 9% have no opinion on the statement. While there is a relatively even split between agreement and disagreement overall, the large proportion of respondents in strong agreement with the statement is of note. Clearly, those that see gaps or alternatives view them as highly relevant for inclusion in the criteria.

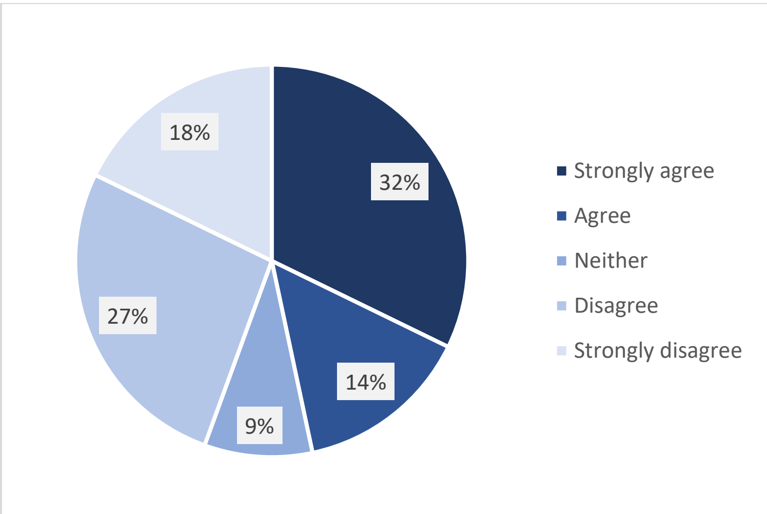

Figure 97: Credits Q2 - Overview of Responses

When divided into stakeholder groups, Standards and Market Infrastructure actors show the most agreement with the statement presented in Credits Q2 (85%), followed by those in Research (62%) and Civil Society (60%). Project Developers and Investors agree at the lowest rates (30%) that there are gaps and/or alternative information sources and tools to draw on which should be included in the criteria.

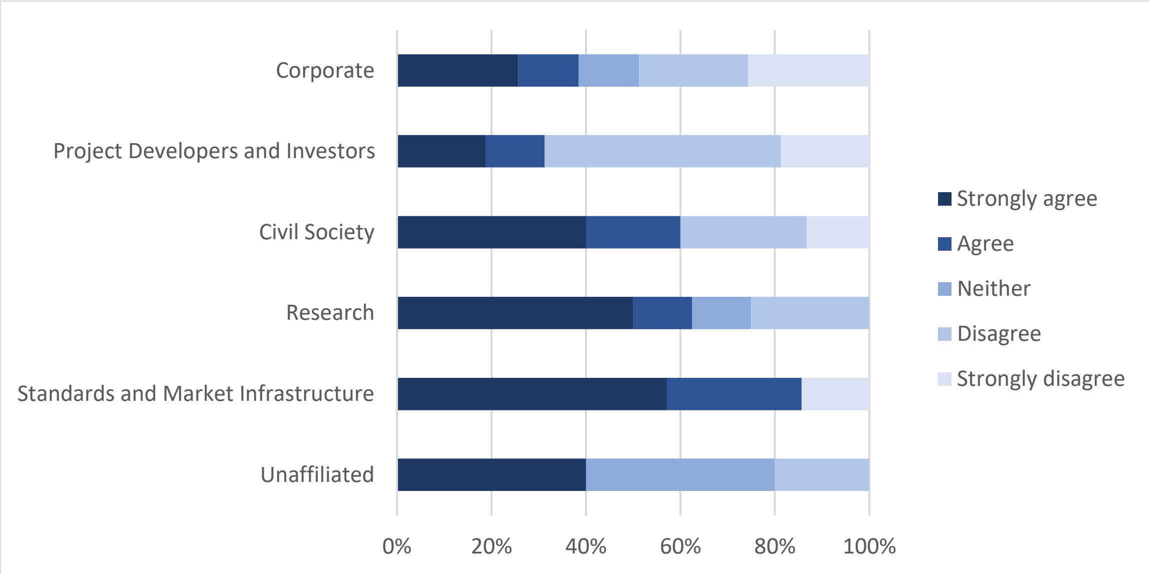

Figure 98: Credits Q2 - Responses by Stakeholder Category

Stakeholder feedback regarding Credits Q2 identifies several gaps and/or alternative information sources which should be included in the criteria. Respondents across stakeholder groups suggest that the VCMI should align with existing criteria for high quality carbon credits. For example, one respondent (Standard) argues that "VCMI could consider pointing to recognised benchmarks such as ICROA, CORSIA and/or IC-VCM (in the near future) to avoid this criterion being stretched by users at the expense of integrity." Another respondent suggests the integration of UN Guiding Principles on Business and Human Rights (UNGPs) and OECD due diligence guidance for defining a minimum level of human rights protection.

Some respondents suggest areas where criteria should be more specific. For example, one respondent (Environmental NGO) argues that "with respect to the issue of 'high-quality', the document should establish both a floor and headroom to raise the bar if new regulations or standards are developed. The definition of high-quality used by the VCMI should also be specific enough to avoid the use of fraudulent credits." Another respondent (Standard) argues that there should be more specific guidelines on how to assess criteria for global and local stakeholder consultation, including with Indigenous Peoples and local communities.

4.2.2 Key messages and takeaways by sub-categories

100% of Environmental/HR Coalitions and Advocacy Groups, Ratings Agencies, and Standards either agreed or strongly agreed that there are gaps and/or alternative information sources and tools to draw on which should be included in the criteria. Most other stakeholder sub-categories agreed or strongly agreed at low to moderate rates.

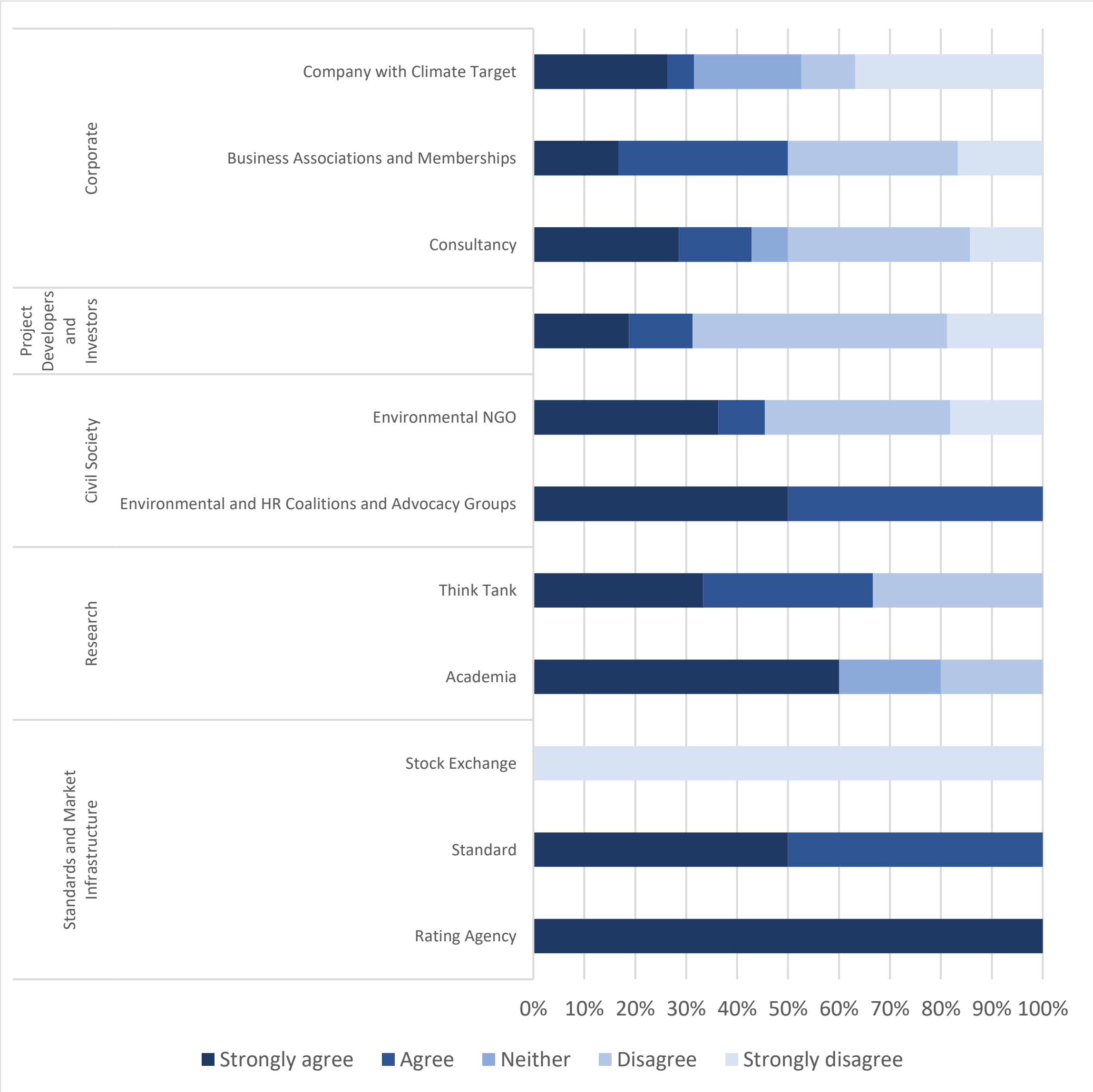

Figure 99: Credits Q2 - Responses by Stakeholder Category and Sub-Group

4.2.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Oversight actors most agreed or strongly agreed with the statement in Credit Q2 (86%), followed by Observers (60%), Demand-side actors (36%), and Supply-side actors (33%).

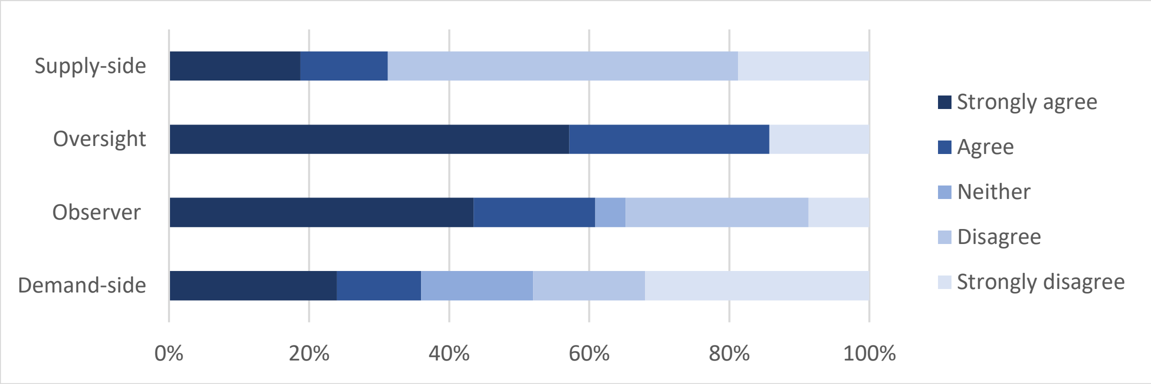

Figure 100: Credits Q2 - Responses by Stakeholder Market Perspective

5. Section 5: 'Transparency and reporting'

For each of the questions included in Section 5, we provide below a synthesized overview of the key messages and takeaways (i) overall and by main category of stakeholders, (ii) by sub-group, and (iii) by role in the carbon market.

5.1 Transparency and Reporting Q1: The requirements are clear and comprehensive.

5.1.1 Key messages and takeaways overall and by main category of stakeholders

When asked whether the requirements are clear and comprehensive, the majority of respondents strongly agreed (30%) or agreed (35%); only 14% of respondents disagreed. Overall, a resounding majority of respondents feel that the requirements are clear and comprehensive, and among those who disagree with this, few strongly disagree. It is notable that given the criticisms expressed in previous questions, such a proportion nonetheless feel the requirements are comprehensive.

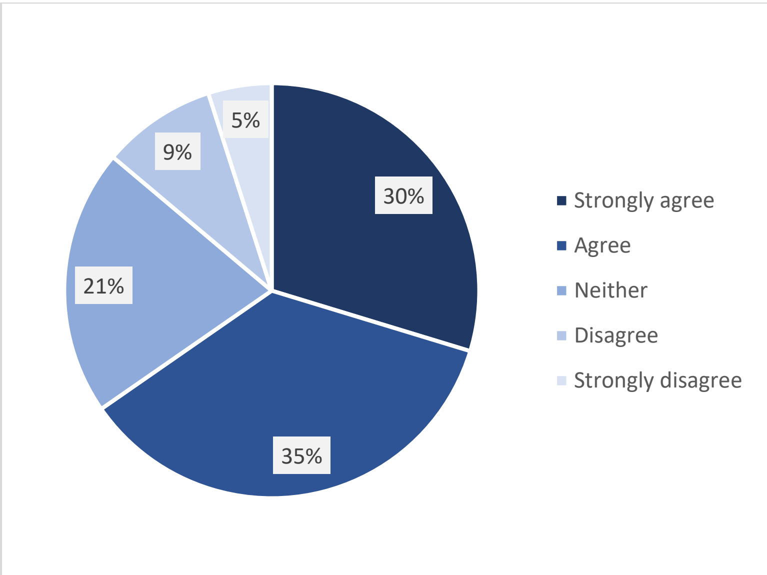

Figure 101: Transparency and Reporting Q1 - Overview of Responses

Almost all Project Developers and Investors agreed or strongly agreed that the requirements are clear and comprehensive, followed by Standards and Market Infrastructure respondents (80%), and Corporate stakeholders (64%). Most respondents belonging to the Research category neither agreed nor disagreed, while a plurality of Civil Society respondents (40%) disagreed or strongly disagreed.

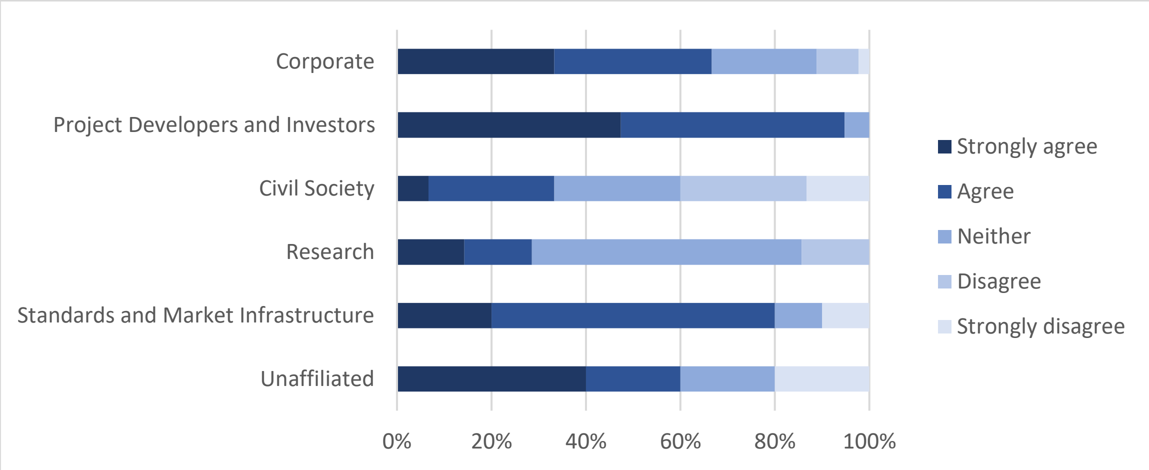

Figure 102: Transparency and Reporting Q1 - Responses by Stakeholder Category

The written comments for this statement were especially varied. Some Corporate respondent wrote that the requirements are clear but too burdensome. Two Corporate respondents mentioned third-party auditing and verification as a burden that may prevent companies from adhering to the Code.

Another Corporate respondent wrote that the requirements are clear, but they may not be aligned with requirements set by other entities.

Three different Corporate respondents also requested more clarity on the following topics: double counting, interim targets and their relationship with claims, and the meaning of Paris-aligned advocacy and the modalities of assessment of such requirement. A Civil Society respondent observed that "it's unclear whether all the disclosures listed are mandatory for approval of a VCMI certification".

Several respondents argued that the requirements were not comprehensive and suggested adjustments or additions. Two Civil Society respondents argued that companies should be required to make publicly available the retirement certificates of the credits they have used. A Corporate respondent concurred. A Standards and Market Infrastructure respondent suggested the VCMI to "consider expecting or encouraging companies to publicly disclose their name on the registry of the certification standard when retiring credits or having credits retired on their behalf."

Another Civil Society respondent added that companies should provide proof that both authorization and corresponding adjustment took place.

One Corporate respondent recommended that companies publish the prices (or a price range) for the types of carbon credits bought. Moreover, the respondent argued, companies should confirm the share of the price paid that is going to the project owner, as "funds that are lost through transaction by carbon markets and intermediaries do not have any value for the climate." One Civil Society respondent concurred and recommended adding the requirement to disclose the types of credit used (avoidance, reduction, or removal). Similarly, a Standards and Market Infrastructure stakeholder recommended requiring companies to report on the quality of credits, while another respondent suggested that information on equity and co-benefits should always be required.

Another Corporate respondent recommended that companies report on their mitigation efforts, on their unavoidable emissions, on why they are unavoidable, and on their plans to address these emissions by a certain date. Similarly, four Civil Society respondents recommended more requirements on reporting companies' internal mitigation efforts.

5.1.2 Key messages and takeaways by sub-categories

After Project Developers and Investors (who agreed or strongly agreed at a rate of 95%), the highest levels of agreement were registered across all Standards and Market Infrastructure sub-categories, followed by the Corporate sub-categories. Environmental NGOs and Environmental/HR Coalitions and Advocacy Groups (both 33%) registered the lowest levels of agreement of any sub-groups.

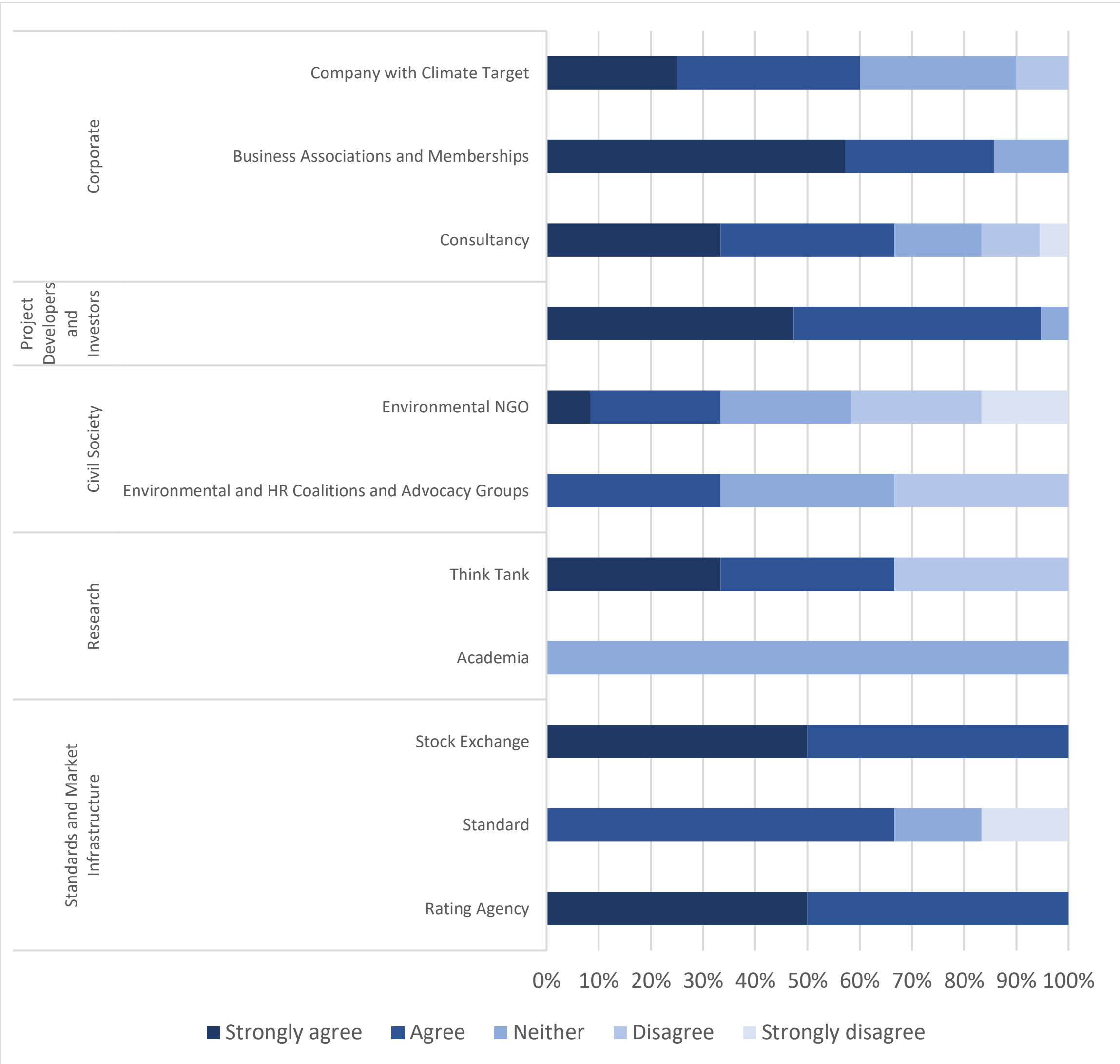

Figure 103: Transparency and Reporting Q1 - Responses by Stakeholder Category and Sub-Group

5.1.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

The majority of Supply-side (95%), Oversight (80%), and Demand-side (67%) respondents agreed or strongly agreed with that the requirements are clear and comprehensive. In contrast, a minority of Observers (32%) agree with the statement.

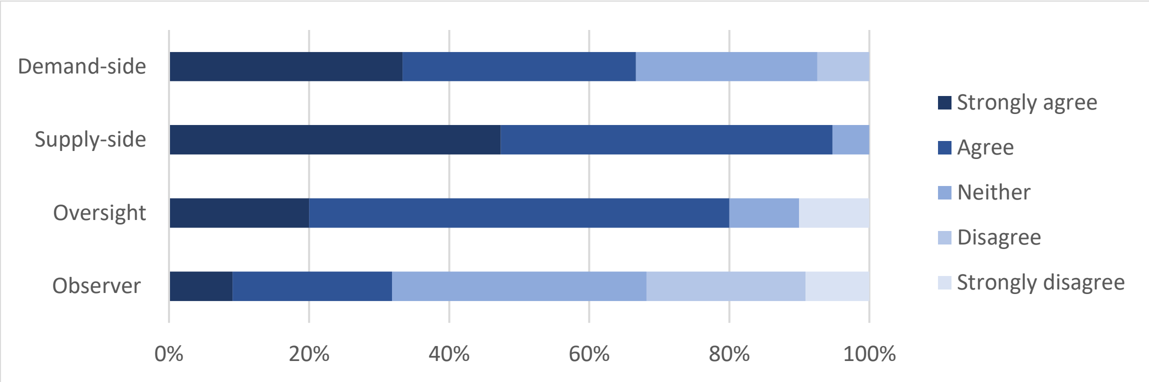

Figure 104: Transparency and Reporting Q1 - Responses by Stakeholder Market Perspective

5.2 Transparency and Reporting Q2: The requirements represent a reasonable expectation of users.

5.2.1 Key messages and takeaways overall and by main category of stakeholders

Overall, most respondents (64%) agreed that the requirements represent a reasonable expectation of users. Respondents who disagreed were 16%. Despite issues raised regarding expectations of users elsewhere in the survey, when asked directly, a large majority of stakeholders feel that the requirements represent a reasonable expectation of users.

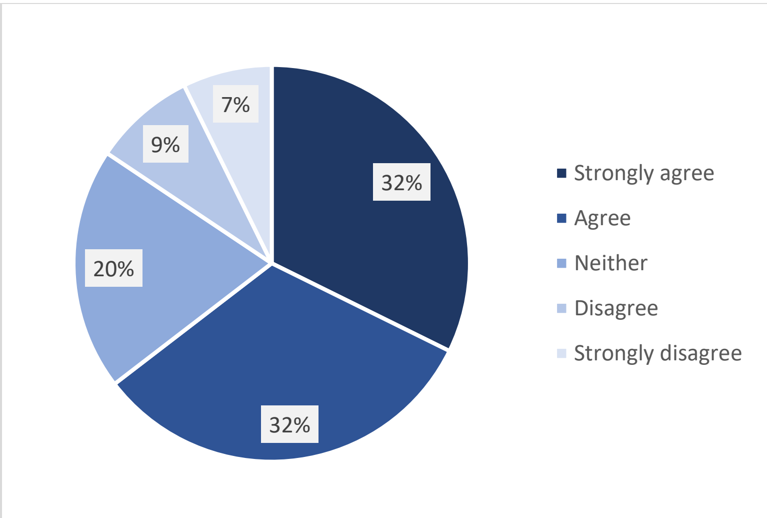

Figure 105: Transparency and Reporting Q2 - Overview of Responses

A majority of Project Developers and Investors agreed or strongly agreed (90%) that the requirements are clear and comprehensive, followed by Standards and Market Infrastructure (89%), Civil Society (64%) and Corporate (58%) stakeholders.

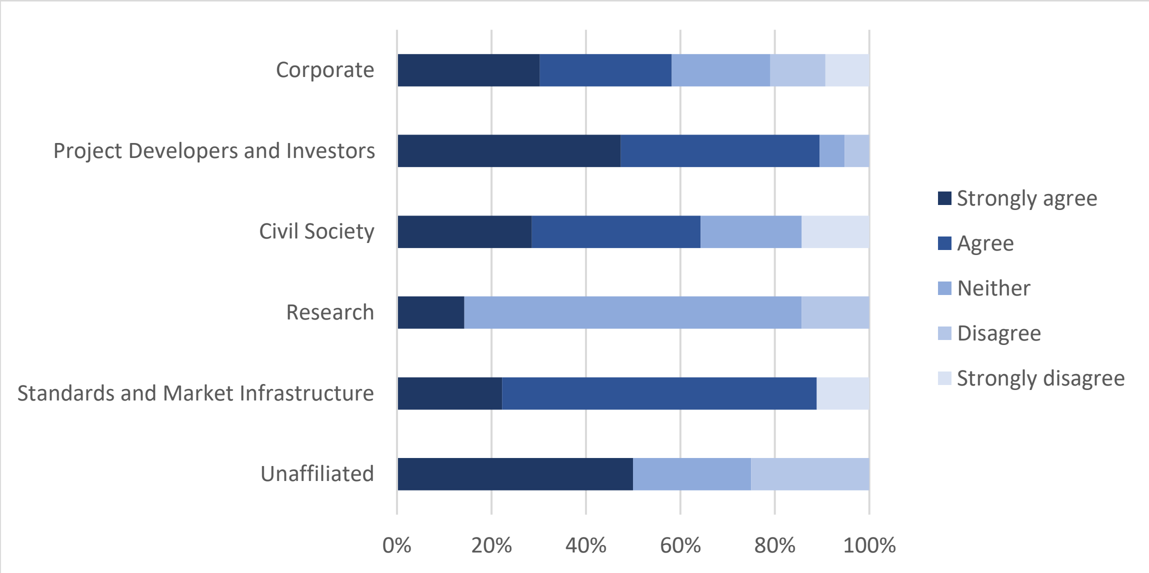

Figure 106 Transparency and Reporting Q2 - Responses by Stakeholder Category

Most of the written comments argued that the requirements are unreasonable. Only two respondents wrote that requirement are reasonable, even though "clearer guidance could be given on how companies can demonstrate that the credits they have purchased are high quality" and "additional resources compared to current reporting" would be needed.

Three respondents (two Corporate and one Standards and Market Infrastructure) argued that the requirements are too burdensome One Civil Society respondent added that credible reporting "will exceed the resource that many smaller and medium sized businesses are able to commit". Similarly, another Civil Society respondent recommended steering away from creating frameworks that deter SMEs from participating by creating "multiple layers and gradations of performance. A company meets the requirements of the Code, or it doesn't."

Finally, one Civil Society respondent wrote that the requirements are too lax and will lead to greenwashing opportunities.

5.2.2 Key messages and takeaways by sub-categories

Most respondents in each of the Standards and Market Infrastructure sub-category (at least 80%). Less than 50% of Companies with Climate Targets agreed or strongly agreed, while more than 60% of Business Associations and Consultancies agreed. Outside of the largely indifferent Research category, Environmental NGOs and Companies with Climate Targets expressed the lowest rates of agreement. Responses of both of these two groups were largely mixed with a distribution across the five possible choices. As seen elsewhere in the survey, businesses tend to express a variety of opinions where other stakeholders are more aligned.

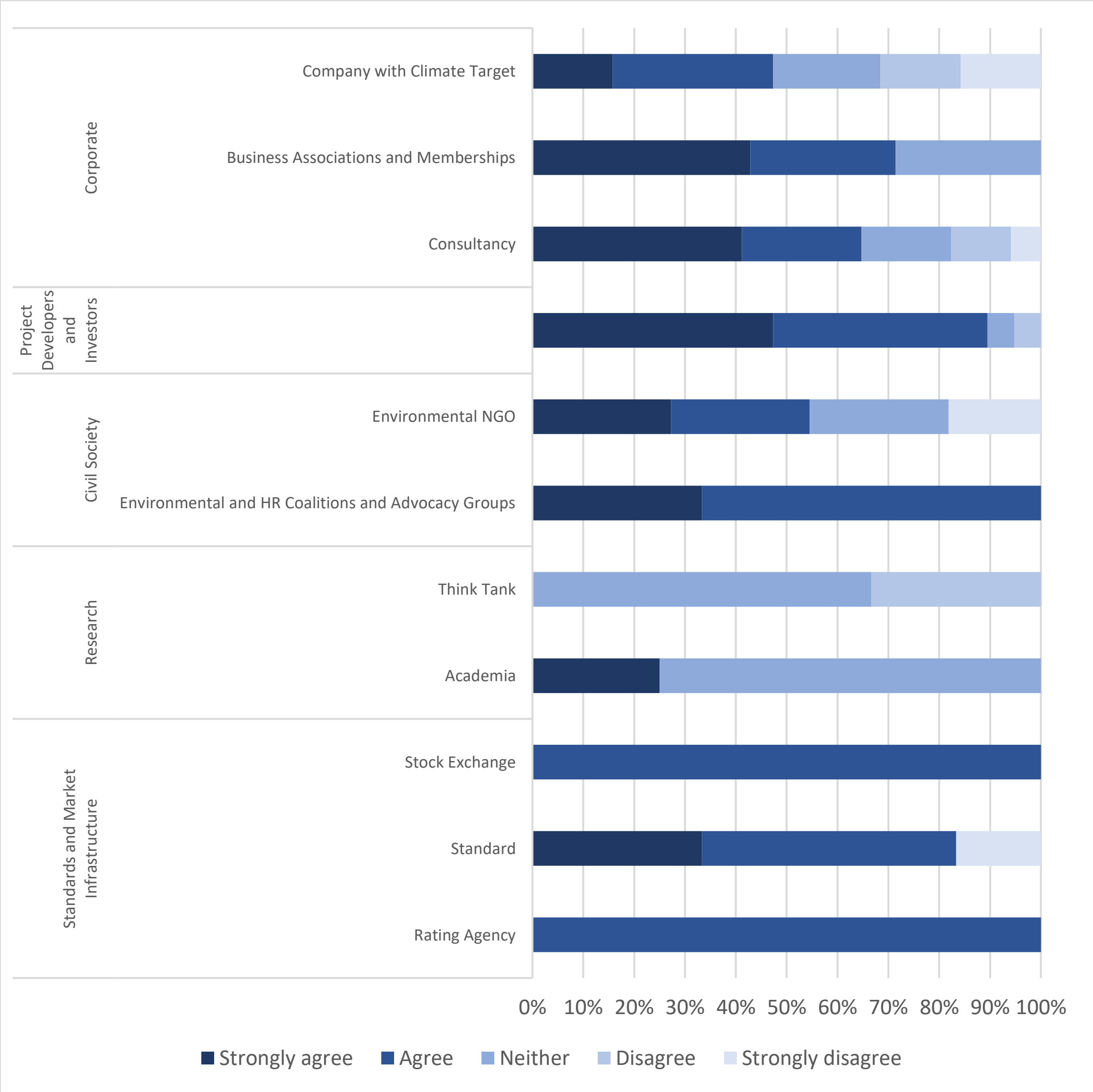

Figure 107: Transparency and Reporting Q2 - Responses by Stakeholder Category and Sub-Group

5.2.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

A vast majority of Oversight (89%) and Supply-side (90%) respondents agreed or strongly agreed that the requirements represent a reasonable expectation of users. In comparison, Demand-side actors (54%) and Observers (48%) agreed or strongly agreed at more moderate rates.

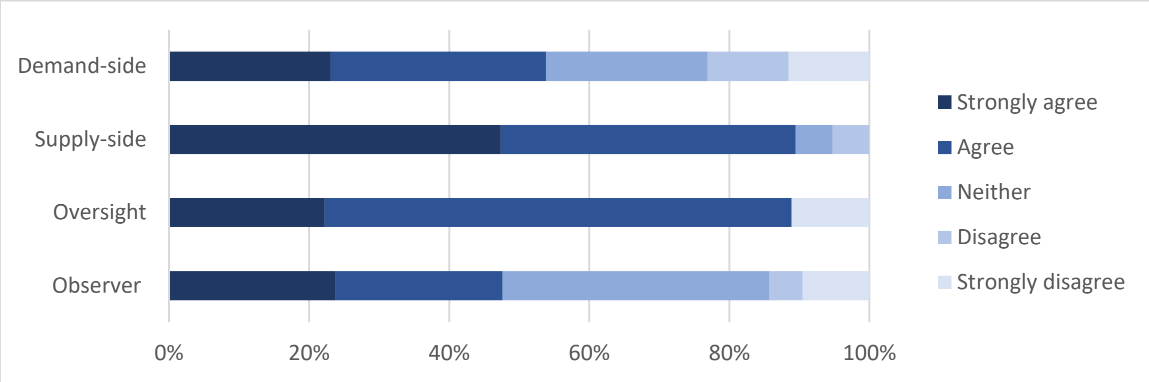

Figure 108: Transparency and Reporting Q2 - Responses by Stakeholder Market Perspective

5.3 Transparency and Reporting Q3: The requirements require significant resources beyond what companies already need to fulfil their climate reporting obligations.

5.3.1 Key messages and takeaways overall and by main category of stakeholders

In response to the question of required resources, the largest share of respondents expressed mild disagreement (30%). This was closely followed by a portion expressing indifference (25%). Relative to other questions, the share of respondents expressing strong agreement or strong disagreement (16% and 13% respectively) was relatively low when compared with the more moderate options. While the distribution is still comparatively even, there is a general tendency toward indifference or disagreement, suggesting that most respondents feel the resources demanded of companies are not overly significant.

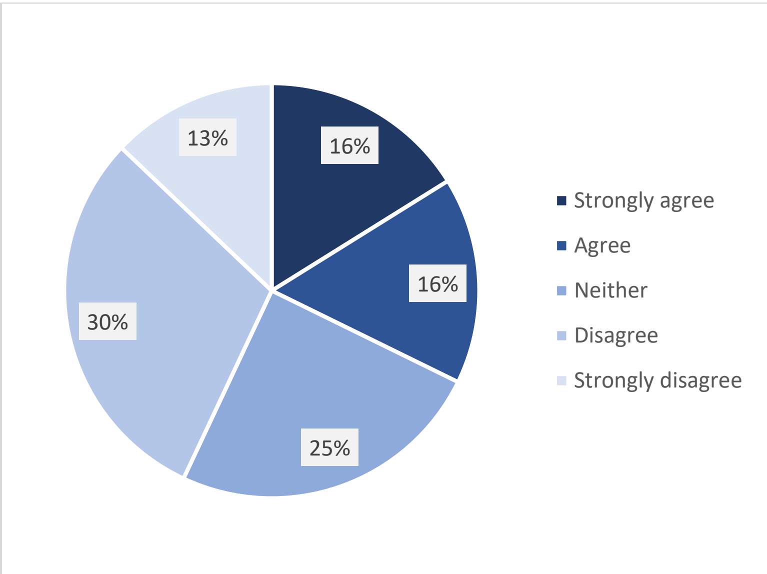

Figure 109: Transparency and Reporting Q3 – Overview of Responses

Divided by stakeholder category, Project Developers and Investors showed the highest rate of agreement, with 61% agreeing to some extent that significant resources would be required of companies. Corporates – as the ones most likely to be directly impacted by resource requirements of adhering to the Claims Code – showed the next highest rates of agreement/strong agreement (36%). This nonetheless constitutes a far lower rate of agreement than among Project Developers and Investors. Corporate responses to this statement were very evenly distributed along the spectrum of agreement, suggesting a diversity of opinions. Relative to these two groups, other stakeholder groups expressed a greater proportion of indifference. In particular, respondents from Civil Society and Research both largely expressed neither agreement nor disagreement (50% and 71%, respectively). Standards and Market Infrastructure stakeholders showed the greatest rate of disagreement (strong or moderate) to the statement.

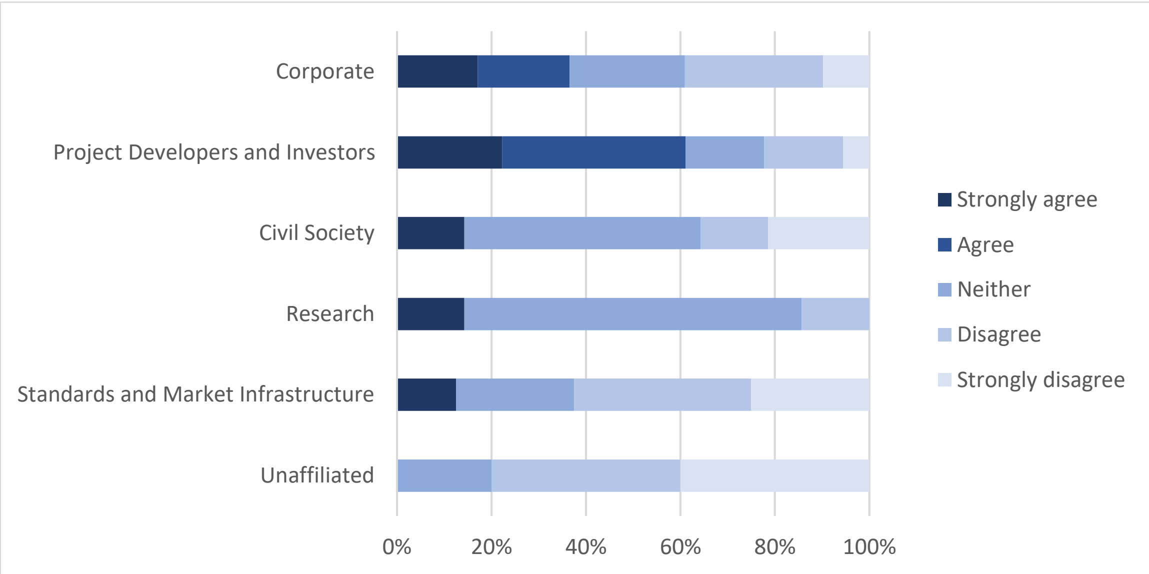

Figure 110: Transparency and Reporting Q3 – Responses by Stakeholder Category

In line with the indifference expressed by many, one respondent (Environmental NGO) notes that this question is not particularly relevant, as regardless of the resources demanded, these requirements are necessary for any firm that wishes to build confidence around its claims. Another (Ratings Agency) notes that requirements are not "unreasonably strenuous," though the burden they create will vary from company to company. Another respondent (Company with Climate Target) notes the need for a "simpler reporting regime for SMEs and companies in developing economies." An Environmental NGO agrees, and points out that requirements are aligned with what is already expected of many "larger companies."

According to one respondent (Consultancy), the main challenge as presented by these requirements is the difficulty for firms to gather all the necessary information on credits, particularly regarding country-of-origin specific details which may not be readily accessible to small firms. As one respondent (Stock Exchange) puts it, if the information that should accompany credits is made available by issuers, then the expectations of the Claims Code are then reasonable for all firms. In general, it seems the indifference expressed by some may be explained by the fact that many stakeholders feel that the resources required do not exceed those already needed for climate reporting. However, this depends on the size of the firm and the appropriate availability of information alongside credits.

5.3.2 Key messages and takeaways by sub-categories

Looking at the more detailed subcategories, Project Developers and Investors once again display the highest rate of total agreement (61%), followed by Companies with Climate Targets (44%) and Consultancies (38%). Among the Corporate subgroups, Business Associations and Memberships appear to go against this trend with 71% expressing disagreement.

These results fall broadly in line with what may be expected of each respective stakeholder category based on their own best interests. For example, Project Developers may believe that resource requirements are significant, as they do not want the Claims Code to create barriers for their customers. Further, Standards and Market Infrastructure stakeholders may disagree as high complexity and resource costs of such standards undermine their offerings. Aside from this the relatively mixed responses of corporate stakeholders may stem from the different resource requirements the Claims Code may place on different sized firms, as alluded to in previous sections.

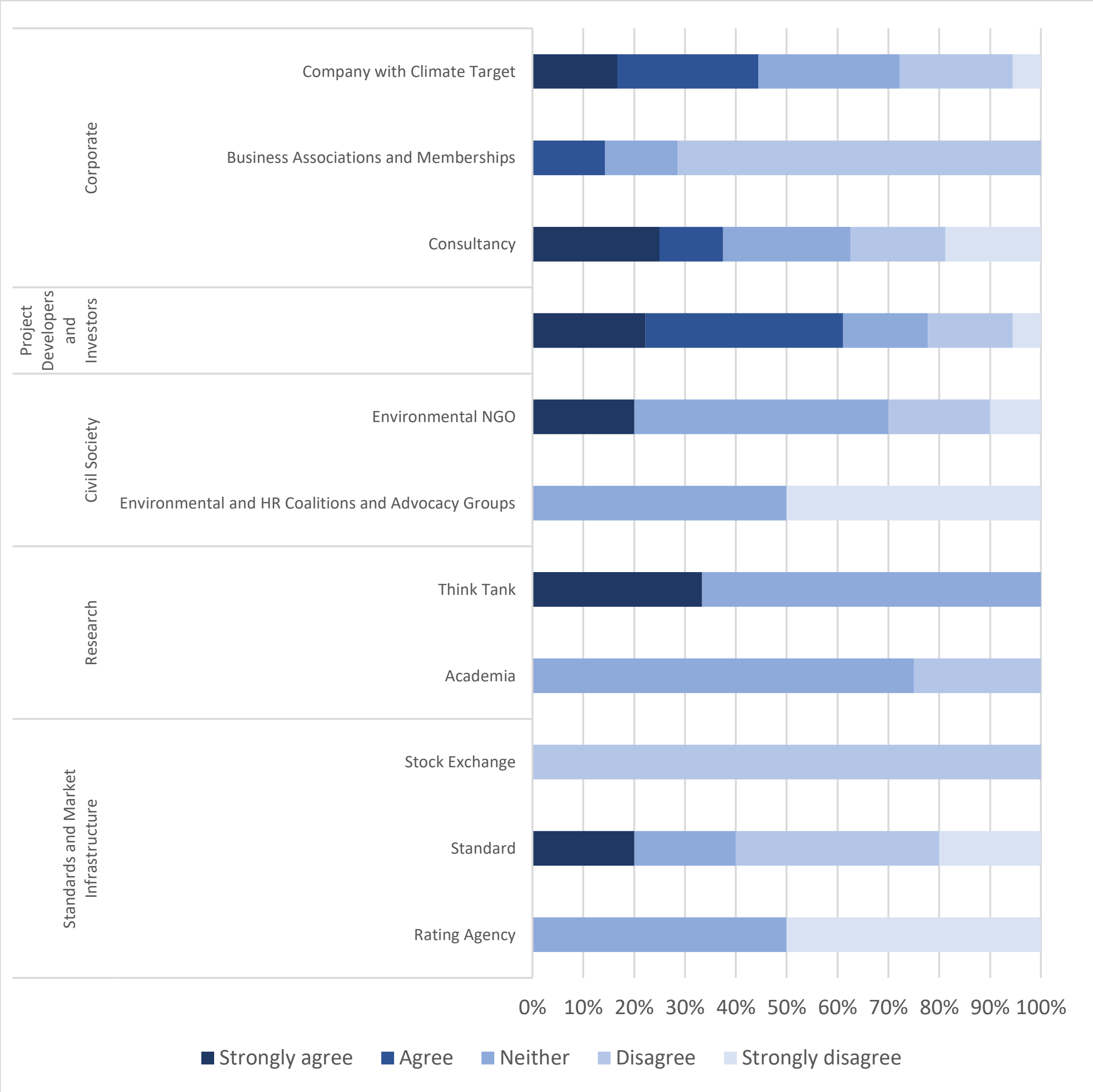

Figure 111 : Transparency and Reporting Q3 – Responses by Stakeholder Category and Sub-Group

5.3.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

Analysing responses by stakeholder market perspective shows Supply-side stakeholders to have a reasonably strong consensus on this statement, with 61% expressing agreement. Apart from this, there is no clear agreement within the other three groups, with Demand-side and Oversight stakeholders showing even distributions of the five possible responses. Observers show a relative consensus around indifference with 57% neither agreeing nor disagreeing with the statement.

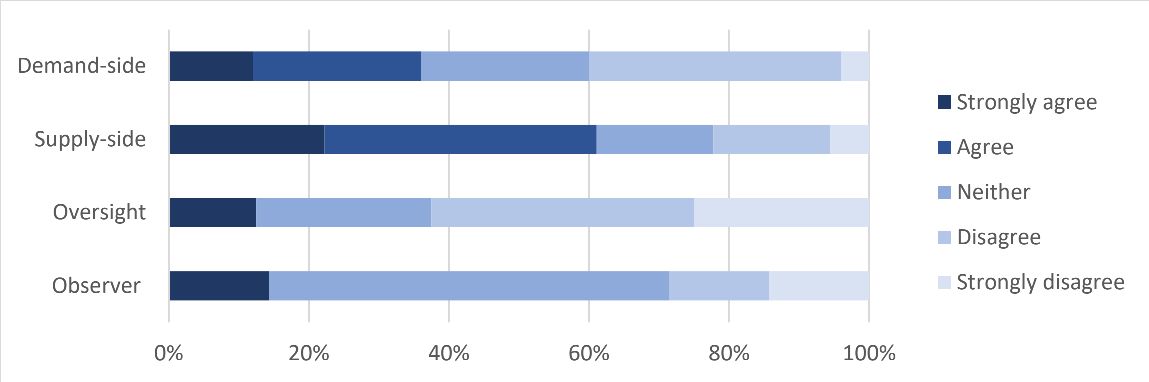

Figure 112 : Transparency and Reporting Q3 – Responses by Stakeholder Market Perspective

5.4 Transparency and Reporting Q4: Additional information is required to be able to verify the validity of claims made on the basis of the VCMI Claims Code of Practice

5.4.1 Key messages and takeaways overall and by main category of stakeholders

In response to the question of additional information being required, a large portion of respondents expressed disagreement (26%) or strong disagreement (19%). On the other hand, there was also a significant proportion of respondents who expressed strong agreement that additional information is required (27%), with this being the most common single response. Relatively few expressed mild agreement (10%).

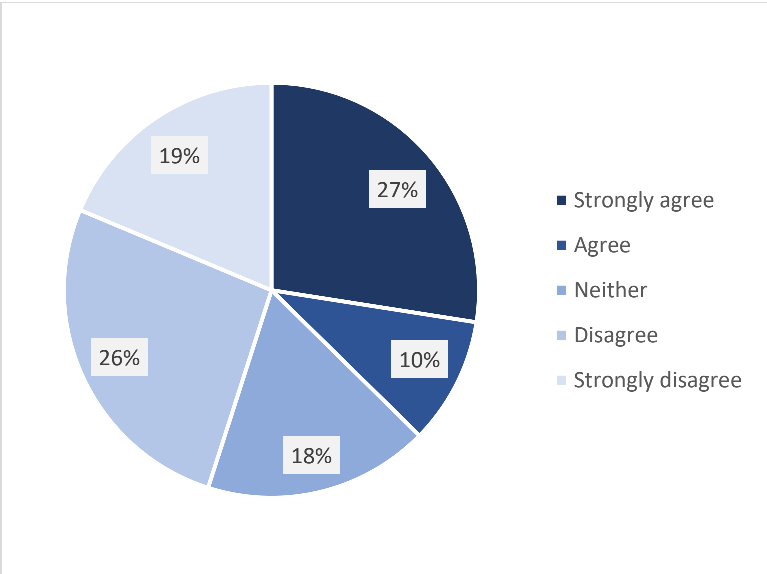

Figure 113 : Transparency and Reporting Q4 - Overview of Responses

Divided by stakeholder category, responses are largely consistent between groups. Three groups express slightly greater total agreement than others: Standards and Market Infrastructure (57% agree or strongly agree), Civil Society (50%), and Unaffiliated (50%) categories. The opinions of Corporates and Project Developers and Investors were once again relatively aligned, with both groups predominantly expressing either strong or moderate disagreement (53% for both groups) that additional information is required in order to verify the validity of claims. Finally, among the Research stakeholder subgroup, the most dominant opinion was neither agreement nor disagreement (43%).

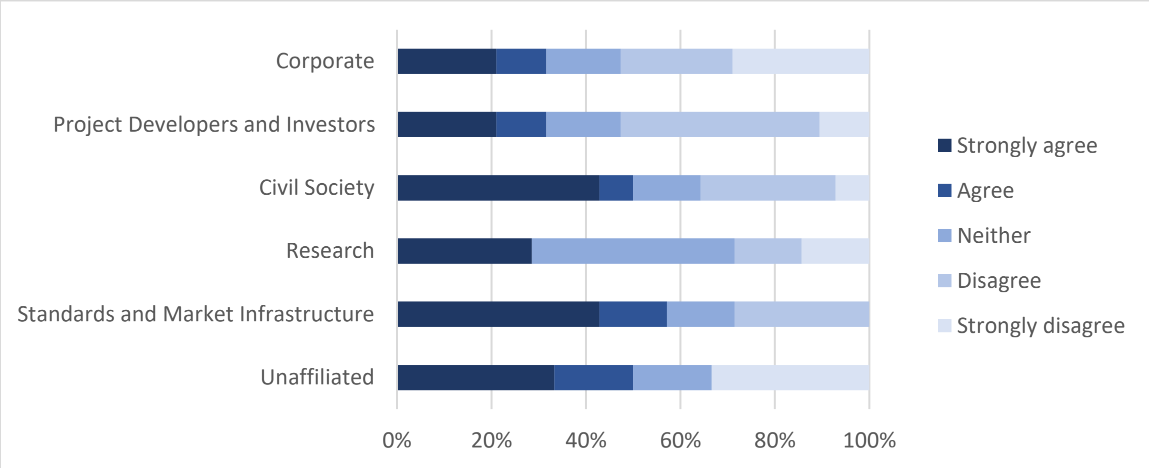

Figure 114: Transparency and Reporting Q4 - Responses by Stakeholder Category

Although a large proportion of respondents expressed strong or moderate disagreement that additional information is required to verify claims, there are few comments reflecting this viewpoint. This is unsurprising considering that stakeholders of this opinion may see no need to further comment on their perspective. On the other hand, there were several comments from the large 'strongly agree' cohort. There was little consensus on exactly what information needs to be added before claims can be verified, though multiple stakeholders referred to emissions scopes (particularly scope 3) and the quality of carbon credits. One respondent (Ratings Agency) requests further specification of what constitutes a high-quality credit, while another (environmental NGO) supports this adding further that there is a risk that nature-based credits could end up being used to offset emissions of fossil fuel companies. On the issue of scope three emissions, one stakeholder (Standard) requests that requirements for these emissions be clarified as firms will lack sufficient understanding to implement them, while another (Ratings Agency) states that they must be relaxed, presumably for the same reason. Several comments request various clarifications and additional information.

5.4.2 Key messages and takeaways by sub-categories

When broken into subgroups, four of the sub-categories agreed with the statement at rates above 50%. Ratings Agencies expressed 100% strong agreement, though only one response was received from this group. Standards showed the next highest rate of overall agreement (75%), followed by Business Associations and Memberships (57%) and Environmental NGOs (55%). Only two groups – Consultancies and Project Developers and Investors – predominantly expressed disagreement with rates of overall disagreement at 60% and 52% respectively. Following these, the next highest rates of disagreement were found among Companies with Climate Targets (50%) and Stock Exchanges (50%, though only two responses were received for this group).

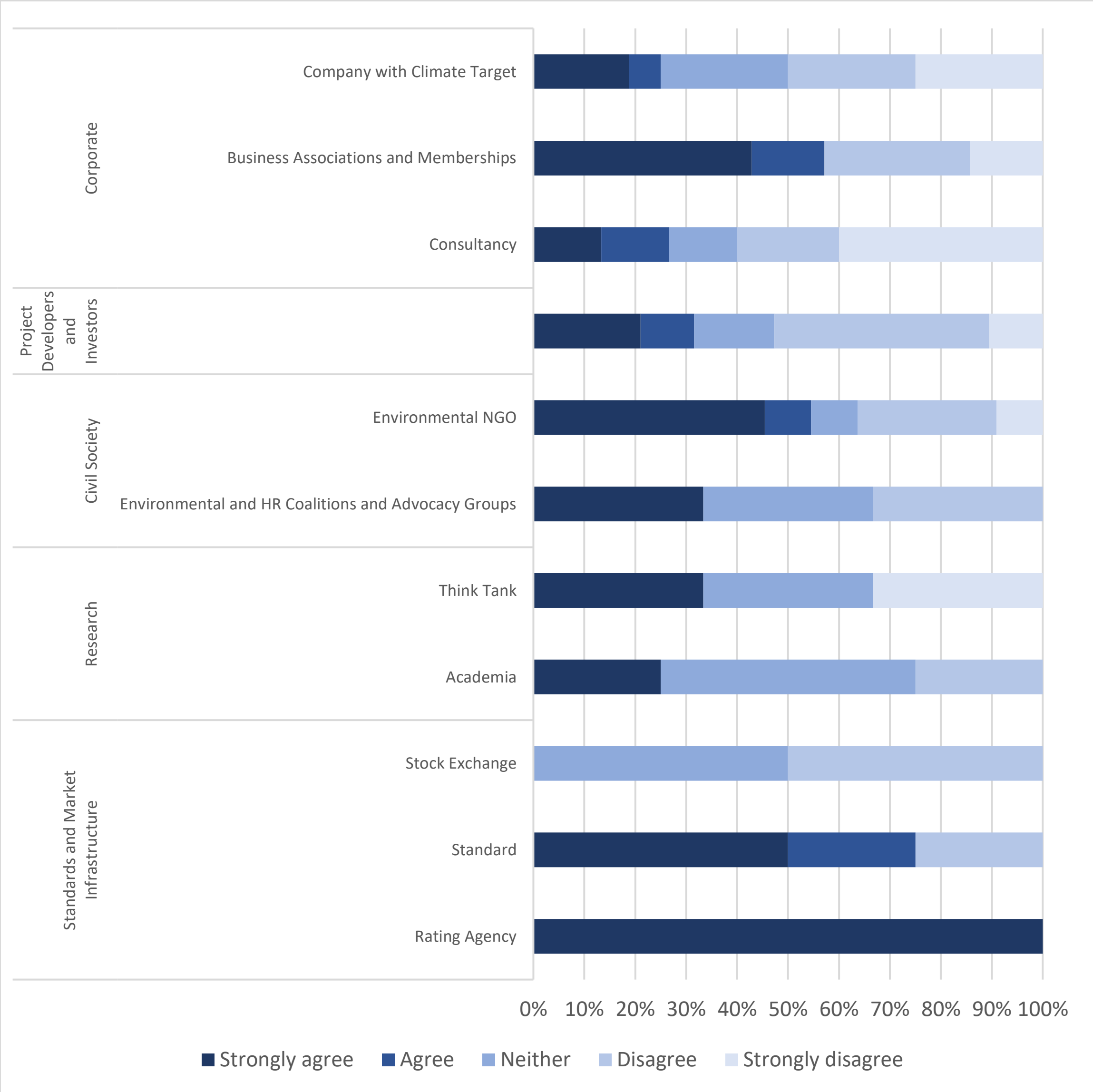

Figure 115 : Transparency and Reporting Q4 - Responses by Stakeholder Category and Sub-Group

5.4.3 Key messages and takeaways by stakeholder role in the carbon market: demand, supply, oversight, or observer

The chart of responses by Stakeholder Market Perspective shows that stakeholders involved in Oversight the highest rates of agreement at 57%, while Supply-side actors expressed both the least agreement and the most disagreement. Also from Figure 60, it is once again evident that while the moderate or strong disagreement is the most prominent response, within each category of market perspective, there is still a sizeable proportion of respondents who strongly agree that additional information is required to be able to verify claims made on the basis of the Claims Code. This result seems to fall in line with previous sections where many respondents generally support the VCMI, but a vocal minority is strongly critical and demands more of the Claims Code.

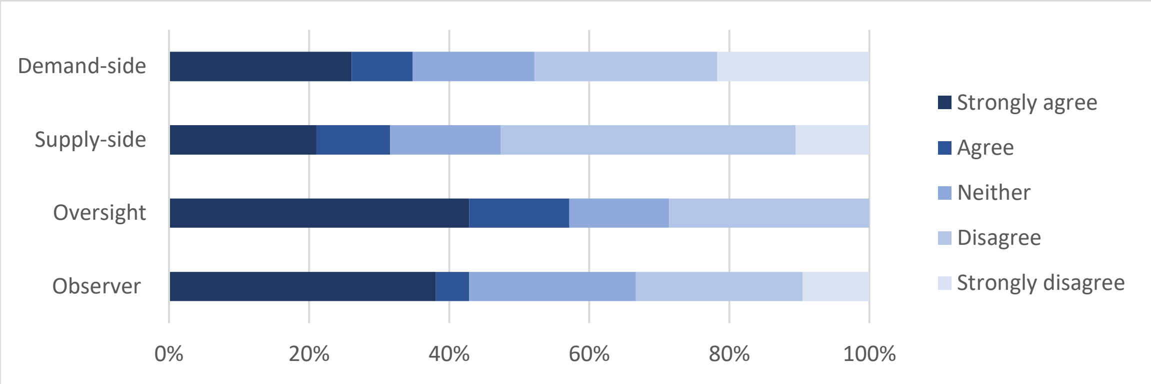

Figure 116 : Transparency and Reporting Q4 - Responses by Stakeholder Market Perspective