

Claims Code - Supplementary Guidance

Supplementary guidance



Supplementary guidance

Guidance on communicating climate claims

VCMI developed the VCMI Claims (which include Carbon Integrity Silver, Gold, and Platinum) to give companies a way to efficiently communicate the fact that they have taken high-integrity climate mitigation action, which includes purchasing high-quality carbon credits beyond their value chain. But companies might need to make other general communications about their climate mitigation strategies, and there is lack of clear guidance to help them understand how to structure these other claims. For this reason, in this accompanying document VCMI provides further guidance on the narrative that companies can use to describe what their Carbon Integrity Claim means in the context of their company.

I. COMMUNICATING CARBON INTEGRITY CLAIMS

Companies may want to describe the underlying structure of a Carbon Integrity Claim in their communications. To do so, VCMI suggests that companies use the following narrative claim language. VCMI recommends that companies communicate that the high-quality carbon credits which they purchased and retired to meet the requirements for Carbon Integrity Claims are a contribution to both the company's own climate goals and to global efforts to mitigate climate change. VCMI also recommends that companies include specific references to their own materials to provide evidence of how they have achieved a Carbon Integrity Claim. Companies should also seek independent legal advice on all aspects of the use of green, carbon and climate claims in the context of carbon credits in all jurisdictions where they intend to make a Carbon Integrity brand guidelines.

As part of its ongoing work, VCMI has conducted market research into claim names and branding that both follow the principles outlined in this document and are attractive to users and their stakeholders. This research, and subsequent consultation with the VCMI Stakeholder Forum, Early Adopters Program and Expert Advisory Group, have helped inform the creation of a comprehensive brand (including a claim name, tagline, and logo/mark) that build on the approved language presented here. Full details are available in the Carbon Integrity brand guidelines.

Suggested communication guidance for Carbon Integrity Claims

Below are examples of suggested language companies use when using VCMi's Carbon Integrity Claims.

 Carbon Integrity Silver	 Carbon Integrity Gold	 Carbon Integrity Platinum
<p>"We have achieved a Carbon Integrity Silver Claim, as demonstrated through climate actions in addition to our net zero goal and overall efforts to mitigate climate change through the retirement of high-quality carbon credits representing an amount equal to or greater than 10% and less than 50%¹ of our remaining emissions in the most recent reporting year."</p>	<p>"We have achieved a Carbon Integrity Gold Claim, as demonstrated through climate actions in addition to our net zero goal and overall efforts to mitigate climate change through the retirement of high-quality carbon credits representing an amount equal to or greater than 50% and less than 100%¹ of our remaining emissions in the most recent reporting year."</p>	<p>"We have achieved a Carbon Integrity Platinum Claim, as demonstrated through climate actions in addition to our net zero goal and overall efforts to mitigate climate change through the retirement of high-quality carbon credits representing an amount equal to or greater than 100%¹ of our remaining emissions in the most recent reporting year."</p>
<p>"As we progress towards achieving our emissions reduction targets, in addition to our net zero goal, we acknowledge the need to support societal net zero. We have therefore purchased and retired high-quality carbon credits representing an amount equal to or greater than 10% and less than 50%¹ of our remaining emissions in the most recent reporting year."</p>	<p>"As we progress towards achieving our emissions reduction targets, in addition to our net zero goal, we acknowledge the need to support societal net zero. We have therefore purchased and retired high-quality carbon credits representing an amount equal to or greater than 50% and less than 100%¹ of our remaining emissions in the most recent reporting year."</p>	<p>"As we progress towards achieving our emissions reduction targets, in addition to our net zero goal, we acknowledge the need to support societal net zero. We have therefore purchased and retired high-quality carbon credits equal to or greater than 100%¹ of our remaining emissions in the most recent reporting year."</p>
<p>"In the most recent reporting year, we have demonstrated clear progress towards reaching our near-term emission reduction targets and we are committed to being a supporter of global net zero and achieving net zero status by 2050. As such, we have retired high-quality carbon credits representing an amount equal to or greater than 10% and less than 50%¹ of our remaining emissions in the most recent reporting year, in line with the Carbon Integrity Silver Claim."</p>	<p>"In the most recent reporting year, we have demonstrated clear progress towards reaching our near-term emission reduction targets and we are committed to being a supporter of global net zero and achieving net zero status by 2050. As such, we have retired high-quality carbon credits representing an amount equal to or greater than 50% and less than 100%¹ of our remaining emissions in the most recent reporting year, in line with the Carbon Integrity Gold Claim."</p>	<p>"In the most recent reporting year, we have demonstrated clear progress towards reaching our near-term emission reduction targets and we are committed to being a supporter of global net zero and achieving net zero status by 2050. As such, we have retired high-quality carbon credits equal to or greater than 100%¹ of our remaining emissions in the most recent reporting year, in line with the Carbon Integrity Platinum Claim."</p>

¹ Companies should include the precise percentage of retired high-quality carbon credits used when communicating a Carbon Integrity Claim.

The VCMI Claims Code of Practice and its accompanying documents including, without limitation the Background Document, Supplementary Guidance and Explanatory Notes are designed to promote credible, net zero-aligned participation in voluntary carbon markets. They have been developed based on multistakeholder public consultations and road-testing. While VCMI encourages the use of the Claims Code of Practice and its accompanying documents by all relevant organizations, any and all statements, claims and actions made or taken based fully or partially on the Code and/or its accompanying documents are the full responsibility of those engaging in them, whether or not in a way aligned with the recommendations therein. Neither VCMI nor any other individuals and organizations who contributed to the Claims Code and/or its accompanying documents assume responsibility for any consequences or damages, legal or otherwise, resulting directly or indirectly from any use of, or as a result of relying on, the Claims Code and/or its accompanying documents, or their contents, or otherwise arising in connection therewith. Organizations are recommended to take independent legal advice on their intended use of the Code and/or its accompanying documents in each relevant jurisdiction.

Where the Claims Code of Practice and/or its accompanying documents rely on guidance, standards, codes and other third-party documents, these are only non-exhaustive examples of such third-party documents and neither VCMI nor any other individual or organization who contributed to the Claims Code and/or its accompanying documents assume responsibility for the accuracy of the information or processes outlined in such third-party documents, or any consequences or damages, legal or otherwise, resulting directly or indirectly from any use of, or as a result of relying on, these third-party documents or their contents, or otherwise arising in connection therewith. Organizations are recommended to consult the primary sources of all guidance, standards, codes and other third-party documents referred to in the Claims Code and its accompanying documents, and to take independent legal advice on their intended use in all relevant jurisdictions.



II. COMMUNICATING NON-VCMI CLAIMS

VCMI envisages the introduction of tighter government regulation around the use of climate claims (specifically compensation claims) to address corporate greenwashing and protect consumers from misinformation. A company that uses or intends to use a claim such as ‘carbon neutral’, which an average consumer may interpret as the company’s emissions being eliminated at source, puts itself at greater risk of accusations of greenwashing, and of litigation for what could be interpreted as a misleading claim. VCMI therefore suggests that companies avoid making compensation claims entirely.

For years, experts have discussed how to best develop credible claims but, as noted in the paper [Understanding the Use of Carbon Credits by Companies: A Review of the Defining Elements of Corporate Climate Claims](#), the discourse on climate claims is still nascent. As a contribution to the discourse, VCMI has drawn up the Principles for Climate Mitigation Claim Credibility (see Table 1).

These principles can serve as a foundational guide for companies on how to structure all non-VCMI climate mitigation claims. These principles can also be used by government agencies and courts when assessing and making judgements related to companies’ climate claims. They are inspired by the [ISEAL² Credibility Principles](#) and they build upon and replace the design criteria in Annex B presented in VCMI’s provisional Claims Code.










VCMI recognizes that many of these principles are not easy to assure against. Only “conservative” and “accurate” currently have defined standards that can be assured against (e.g., ISO 14064-2:2006). VCMI is looking into the feasibility of developing further guidance to help companies to better operationalize these principles, including a more detailed methodology for assessing adherence.

VCMI suggests that companies put the above principles into action, and refrain from using compensation claims such as ‘carbon neutral’, given that an increasing number of regulations and non-binding guidance is making it more challenging to make these green claims in various jurisdictions. By way of example, at date of publication, these include but are not limited to:

- The EU Green Claims Directive,
- The US Federal Trade Commission’s Green Guides,
- The UK CMA Green Claims Code; and
- The EU Directive on empowering consumers for a green transition.

2 ISEAL is an international non-profit organization that codifies best practices for the design and implementation of social and environmental standard initiatives.

Table 1. Principles for Climate Mitigation Claims Credibility

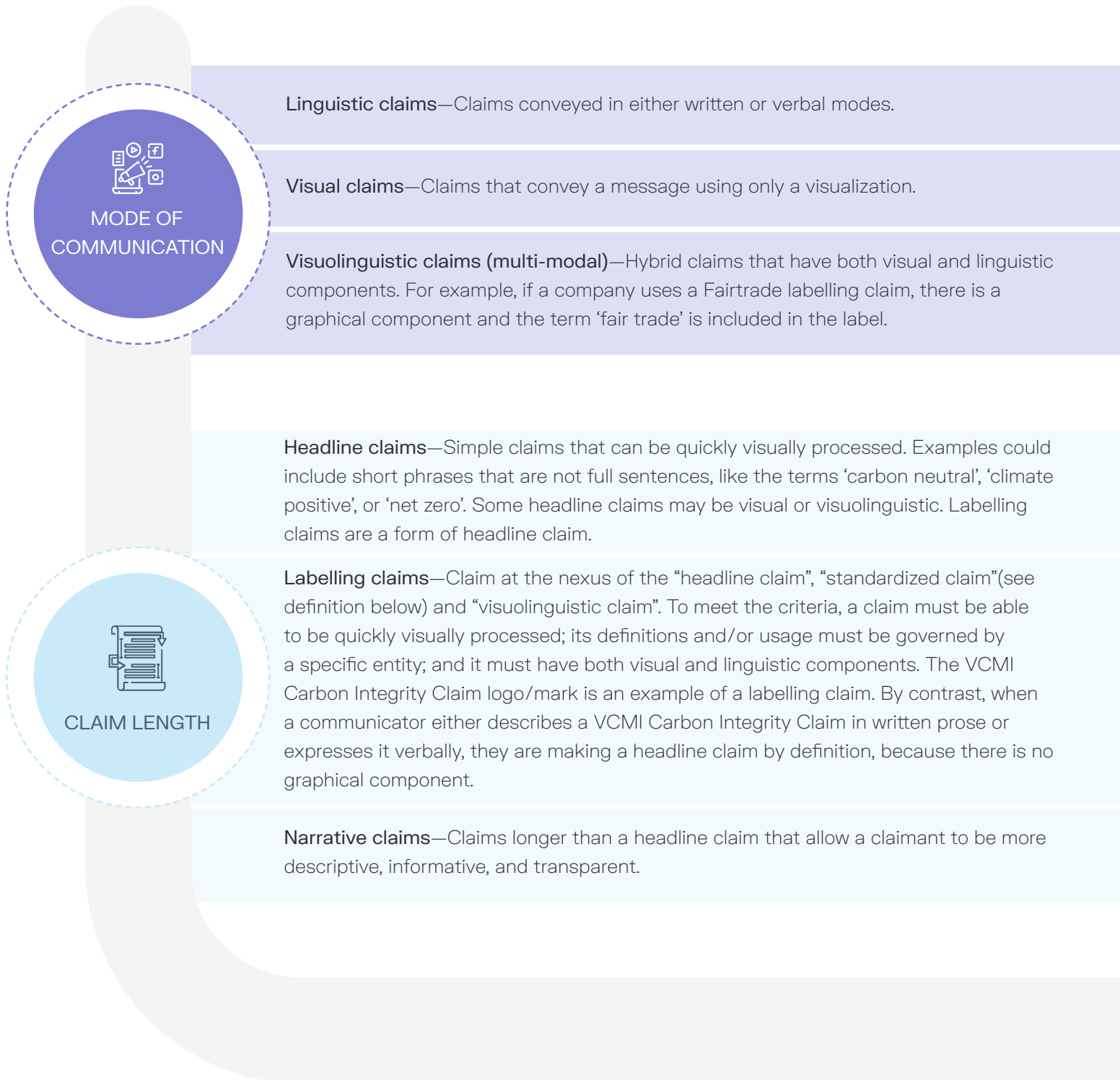
Principle	Explanation
 Clear to the target audience(s)	<p>Claims should be clearly stated, enabling target audiences to interpret them accurately and objectively. The message should be objective and traceable. In practice, there are often multiple audiences for a claim, so taking an average of these audiences is one way to operationalize this principle, notwithstanding the challenges involved. The claimant should make best efforts to ensure that the claim cannot be misinterpreted, notwithstanding the fact that it cannot ultimately control how a claim is interpreted by a third party.</p>
 Transparent	<p>The underlying information and evidence that substantiates a claim should be transparent, and all assumptions, data and relevant information should be transparently disclosed.</p>
 Traceable	<p>All data underlying a claim should be traceable (e.g., carbon credits should be able to be traced back to their point of issuance).</p>
 True and verifiable	<p>A claim should be truthful and substantiated by evidence that can be verified (e.g., such as a verifiable net zero strategy and expert assessments of the emissions reductions achieved).</p>
 Accurate	<p>Generalizations should be avoided when accuracy is possible.</p>
 Conservative	<p>If there is uncertainty in a claim's substantiating data, conservative estimates should be applied.</p>
 Relevant and not misleading	<p>A claim should not seek to distract key audiences from a company's most detrimental impacts on the climate and environment. Key audiences include: (1) consumers of a company's products and services; (2) impacted audiences who may not be consumers but whose other environmental decisions (e.g., voting) are influenced by a company's claims; and (3) consumers of sustainability reporting, whether investors, other companies, or intermediaries. A company should make claims in context, relative to the company's full value-chain and societal impacts.</p>
 Informative	<p>A claim should help the target audience learn more about the nature of the claim being made.</p>
 Sets the right incentives for the target audience	<p>A claim should not incentivize negative environmental behaviour and ideally should encourage the consumer to take further positive environmental action. If a product is marketed as 'carbon neutral', additional information surrounding this headline claim should ensure that the consumer understands the need for truly zero-carbon products to replace the current product marketed as 'carbon neutral' (i.e., it should be clear that the need for carbon compensation is temporary and not a permanent solution). Through this communication, the consumer could be encouraged to take more 'climate friendly' action either immediately or in the near future.</p>

The Principles for Climate Mitigation Claims Credibility can serve as a foundational guide for companies on how to structure all non-VCMI climate mitigation claims.

A common taxonomy for categorizing climate claims

Efforts to assess the credibility of climate claims are being hampered by the lack of a common taxonomy to categorize them. Even the definition of the word claim is contested.

VCMI supports ISEAL's definition, which in a sustainability context is: "a message used to describe or promote a product, process, business, or service with respect to its sustainability attributes or credentials". Below is a set of definitions for a variety of other claim types, categorized by different attributes. Here, VCMI organizes the different types of claims on the basis of the mode of communication, claim length, level of quality control, scope, and stage of a claim.





LEVEL OF QUALITY CONTROL

Standardized claims—Claims whose definitions or usage are governed or regulated by a specific entity to conform to a common standard. A subset of “standardized claim” would be a “certified claim”, which implies that the company would go through a formal certification process to be given the approval to use the claim.

Universal claims—Claims that are not regulated or certified in conformance with a common standard. This includes cases where a company uses the term ‘net zero’, but does not undergo certification or, on its own, conform to a specific common standard.



SCOPE OF A CLAIM

Enterprise claims and brand, product, and services claims—These distinctions are self-explanatory. VCMI provides enterprise claims, which represent achievement at the enterprise level as companies progress toward their long-term net zero commitment.



STAGE OF A CLAIM

Commitment claims—Claims representing a commitment a company has made. For example, if a company has made a commitment to net zero, it should highlight that it is only a commitment and not call itself a ‘net zero’ company until it has actually achieved the state of net zero.

Process claims—Claims representing an action a company is currently taking or a status reached in the process of meeting a commitment. For example, in the middle of a target period a company may express that it has reduced its emissions by X% from its target baseline. It is not claiming to have met its target, only that it has made progress along the way.

Achievement claims—Claims representing a specific achievement, for example, that a company has achieved a net zero state.

