Annexes

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ABOUT THIS PAPER

This document provides additional details and supplementary information of the VCMI's Claims Code, released in June 2023.

The Claims Code builds on the provisional Claims Code. Key issues raised through the 2022 consultation and road test that needed to be addressed were incorporated. As progress was made, it became clear much more detail would have to be provided. In an effort to keep the Claims Code concise and straightforward, supplementary information is provided in a set of accompanying documents. The goal is to ensure the Claims Code is operable and users understand clearly the steps to obtain a VCMI Claim.

Annex A. Principles for high ambition and high integrity for voluntary corporate climate action

The VCMI Claims Code is informed by the following principles, which VCMI developed during a consultation phase in 2021 and refined over a subsequent consultation process. VCMI expects that all companies making VCMI Claims will strive to reflect these principles in their voluntary climate mitigation efforts, including those actions that involve investment in carbon credit interventions or participation in carbon market activities.

Science-aligned	Company strategies, targets, activities, and engagement in voluntary carbon markets should account for the latest scientific consensus on safe upper limits for global warming. As such, alignment with the Intergovernmental Panel on Climate Change (IPCC) model pathway of carbon dioxide (CO_2) emissions reductions that limit global warming to 1.5 degrees Celsius, with no or limited overshoot, is the ultimate objective.
Comprehensive	Companies should base their climate targets and actions on accurate and complete greenhouse gas inventories in line with the most recent requirements set out by the GHG Protocol (or equivalent, should one be developed).
Net-Positive Benefit	Companies' climate action should create net-positive benefits to individuals and communities impacted by the supply and use of carbon credits, including Indigenous Peoples, local communities, women, and underserved communities. Such action maximizes social and ecological co-benefits and avoids or minimizes adverse impacts.
Rights-Compatible	Company climate action should respect, protect, and fulfil human rights under international law, including lack of discrimination on the basis of identity, the rights of Indigenous Peoples, and those associated with health, labour, land, and Free Prior and Informed Consent.
Nature-Positive	Company climate action should align with the need to slow, halt, and reverse nature loss and move toward a nature-positive state of recovery and renewal.
Additional	Company action, investment, and carbon credit purchases should support emissions reductions and/or removals that are additional to those that would occur in the absence of demand for carbon credits.

Immediate	Companies should prioritize immediate action to reduce their own emissions, including within their value chains. Action aligned with scientific evidence showing that the years leading up to 2030 will be critical to avert environmental tipping points caused by increased concentrations of GHG emissions in the atmosphere.
At Scale	Businesses should progressively increase the ambition and significance of their investments in interventions that accelerate climate change mitigation within and beyond their value-chains, and they should aim to reflect the value of unabated emissions within their value chains, including projects that generate carbon credits for voluntary carbon markets.
Transparent	Companies should transparently disclose information relating to their climate commitments and activities, including their scope, coverage, underpinning strategies and assumptions, performance metrics, relevant definitions, and the nature of carbon credits and their use. Companies should publicly report on progress and learning as they move toward achievement of their climate mitigation goals (e.g., net zero targets).
NDC-Enabling	Companies' actions, investments, and demand for carbon credits should support the implementation of national climate plans, contribute to and help exceed the ambition of countries' Nationally Determined Contributions (NDCs), and avoid potential for disincentives to increasing the ambition of NDCs.
Consistent	Companies' lobbying efforts and membership of industry associations should be aligned with, not contrary to, their climate commitments.
Collective and Predictable	Companies should work together with a diverse and broad range of stakeholders to act on climate change, including by publicly signalling their expected voluntary demand for carbon credits and aggregating demand for carbon credits to increase certainty and help drive systemic change.

Annex B. Claims Code Development Process

Following the launch of VCMI's provisional Claims Code in June 2022 and subsequent comprehensive public consultation and road-testing, VCMI released an operable Claims Code of Practice in June 2023. The timeline of the Claims Code development process is illustrated in Figure 1.

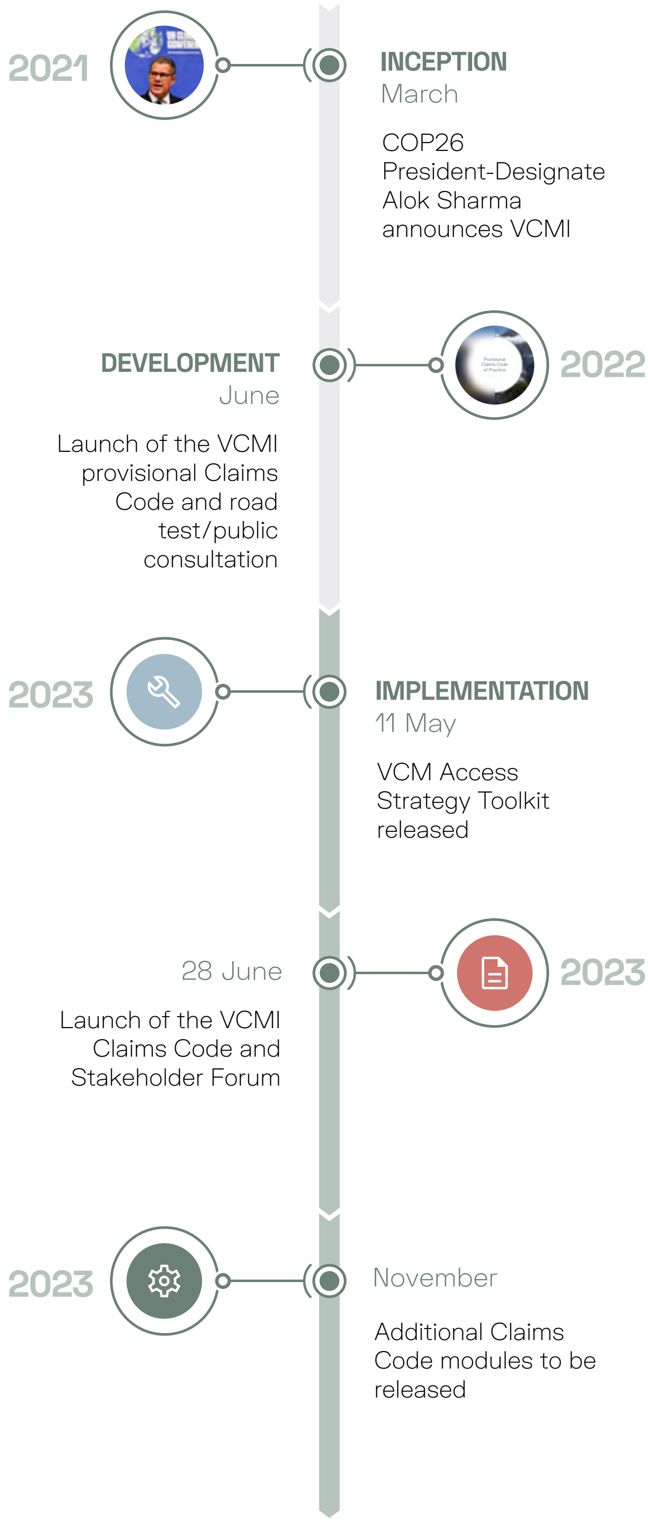


Figure 1. Timeline of the Claims Code development

The VCMI Claims Code aims to guide credible voluntary use of carbon credits and associated claims. It represents the collective judgment of VCMI's Steering Committee, VCMI's high-level decision-making body, and has been developed with the guidance and advice of its Expert Advisory Group (EAG). The EAG is composed of individuals with wide expertise in carbon markets, including on equity and benefits sharing, corporate GHG accounting, accountability, target setting, outreach and communications, consumer protection regulation, Article 6 & Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), legal issues, assurance and scope 3 emissions.

Changes from the Provisional Claims Code published in June 2022 Claims are based on a combination of analysis of the feedback from the corporate road test and public consultation that followed its publication, consultations with external experts, review of other available standards and approaches, and discussions with stakeholders. These have led to significant updates to the Claims Code, both in form and substance.

The consultation process and road testing conducted by a group of companies interested in potentially following VCMI's guidance demonstrated a generally high level of acceptance of the document's design and methodology, but also highlighted several areas on which additional work was still needed. These include overall guidance to users, improving the clarity of terms and definitions adopted and ensuring that assurability of the required reporting metrics, as well as specific items such as target-setting, and public policy statements.

The key themes from the feedback obtained during the road test and public consultation are presented in the section below, along with VCMI's approach to addressing them. However, many of these issues are complex and require further in-depth research and analysis and engagement with stakeholders and will lead to the publication of additional guidance and modules by November 2023. The VCMI Stakeholder Forum launched alongside the publication of the Claims Code will play a central role in this, acting as a sounding board for VCMI, and channelling views and perspectives from a broad range of stakeholders. Any revisions to the Claims Code will not be applied retroactively.

By November 2023, a more complete version of the Claims Code will be released, taking into account the inputs provided by the Stakeholder Forum and the result of the additional analyses and research conducted by VCMI.

1. Balancing ambition and accessibility

Summary of feedback

Enabling the Claims Code to ensure high demand-side integrity while stimulating meaningful participation from companies:

— Overall, 54% of consultation respondents said the Claims Code provided incentives for companies to become climate leaders. The rest responded that it is too stringent for SMEs.

— Most respondents to the road test considered the Claims Code to be ambitious enough. However, demand-side companies (potential buyers of carbon credits and users of the Claims Code) cited difficulties meeting the requirement to set science-aligned targets and include scope 3 emissions.

How it was addressed

— VCMI acknowledges the accessibility challenges faced by some organizations in meeting the Foundational Criteria and claim-specific requirements. It therefore intends to address these through the development of special provisions for specific sectors, including those that are: hard to abate; based in less economically developed countries; and SMEs, including startups that intend to scale and thus expect to have increasing emissions over time. For the financial services sector, given the specificities of setting targets and accounting for emissions for assets under management and for other indirect emissions, separate guidance may be needed to support the uptake of the Claims Code. VCMI intends to investigate this further.

— VCMI has assessed thoroughly, through robust stakeholder engagement and research, the requirements set out in the Code, including the Foundational Criteria (previously referred to as prerequisites in the provisional Claims Code). VCMI believes the updated criteria represent a balance of ambition and accessibility, considering current best practice as well as an assessment of opportunities and challenges faced by companies on their decarbonization journey.

— VCMI envisages, in 2023, the development of a full set of Claims tiers, ranging from new entrant companies that are at the beginning of their decarbonization journey and that VCMI acknowledges may initially find challenging to meet the Foundational Criteria, to companies that are at the vanguard of sustainability and are taking full responsibility for their climate impact by meeting their emissions reduction targets and undertaking additional mitigation measures that contribute to the goals of the Paris Agreement.

— A supplementary guidance document on communicating VCMI and non-VCMI claims provides clear principles for credible corporate claims; companies are strongly encouraged to incorporate these in the development of their climate claims. In this document, VCMI also flags the rapidly evolving regulatory landscape around compensation claims, which corporates should be mindful of.

2. Guidance implementation and operability

Summary of feedback

Ensuring use of the Claims Code and associated VCMI Claims can be independently assured, based on clear and consistent definitions and criteria:

— Almost two-thirds (65%) of public consultation respondents agreed that the requirements are “clear and comprehensive”.

— Almost a quarter of road test respondents highlighted issues with operability. All auditors found the Claims Code guidance insufficient to verify VCMI Claims.

— More guidance is required for companies to track progress towards near-term targets and to transparently report.

How it was addressed

— VCMI has worked intensively with its Expert Advisory Group, leveraging its expertise, as well as engaging with other key partners within the voluntary carbon markets. In addition, consultation with country-level contacts helped to improve clarity and the operability of the Code.

— VCMI has worked to provide more detail, helping companies to understand what needs to be done to get a VCMI Claim. The Foundational Criteria outlined in the Code are framed as requirements, recommendations and supporting guidance, considering current best practice.

— Feedback on visual representation of the Claims has also been taken into account, with updated visuals and infographics.

— Additionally, the four steps that were previously included in the provisional Code have been improved to reflect the role of a Monitoring, Reporting and Assurance (MRA) Framework, which will be fully developed by November 2023.

— To address insufficiency and lack of clarity around VCMI Claims and how they will be verified, VCMI continues to work with external consultants to ensure the Claims Code is assurable and has provided an initial set of key indicators companies must report to comply with VCMI requirements to obtain a VCMI Claim. These key indicators will form part of a full MRA Framework to be released in November 2023.

— To address issues relating to tracking progress to targets, VCMI has now provided more clarity by outlining a set of indicators (listed in Foundational Criterion 3) which it deems representative of whether a company is making progress towards its target. Work on tracking progress will continue through the Stakeholder Forum with any additional guidance that is developed to be included in November 2023 updates.

3. Treatment of Scope 3 emissions

Summary of feedback

The flexibility, if any, that should be allowed in the counting and treatment of scope 3 emissions:

- Most respondents to the public consultation considered that SBTi requirements for scope 3 were appropriate or suitable.
- In contrast, a significant portion of road test respondents believed that the Claim Code's treatment of scope 3 posed practical difficulties; 20% of the respondents said scope 3 is a key adoption barrier to making a VCMI Claim.

How it was addressed

- Treatment of scope 3 emissions has been the subject of intensive discussions and engagement with various stakeholders, including VCMI's EAG. Through Foundational Criterion 2, which relates to target setting, VCMI requires companies to set near-term science-based targets in line with SBTi's requirements and criteria. This is an important requirement, considering that SBTi has undertaken extensive work on defining 1.5 degrees Celsius-aligned pathways for companies. However, acknowledging the rapidly evolving landscape of net zero target-setting standards and to focus immediate action to meet near-term targets, VCMI does not require companies to set net zero targets. Rather, VCMI requires companies to publicly commit to a long-term net zero target no later than 2050, as well as publicly dislcose their definition of net zero.
- VCMI is not a target-setting standard, and therefore aims to work closely with key initiatives such as SBTi to further address the concerns raised during the 2022 public consultation and road test. This includes further work around accounting for scope 3 as part of VCMI Claims, including in-depth research to explore whether allowing some use of carbon credits towards meeting interim targets. for a limited period, would increase and accelerate – or reduce and delay – overall mitigation, and the associated benefits, risks and trade-offs with different approaches. VCMI commits to take the results into account while developing further claims tiers, with the aim of unlocking climate mitigation at scale.
- Furthermore, between July and November 2023, VCMI will be investigating potential measures to incentivize companies to keep making progress in reducing GHG emissions to meet near-term targets and minimize cumulative emissions in line with a science-aligned pathway (acknowledging corporate decarbonization pathways are not always linear).

4. Ensuring clarity of VCMI Claims

Summary of feedback

Ensuring clarity and suitability of VCMI Claims relating to Claims names, requirements, and interactions with non-VCMI claims and terminology:

- Respondents were broadly positive towards Gold and Silver Claims, but responses to Bronze Claims were mixed;
- Most respondents (59%) also considered that additional guidance was needed on Claims for brands, products, and services.

How it was addressed

- VCMI acknowledges the important role claim names have in influencing consumer behavior and in the marketability of an organization. VCMI is therefore commissioning market research to determine marketable, understandable, and informative claim names. The outcome of this research may result in a change to the VCMI Claim names, potentially shifting away from their current metallic theme. A shortlist of potential claim names will be appraised by VCMI stakeholders, including participants in the Stakeholder Forum between July and November 2023.
- Further consultation on the Claim names suggested that while some felt that Gold, Silver, and Bronze tiers provided an intuitive ladder that encouraged continuous improvement, others felt that, although clearly a starting point, Bronze was not attractive enough to be adopted. Market research on claims names and market testing of potential alternatives will provide a sound basis for any future changes to VCMI Claim names.
- The Claims Code has been released before the results of this market research. Therefore, VCMI currently provides description and definition of the top tier claims, specifically those that require companies to take action beyond the achievement of their science-based targets. Lower tier claims, such as the one previously named as Bronze, are only described for now and additional research will be carried out so that these claims can be reconsidered and further defined. In November 2023, VCMI will define the remaining claims so that companies are provided with a full set of VCMI Claim tiers, including possible ways of recognising companies at the beginning of the decarbonization journey and who may not yet meet the Foundational Criteria.
- VCMI has now launched three claims with varying levels of ambition, including an aspirational claim (VCMI Platinum). VCMI acknowledges the varied emission profiles of companies in different sectors and the diverse challenges and opportunities companies face in reaching their climate mitigation goals, as well as an uneven ability to pay for beyond value chain mitigation (BVCM).
- In the provisional Claims Code, VCMI established guidance and a set of requirements companies need to meet to make VCMI carbon neutral product-, service-and brand-level claims. Feedback from the public consultation pointed out that VCMI should not allow such claims without a rigorous framework to assess impact down to the brand-, product, and service-level. VCMI is therefore conducting a more thorough evaluation of such claims, and what a more productive framework would consist of. Besides conforming to the widely accepted standards for carbon neutrality—-e.g., Green Guide, PAS 2050, and PAS 2060—VCMI is closely watching the development of new guidelines, such as the Green Claims Code developed by the UK Competition and Markets Authority (CMA), and the Green Claims Directive proposed by the European Commission. VCMI seeks to align its thinking with leading frameworks, and plans to announce its final decision on brand-, product, and service-level claims in November 2023.
- To help address confusion around commonly used non-standardized claims (e.g., carbon neutrality), VCMI has developed a supplementary document to provide additional guidance for communicating non-VCMI claims, alongside guidance on communicating VCMI Claims. This document outlines a set of clear Principles for Climate Mitigation Claims Credibility.

5. Expanding guidance on carbon credits

Summary of feedback

The need for further articulation of concepts and criteria regarding carbon credits, including their nature, attributes, and corresponding adjustments:

- Overall, there appeared to be a lack of consensus related to clarity regarding the high-quality carbon credits.
- Fewer than half (46%) of road test companies considered the Claims Code sufficient to determine whether credits are high-quality; 38% said it was insufficient.
- In addition, almost two-thirds (62%) of road test respondents agreed with the treatment of corresponding adjustments in the Claims Code, but three-quarters (75%) want claims to be differentiated based on credit type, especially for net zero claims.

How it was addressed

VCMI now stipulates that companies shall purchase Core Carbon Principles (CCP) - Approved credits, i.e. carbon credits that pass screening under the Integrity Council for the Voluntary Carbon Market (ICVCM) Assessment Framework, which assesses credit quality at the carbon crediting program and carbon credit category level. This is detailed under Step 3 of the Claims Code.

ICVCM intends to launch its CCP-Approved credits from CCP-Eligible carbon-crediting programs in 2023, so companies will be able to comply with this step to make a VCMI Claim in November.

Furthermore, to assist companies in making carbon credit due diligence and purchasing decisions, VCMI intends to work on further guidance on carbon credits.

For more information about feedback on the provisional Claims Code from public consultation and a road test, please visit VCMI website.

Annex C. Corresponding adjustments

WHAT ARE THEY?

Article 6 of the Paris Agreement creates a path – but not an obligation – for the use of 'corresponding adjustments' within voluntary carbon markets. Corresponding adjustments are an accounting tool used to avoid double-counting. They do not change the quality of the underlying emission reduction or removal.

WHEN ARE THEY REQUIRED ACCORDING TO ARTICLE 6 GUIDANCE?

Article 6 enables host countries to authorise mitigation outcomes as internationally transferred mitigation outcomes (ITMOs) for use towards other countries Nationally Determined Contributions (NDCs), other international mitigation purposes or other purposes. For all mitigation outcomes a host country authorises, and for first-transfers, the host country must apply corresponding adjustments to its emissions balance, to prevent these mitigation outcomes from being counted towards the host country's NDC. Authorisation also commits the host country to ensuring the environmental integrity of the mitigation outcomes, to recording and tracking their transfers and use, and reporting these to the Paris Agreement.

According to Article 6, countries that wish to use mitigation outcomes achieved in other countries towards their NDCs are required to only use ITMOs for this purpose. They will apply corresponding adjustments to their emissions balance to count these mitigation outcomes towards their NDC. Mitigation outcomes from other countries that are not authorised as ITMOs for use towards NDCs cannot be used as such. Similarly, only ITMOs authorised for international mitigation purposes can be used towards international mitigation purposes (e.g., the CORSIA).

Article 6 also allows, but does not require, voluntary carbon market participants to request authorisation and corresponding adjustments for their mitigation outcomes, and to use these ITMOs for voluntary purposes. Voluntary carbon market participants can use ITMOs to voluntarily support mitigation beyond NDCs.

In the absence of a host country's authorization and subsequent corresponding adjustment, companies must publicly communicate that the mitigation underlying the carbon credit may also be counted towards the host country's NDC, or whether the host country has authorized the use of the associated emission reductions or removals for other international mitigation purposes, as specified in the countries' letters of authorization, to avoid those credits being double counted.

However, the Article 6 framework also established a different type of unit in cases where a unit is not authorised. These are referred to as 'mitigation contribution units'.

ARE CREDITS WITH CORRESPONDING ADJUSTMENTS AVAILABLE?

Most countries are not ready to grant authorizations and implement corresponding adjustments because they are still developing and refining administrative, transparency, and accounting practices. Once this infrastructure is in place, it is possible that authorizations could be granted and corresponding adjustments applied retroactively to prior transfers.

Annex D. Further guidance on carbon credit quality

Additional project-level due diligence

Adopting an ethos of continuous improvement, carbon crediting programs have improved the methodologies project developers use to quantify carbon mitigation impact. They have also enhanced systems that verify satisfactory adherence to quantification methodologies and other safeguards, ensuring that climate mitigation is lasting and that the activities credited don't have other adverse impacts. Yet, even after years of improvement, some emission reductions or removals issued as carbon credits do not deliver the positive climate impact they promise.

This highlights an ongoing need for buyers to conduct their own detailed independent due diligence. That being said, not all buyers have the means to do so. In response, carbon credit rating initiatives and due diligence providers have emerged in recent years to provide a second opinion to corporate buyers. For buyers with fewer financial resources, the Carbon Credit Quality Initiative (CCQI) offers a free tool to assess the quality of carbon credits from some crediting programs and project types but, as CCQI acknowledges, additional due diligence is still highly recommended. Companies may wish to view other resources that may help with a due diligence process, including the Business Alliance for Climate Solutions' Primer on Corporate Process for Purchasing Carbon Credits, the Greenhouse Gas Management Institute, and the Stockholm Environmental Institute's educational materials on carbon credits.

Emissions reductions or emissions removals?

Recent reports from the IPCC say that the world must reach net zero emissions before the end of the century and go carbon negative thereafter. As a result, humanity will have to remove carbon from the atmosphere at substantial levels and store it durably. Acknowledging this, many corporate buyers have also shifted from activities that avoid emissions towards those that remove them (particularly those that also promise long-term storage) in pursuit of their own net zero goals. A fierce debate continues to wage over whether emissions reductions credits or emission removal credits more deserve to be financed for us to keep warming to below 1.5 degrees Celsius. On one side of the debate, permanent carbon removal advocates argue that the carbon removal industry needs finance immediately if we are to reach net zero at the end of the century; carbon removal advocates also highlight a potentially higher likelihood of additionality for technological removals. Those opposing a full swing towards removals credits argue that the market is still mostly delivering reduction credits and that there are still many highly additional carbon avoidance projects that need financing.

While it may be true that many companies will need removals to meet their single-year net zero targets (if companies follow the literal definition, as presented in the Glossary), this singular focus ignores the period between now and the target end date. For example, if a company commits to being net zero by 2040, the company must net out any residual emissions in the 2040 target year and thereafter indefinitely if it wants to maintain its net zero status. However, until the point at which it hits net zero in 2040, this company should purchase and retire carbon credits as its ability to pay allows[i]. In this period between a net zero target start date and end date, these can be credits from emission reduction projects or programmes or emission removals. From VCMI's perspective, companies may invest in carbon credits issued either by emission reduction or removal projects for the global transition and should prioritize projects based on the quality of the climate mitigation and co-benefit impacts they may deliver.

[i] See SBTi, Final Report: Beyond Value Chain Assessment (Dec 2021) and Public Consultation on Beyond Value Chain Mitigation (June 2023)

Annex E. Approaches to using carbon credits

From the first carbon credit projects at the end of the 1980s to around 2015, the most common way for a company to integrate carbon credits into its climate strategy was to measure its remaining emissions and buy carbon credits representing one tonne of carbon dioxide equivalent to 'compensate' or 'offset' its emissions footprint. More recently, however, perceived and real limitations of this approach have spurred advocacy organizations, companies, and standards setters to develop new approaches to using carbon credits.

This section discusses these approaches and explains why just one, the 'tonne-for-tonne' approach, is accepted by VCMI.

There are three general approaches[1] companies can use to take responsibility for their unabated emissions:

i. **'Tonne-for-tonne' approach:** A company delivers mitigation outside its value chain proportional to the climate impact of the greenhouse gases emitted by that company in a defined period (e.g., in a given year, over an emissions target period, or since the inception of the company). In this case, the volume of finance would be determined by the price that a company pays per tCO_2e of BVCM investment (typically defined by market prices) and the unabated emissions in that defined period. This approach can arguably be considered 'science-based' where there is fungibility, additionality, permanence, avoidance of leakage, and avoidance of double-counting, because there is a 'counterbalancing' of unabated value chain emissions with equivalent emissions reductions or removals elsewhere. Common headline claims associated with tonne for tonne, when a company is communicating that it is compensating for its carbon footprint, are 'carbon neutral', 'climate positive', and 'net zero'. Companies may still use a tonne for tonne approach even when they are framing their investments in carbon credits as contributions to global climate ambition and are not claiming that these contributions net out the remaining emissions by the amount of carbon credits retired. In such an instance, it would not be accurate to use a compensation claim like carbon neutral or net zero.

ii. **'Money-for-tonne' approach:** A company delivers mitigation outside its value chain proportional to a predefined cost of the greenhouse gases emitted by that company in a defined period (e.g., in a given year, over an emissions target period, or since the inception of the company). In this case, the volume of finance for BVCM would be equal to the tonnes of unabated emissions in that defined period, multiplied by a cost determined by the company. One perspective is that, to be considered 'science-based' the cost per tonne of unabated emissions chosen by the company should reflect a 'social cost of carbon', where the social cost of carbon accurately reflects the damage costs associated with unabated emissions. However, it is unclear what percentage of this finance should be directed to climate mitigation beyond the value chain, compared to adaptation, loss and damage (or even investment within the company's own value chain to internalise the cost of externalities). This approach is sometimes associated with the headline claim of 'climate positive', but many companies using this approach do not rely on headline claims for communicating about this publicly and instead use narrative claims to describe the impact of the BVCM investments the company is funding. The money for tonne approach is also often

1 SYSTEMIQ first outlined these three approaches in this report to inform the concept of beyond value chain mitigation in 2021.

referred to as the '(climate) contribution approach', although all three approaches to using carbon credits can be compatible with 'contribution claims', whereby a company purchases a carbon credit but uses it towards enhancing global climate ambition, not to compensate for or offset its own remaining emissions.

iii. **'Money-for-money' approach:** Companies set aside a share of revenue or profit and use that to support climate mitigation beyond the value chain. This is the least used of the approaches; therefore structuring a method for sizing a company's share of revenue or profit for BVCM could be challenging.

Each approach has its advantages and disadvantages, and theoretically all could be equivalent. However, ***in the VCMI Claims Code, VCMI Claims can only be structured using the tonne-for-tonne approach.*** VCMI will consider whether and how to incorporate the other approaches in the future expansion of the Claims Code.

Annex F. Key metrics for assurance

A list of metrics required by companies to report in the first year of making a VCMI Claim is presented below. Reporting must be made publicly available to stakeholders on a company's website, a standalone report (e.g., a climate strategy report) or included within a more comprehensive report (e.g., a sustainability report). Each metric must be subject to an independent, third-party limited assurance to make a VCMI Claim. This assurance will be performed in line with ISAE, AICPA or IOSCO standards and cover all the items which require assurance per the VCMI MRA Framework, which will be published in November 2023.

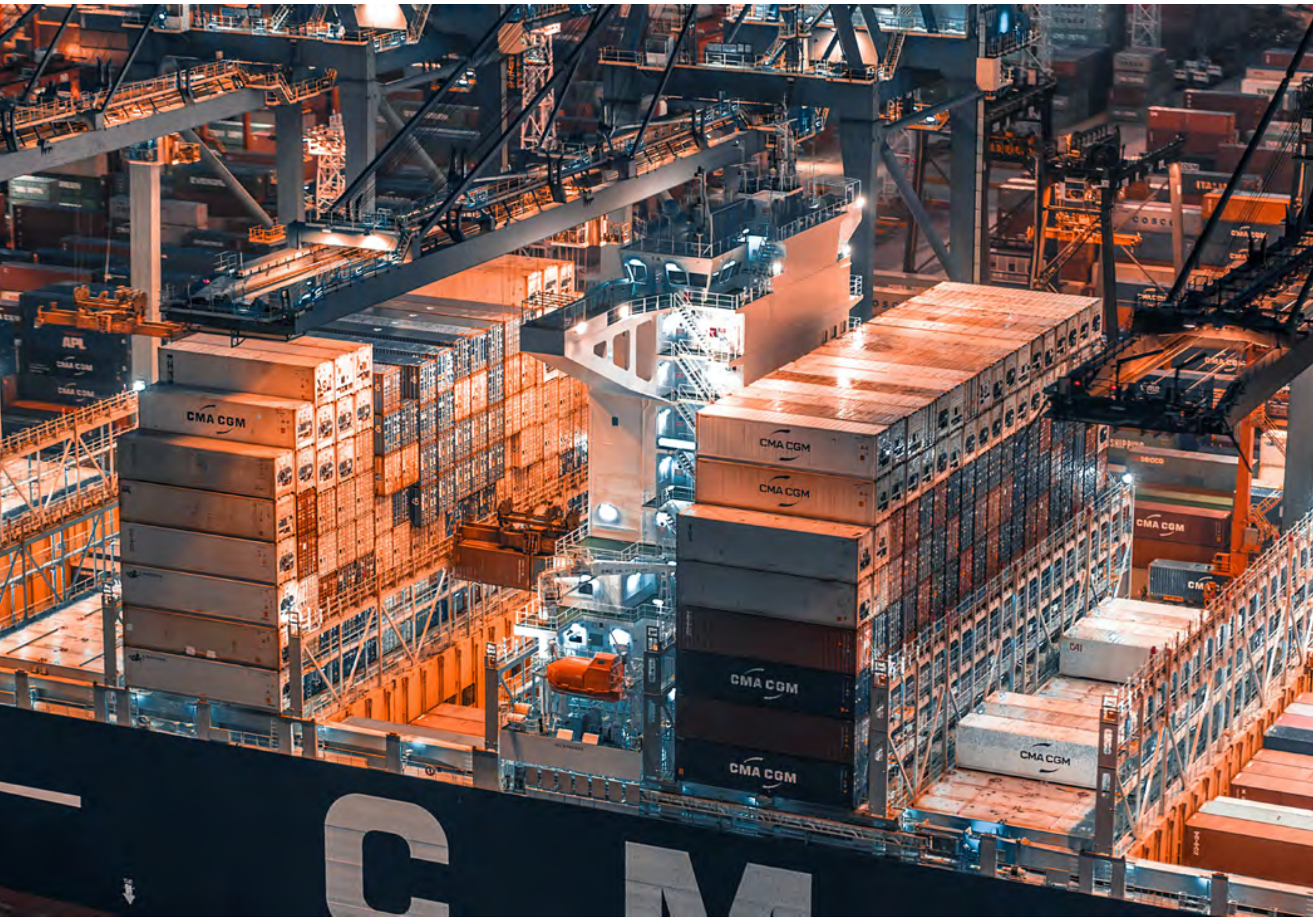
The metrics specified below are required for assurance. The requirements contained within the Foundational Criteria in the Claims Code constitute an integral part of the Criteria themselves. The Foundational Criteria include further details on requirements for each metric (e.g. the required use of the GHG Protocol for reporting an emissions inventory), related to the definitions, scope, compilation and presentation of the metrics below. Further details will be made available in the MRA Framework to be published in November 2023.

Topic	Metric	Category	Unit of measure
Foundational Criterion 1: Maintain and disclose an annual greenhouse gas emissions inventory	Gross scope 1 GHG emissions in metric tonnes of CO_2 equivalent for the base year, most recent reporting year and prior reporting year	Quantitative	Metric tonnes of CO_2 equivalent
	Gross scope 2 GHG emissions in metric tonnes of CO_2 equivalent for the base year, most recent reporting year and prior reporting year	Quantitative	Metric tonnes of CO_2 equivalent
	Gross scope 3 GHG emissions in metric tonnes of CO_2 equivalent by category for the base year, cmost recent reporting year and prior reporting year	Quantitative	Metric tonnes of CO_2 equivalent
	A list of scope 3 categories included and excluded, with justification of exclusion, for the base year and reporting year	Discussion and analysis	N/A
	An explanation for any base year recalculations	Discussion and analysis	N/A
Foundational Criterion 2: Set and publicly disclose validated science-based near-term emissions reduction targets, and publicly commit to reaching net zero emissions no later than 2050	Near-term reduction target base year	Quantitative	Year
	Near-term reduction target year	Quantitative	Year
	Near-term reduction target boundary	Discussion and analysis	N/A
	Near-term reduction target ambition	Quantitative	Degrees Celsius
	Has near-term target been validated by SBTi or assured by another independent third party?	Qualitative	N/A
	Date long-term net zero commitment was made	Quantitative	Year and month
	Long-term net zero definition	Discussion and analysis	N/A

Topic	Metric	Category	Unit of measure
Foundational Criterion 3: Demonstrate that the company is on-track towards meeting a near-term emissions target and minimizing cumulative emissions over the target period	Percentage of the emissions reductions achieved in the most recent reporting year (in absolute or intensity terms) compared to the base year	Quantitative	Percentage (%)
	Total annual revenue dedicated to GHG mitigation during the most recent reporting year	Quantitative	Percentage (%)
	Total amount of CAPEX and OPEX made during the most recent reporting year dedicated to the company's value chain mitigation	Quantitative	Percentage (%)
	Definition of CAPEX and OPEX	Discussion and analysis	N/A
	Total planned annual revenue dedicated to GHG mitigation	Quantitative	Percentage (%)
	Total planned CAPEX and OPEX dedicated to the company's value chain mitigation	Quantitative	Percentage (%)
	A statement to explain why the aforementioned financial metrics cannot be disclosed and a qualitative description and analysis of investments made and steps taken related to GHG mitigation.	Discussion and analysis	N/A
	Companies shall state if they have any of the following of these metrics: • Board level compensation linked to climate performance indicators; • Board level capabilities or expertise on climate related issues; • Frequency of board-level reviews on progress towards meeting near-term emissions targets. To the extent applicable, the reporting company shall provide a description of the metric.	Discussion and analysis	N/A
Foundational Criterion 4: Demonstrate that the company's public policy advocacy supports the goals of the Paris Agreement and does not represent a barrier to ambitious climate regulation	Public statement demonstrating the company's public policy advocacy activities related to climate change	Discussion and analysis	N/A

Topic	Metric	Category	Unit of measure
STEP 2: Select a VCMI Claim to make	VCMI Claim (Silver/Gold/ Platinum)	Discussion and analysis	N/A
	Companies shall publicly disclose a statement asserting that they have complied with the Foundational Criteria and all additional requirements in the VCMI Claims Code to make the chosen VCMI Claim (i.e., Silver, Gold or Platinum).	Discussion and analysis	N/A
STEP 3: Meet the required carbon credit use and quality thresholds required	Number of credits purchased and retired that the company applied towards the VCMI Claim (These shall be CORSIA label credits, and once the ICVCM Assessment Framework is implemented, companies shall transition to purchase and retire CCP label credits).	Quantitative	Number
	Certification standard name, project name, project ID, retirement serial number, retirement date and issuing registry for each credit used	Discussion and analysis	N/A
	Host country	Discussion and analysis	N/A
	Credit vintage	Discussion and analysis	N/A
	Methodology	Discussion and analysis	N/A
	Project type	Discussion and analysis	N/A
	Host country authorization	Discussion and analysis	N/A
	If associated with additional third-party certification regarding social or environmental integrity (e.g., SDGs label, SD Vista, Climate, Community and Biodiversity Standards, etc.), companies must provide information related to how the credit promotes equity and generates co-benefits to ecosystems and local economies	Discussion and analysis	N/A

Topic	Metric	Category	Unit of measure
STEP 4: Obtain third-party assurance of reported information following the VCMI Monitoring, Reporting and Assurance Framework. Note: alternatively, SBTi validation may fulfill the assurance requirement for near-term targets	Name of assurance provider	Discussion and analysis	N/A
	Name of assurance standard	Discussion and analysis	N/A
	Level of assurance	Discussion and analysis	N/A
	Period covered by assurance	Quantitative	Dates



The Voluntary Carbon Markets Integrity Initiative is an international initiative to drive credible, net zero-aligned participation in voluntary carbon markets.

vcmintegrity.org