

Explanatory notes

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The road ahead for the Claims Code

In addition to [the Claims Code](#), VCMI is developing guidance and procedures for a number of elements of voluntary carbon market-related claims, where feedback to date indicates a need for further refinements. These will be subject to discussion and evaluation by the upcoming Stakeholder Forum. The objective is that companies, country representatives and civil society can provide feedback on VCMI guidance, making sure that it is well designed, easy to understand, operable and effective, and enhances the efficacy of the Code.

Given the complexity of the issues raised and the robustness of the analyses required to provide companies and the market with the necessary answers, several studies have been commissioned. In addition, a diverse group of stakeholders, including members of our Expert Advisory Group, will have the opportunity between July and October 2023 to engage in deep-dive analysis and discussions through the Stakeholder Forum. The results of these studies and analysis are to be published, by November 2023, as additional modules to the Claims Code, providing further guidance to users. These will include:

- **A guide to reporting.** This will set out when and how companies should report information pertaining to the VCMI Claims requirements and Foundational Criteria, including third-party assurance requirements. This will enable them to demonstrate compliance with all four steps of making a VCMI Claim;
- **Assurance procedures guidance.** This will explore different requirements for implementing a Monitoring, Reporting and Assurance (MRA) framework outlining the roles and responsibilities related to the assurance process;
- **Claims names.** The VCMI will publish a full tiered list of clear, transparent and informative Claims that companies can make. These will focus on cross-industry environmental sustainability, both to incentivize companies to engage in climate action as well as to adequately inform customers and broader stakeholders through credible climate claims;
- **A claims tier structure.** A full set of tiers that will apply across the full range of corporate actors will be published, covering companies that are yet to meet VCMI's Foundational Criteria to those that already take full responsibility for their climate footprint. This will incorporate a set of specific safeguards and methodologies to avoid greenwashing, while encouraging companies to demonstrate commitment to meeting near-term targets while following measures designed to minimize cumulative emissions over the target period.

Development of clearer guidance on scope 3 accounting and target setting will be considered and a specific analysis of whether allowing flexibility accelerates or delays corporate action, increases or decreases overall mitigation and accelerates or delays technology deployment and policy will be conducted.

To ensure that the Claims Code is as accessible as possible, the VCMI will develop special provisions for: specific industries, such as hard-to-abate sectors; specific geographies, developing countries in particular; and small and medium-sized enterprises, including startups that intend to scale, and thus expect to have increasing emissions over time. VCMI is also considering separate guidance for financial institutions, given the specificities of setting targets and accounting for emissions for assets under management and other indirectly controlled sources of emissions.

In addition, VCMI is planning to undertake a legal review of the Claims Code, to ensure the guidance provided is compatible with major legislation, government standards and existing product standards, as well as to evaluate whether to include Brands-, Product-, and Service-level claims as part of VCMI's Claims Code and what conditions should apply.

VCMI Brand-, Product-, and Service- level Claims

Brand-, Product-, and Service- level Claims represent the achievement of emissions targets across the value chain of a specific product, service, or brand (a line of products or services), in the context of a company's progress towards its long-term enterprise-wide net zero commitment. Credible Brand-, Product-, and Service- level Claims can help raise public awareness of climate-responsible consumption, especially as consumers increasingly favor more responsible products.

In the provisional Claims Code, VCMI established guidance and a set of requirements companies need to meet to make VCMI carbon-neutral brand-, product-, and service-level Claims. The public consultation raised concerns that allowing such claims without a rigorous framework to assess impact down to the product, service, or brand level could enable greenwashing. In response, VCMI is conducting a more thorough evaluation of the necessity and desirability of allowing such claims, and what a more robust framework for brand-, product-, and service-level claims would consist of. This work will pay close attention to both existing widely accepted standards for carbon neutrality such as the Green Guide, PAS 2050 and PAS 2060 and emerging new guidelines, such as the Green Claims Code developed by the UK Competition and Markets Authority, and the Green Claims Directive, proposed by the European Commission.

To ensure the Claims Code is accessible, the VCMI will develop special provisions for: specific industries, such as hard-to-abate sectors; specific geographies, developing countries in particular; and small and medium-sized enterprises.

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

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