

Claims Code of Practice

Building integrity in
voluntary carbon markets

November, 2023. v.2

About VCMI

VCMI is an international initiative to drive credible, net-zero-aligned participation in voluntary carbon markets. VCMI was established to help ensure that voluntary carbon markets make a significant, measurable, and positive contribution to achieving the Paris Agreement goals, while also promoting inclusive and sustainable development. The imperative of keeping global average temperature increase to below 1.5 degrees Celsius requires the world to avoid, reduce, and remove as large a quantity of greenhouse gas (GHG) emissions as possible, as quickly as possible.

To help do so, VCMI coalesces stakeholders around a shared vision, enabling high-integrity voluntary carbon markets to make a meaningful contribution to climate action while also supporting the achievement of the UN SDGs. VCMI connects with and amplifies initiatives that share this vision.

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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 through a multistakeholder public consultation and road testing. While VCMI encourages 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 other individuals and organizations who contributed to the 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 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.

Executive Summary



Executive Summary

The purpose of the Claims Code

Voluntary carbon markets have the potential to help fill gaps in financing for climate mitigation, enhance corporate efforts to transition to net-zero, and support the achievement of countries' Nationally Determined Contributions to climate action and sustainable development objectives. They can also support and accelerate the introduction of robust, well-designed climate policies.

However, this potential can only be realized if voluntary carbon markets operate with high integrity. This means that carbon credits must be generated by activities that truly go beyond business-as-usual and benefit host communities – the supply side – and that their use increases overall greenhouse gas mitigation rather than just substituting for existing actions – the demand side. Without clear, high-integrity rules for both these aspects, voluntary carbon markets will rightly continue to be viewed with suspicion, companies will be afraid to invest, and their potential will be lost.

The VCMI Claims Code of Practice addresses integrity on the demand side by guiding companies and other non-state actors on how they can credibly make voluntary use of carbon credits as part of their climate commitments and on how they communicate their use of those credits. It provides clarity, transparency, and consistency on what these commitments and claims mean and will give confidence to all those engaging with voluntary carbon markets. Together, VCMI and ICVCM work in close partnership to create an end-to-end model to achieve a voluntary carbon market with integrity, by providing clear guidance from both the demand and supply sides.

The Claims Code is the result of two years of research and engagement with stakeholders across all sectors and regions, including road-testing of a provisional version, published in 2022, and two public consultations. Following the publication of the VCMI Claims Code in June 2023, VCMI carried out extensive engagements with a diverse set of stakeholder groups, including a VCMI Stakeholder Forum, Early Adopters Group and Expert Advisory Group. These stakeholders have been critical to the updates outlined in this version 2 of the Claims Code, and in the development of the VCMI Monitoring, Reporting and Assurance (MRA) Framework, which outlines clear procedures for companies to follow in order to make a VCMI Claim. This work has taken place in the context of an emerging, coherent governance framework across voluntary carbon markets and increasing corporate accountability. The Claims Code has deliberately been designed in coordination with existing standard setters in order to align with and complement their work, thereby increasing clarity for businesses, their stakeholders, and the wider public. The extensive engagements with external stakeholders that took place between June and November 2023 gave VCMI the opportunity to understand in detail the practical challenges faced by companies and other non-state actors (NSAs) in meeting the requirements set out in the Claims Code. As such, the Claims Code was improved in November 2023 to address some of the challenges raised and provides more clarity to companies and other NSAs on how to achieve a VCMI Claim.

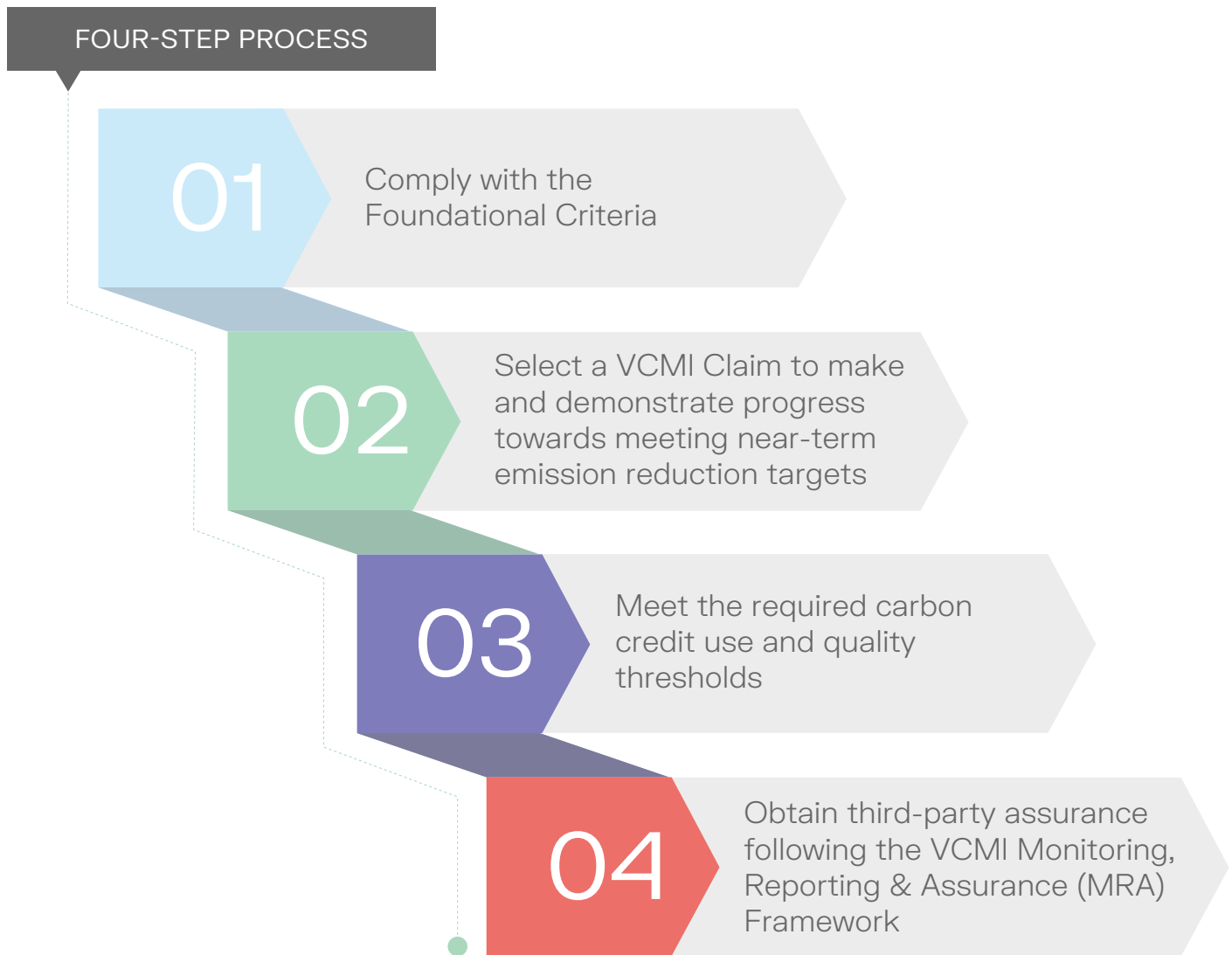
Who the Claims Code is for

The VCMI Claims Code of Practice is designed for:

- companies seeking to make credible, voluntary use of carbon credits and receive validation in the form of a VCMI Claim;
- individuals, businesses, and other buyers of goods and services seeking to make net-zero-aligned purchases;
- investors and other stakeholders who want to evaluate the credibility of a company's climate ambition and its actions, including its use of carbon credits, alongside broader decarbonization efforts; and
- governments and their regulatory agencies considering how to incentivize non-state actors to use carbon credits credibly and to structure their claims to be truthful, clear and informative, through government-developed or endorsed corporate reporting requirements, advertising and consumer protection standards and other policies, measures or guidance on the use of carbon credits.

How the VCMI Claims Code works

The Claims Code is based on a four-step process.



To make an enterprise-wide VCMI Claim, companies must:

1: COMPLY WITH THE FOUNDATIONAL CRITERIA

These are designed to be aligned with the long-term goals of the Paris Agreement and represent current corporate best practice. The Foundational Criteria require companies to:

- maintain and publicly disclose an annual greenhouse gas emissions inventory;
- set and publicly disclose science-aligned near-term emission reduction targets, and publicly commit to reaching net-zero emissions no later than 2050;
- demonstrate that the company is making progress on financial allocation, governance, and strategy towards meeting a near-term emission reduction target; and
- 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.

Figure 1. Carbon Integrity Claims

2: SELECT A VCMI CLAIM TO MAKE AND DEMONSTRATE PROGRESS TOWARDS MEETING NEAR-TERM EMISSION REDUCTION TARGETS



VCMI has defined three claims that companies and other non-state actors can make. All three represent action above and beyond companies' internal decarbonization efforts. These claims are appropriate for companies that are taking action now to accelerate global net-zero, by going above and beyond science-aligned emissions cuts through the additional use of high-quality carbon credits and that are either making progress to meet their near-term emission reduction target during interim years or have already met their targets.

- Carbon Integrity Silver requires the purchase and retirement of high-quality carbon credits in an amount equal to or greater than 10%, and less than 50%, of a company's remaining emissions once it has demonstrated progress towards its near-term emission reduction targets.
- Carbon Integrity Gold requires the purchase and retirement of high-quality carbon credits in an amount equal to or greater than 50%, and less than 100%, of a company's remaining emissions once it has demonstrated progress towards its near-term emission reduction targets.
- Carbon Integrity Platinum requires the purchase and retirement of high-quality carbon credits in an amount equal to or greater than 100% of a company's remaining emissions, once it has demonstrated progress towards its near term emissions reduction targets.

All claimants must have met the Foundational Criteria and be able to demonstrate emission reductions in comparison to their base year on an absolute and / or intensity basis. In addition, the percentage of total remaining emissions to be covered by carbon credits must increase in each subsequent year after a company makes its Carbon Integrity Silver or Gold claims.

3: MEET THE REQUIRED CARBON CREDIT USE AND QUALITY THRESHOLDS

The carbon credits a company uses must be of the highest quality, both to underpin the credibility of its claims and to help drive integrity across the market. VCMI defines high-quality carbon credits as those that meet the Integrity Council for the Voluntary Carbon Market (ICVCM) Core Carbon Principles¹ and qualify under its Assessment Framework.

All Carbon Integrity Claims require the purchase of carbon credits representing mitigation—either emission reductions or removals—achieved outside the value chain of the company. This is also defined as 'beyond-value chain mitigation', through which companies play a key role in achieving climate goals and accelerating the collective effort to reach global net-zero emissions.

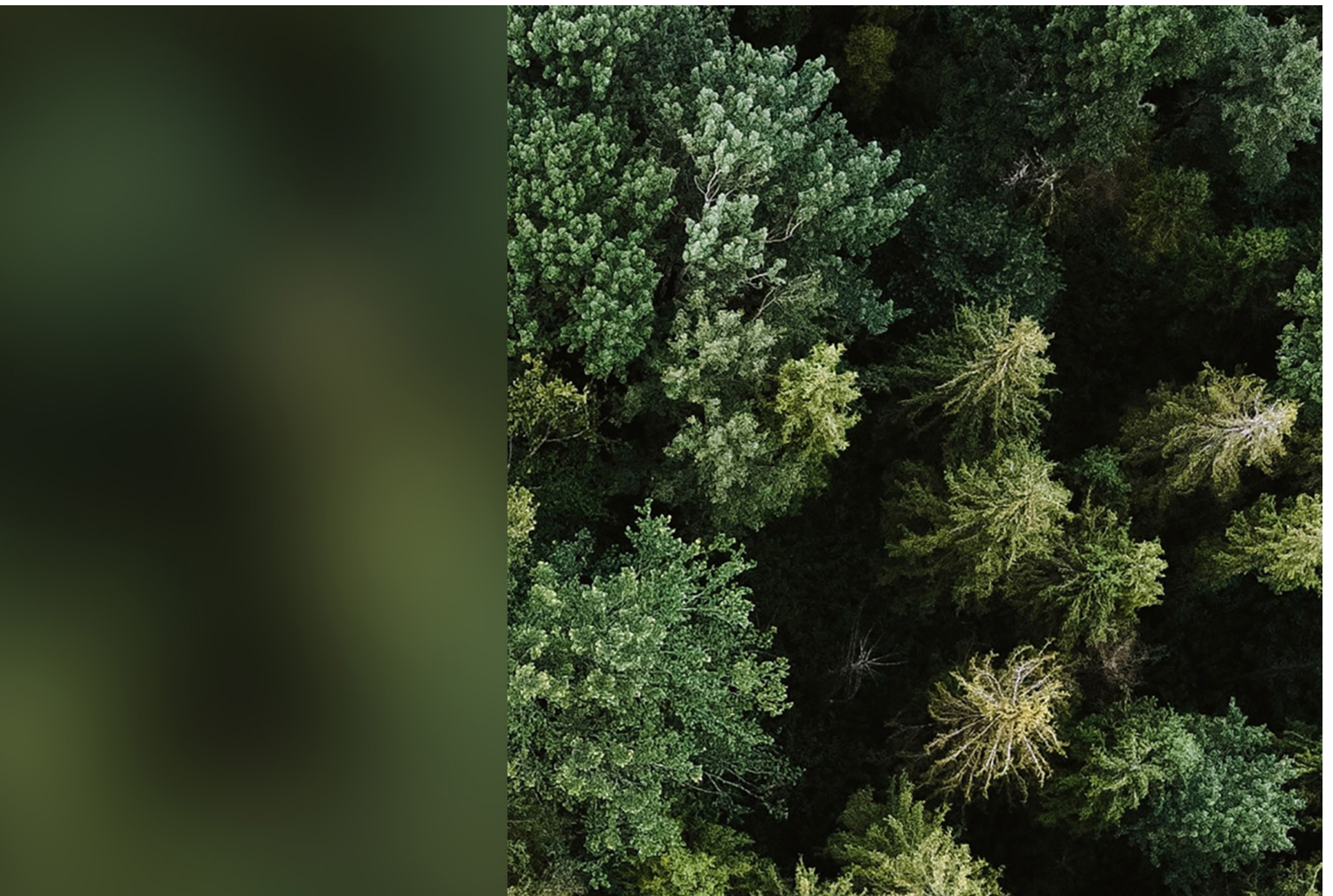
¹ VCMI has developed a set of transitional measures for companies to adhere to in the interim as supply of CCP-Approved credits scale up in the market. These transitional measures are detailed in Section 5 'VCMI Claims Code of Practice' of this document, and in the VCMI MRA Framework.

4: OBTAIN THIRD-PARTY ASSURANCE OF REPORTED INFORMATION

To substantiate a Carbon Integrity Claim, transparent reporting and assurance of information is essential. Claimants must demonstrate that all Foundational Criteria and Carbon Integrity Claim-specific requirements have been met, and must disclose key information related to the carbon credits purchased.

While Carbon Integrity Claims are limited to voluntary action, we believe that robust, comprehensive policies and regulations are essential if the world is to avoid catastrophic climate change. VCMI hopes that the Claims Code will constitute a valuable contribution to this emerging policy architecture.

VCMI welcomes engagement and feedback. Please email: info@vcmintegrity.org



Letter from VCM Co-Chairs



Letter from VCMI Co-Chairs

On behalf of the Voluntary Carbon Markets Integrity Initiative (VCMI) Steering Committee and Secretariat, we are pleased to present this Claims Code of Practice on the voluntary use of carbon credits. Such guidance is essential to ensure the integrity of voluntary carbon markets. Integrity underpins trust, and trust will underpin the growth — in the short, medium and long term — of high-value and purposeful voluntary carbon markets which make a meaningful contribution to the Paris Agreement goals while at the same time to the UN Sustainable Development Goals (SDGs).

VCMI released its provisional Claims Code in 2022. We then undertook a public consultation and road-tested the provisional Code with around 70 companies. VCMI thoroughly evaluated the feedback received, processed all the comments, and released an operable² Claims Code in June 2023. In doing so, we clarified the main concepts and provided clear and practical guidance for companies to lay the foundations for the credible use of carbon credits.

The Claims Code has now been complemented with additional guidance and research. These include branding for Carbon Integrity Claims and our Monitoring, Reporting and Assurance (MRA) Framework, which provides essential, process-driven guidance on how companies can obtain a claim.

This approach was intended to ensure that all outstanding issues identified during the consultation process have been adequately addressed. This process included consultation with the VCMI Expert Advisory Group (EAG) and the Stakeholder Forum, alongside the Country-Contact Group and the Early Adopters Program. VCMI is leading the way, while leaning on the expertise, inputs and feedback from the experts and stakeholders who so generously devote their time to ensuring that voluntary carbon markets can deliver real and additional benefits.

We are deeply grateful to all those who have given their time and talents to the development of this Claims Code. Companies now have clear guidance on how to act. Companies are now able to make Carbon Integrity Claims, and all information relating to the requirements included in the Claims Code can now undergo an assurance process as outlined in the newly-released MRA Framework.

VCMI has worked in partnership with other key voluntary standards, recognizing the important role they play, and we will continue to do so. We will only be able to maximize the impact of high-integrity voluntary carbon markets towards keeping global warming to below 1.5 degrees Celsius if we are able to coordinate and complement our efforts, rather than duplicate or overlap them.

VCMI's Claims Code goes hand in hand with the Integrity Council for the Voluntary Carbon Market (ICVCM)'s Core Carbon Principles (CCPs). The release of these two streams of work in 2023 is building confidence in a high-integrity voluntary carbon market that can accelerate global net-zero. This has only been achieved thanks to close partnerships with many stakeholders committed to mutual goals. Companies now know how to make credible use of carbon credits. Now it is time for implementation.

Tariye Gbadegesin and Rachel Kyte

VCMI STEERING COMMITTEE CO-CHAIRS

² An operable Claims Code meant that a company could go through the process, meet all Foundational Criteria, and comply with the first three steps. As of November 2023, a company is able to make Carbon Integrity Claims, as the VCMI Monitoring, Reporting and Assurance (MRA) Framework has been put in place.

The aims of the VCMI Claims Code of Practice



The aims of the VCMI Claims Code of Practice

About the VCMI Claims Code

The primary purpose of the VCMI Claims Code is:

- to provide clear requirements, recommendations, and supporting guidance to companies and other non-state actors³ on when they can credibly make voluntary use of carbon credits as part of their near-term emission reduction objectives and long-term net-zero commitments; and
- to provide guidance on how to describe the use of those credits.

All stakeholders need to ensure that their use of carbon credits accelerates—rather than undermines—their contribution to global climate action. Today, thousands of companies are making climate commitments, such as to reduce emissions to certain levels by specific dates and to decarbonize their supply chains. However, there is a lack of clarity about what these commitments and related claims mean. There is often insufficient transparency about corporate climate performance, and inconsistent use of terminology. These shortcomings risk undermining confidence in the integrity of voluntary carbon markets and in corporate commitments more broadly, even when those commitments are genuine.

Many stakeholders are concerned that the use of carbon credits could hinder, delay, or replace efforts by companies to reduce greenhouse gas (GHG) emissions within their operations and supply chains. Without clear and transparent guidance about the voluntary use of carbon credits for underpinning credible claims, investors and consumers are not able to effectively allocate capital and direct their purchasing power to incentivize real company leadership on climate mitigation. Companies making non-credible claims when using carbon credits face significant risks, ranging from reputational damage, due to accusations of overstating climate performance, to potential fines by domestic authorities and litigation (where such claims are deemed false or misleading). The negative impacts may also extend to companies making credible claims, as reputational risks may lead to a more conservative approach and undermine climate action.

Many companies around the world want to understand how they can use carbon credits in their climate strategies in a way that is accepted by investors, civil society, government regulators, and policymakers. Providing this clarity is the goal of this Claims Code. The claims delineated in the Claims Code will help companies at different levels of ambition and action to demonstrate that they are using carbon credits appropriately as a tool to deliver climate mitigation that is additional to that already taking place within their value chains.

Carbon Integrity Claims will give the most innovative companies already performing well on climate mitigation an incentive to go further and inspire other companies to follow. For those companies and other stakeholders that do not yet qualify for a Carbon Integrity Claim, the robust claims system will help them understand what actions need to be taken for them to embark on the decarbonization journey and progress towards meeting the Foundational Criteria and making a Carbon Integrity Claim.

The Claims Code is designed for:

- companies seeking to make credible, voluntary use of carbon credits and receive validation in the form of a VCMI Claim;
- individuals, businesses, and other buyers of goods and services seeking to make net-zero-aligned purchases;
- investors and other stakeholders who want to judge the credibility of a company's climate ambition and actions, including its use of carbon credits, alongside broader decarbonization efforts; and
- governments and their regulatory agencies considering how to incentivize non-state actors to use carbon credits credibly, and to structure claims to be truthful, clear and informative, through government-developed or endorsed corporate reporting requirements, advertising and consumer protection standards, and other policies, measures, or guidance.

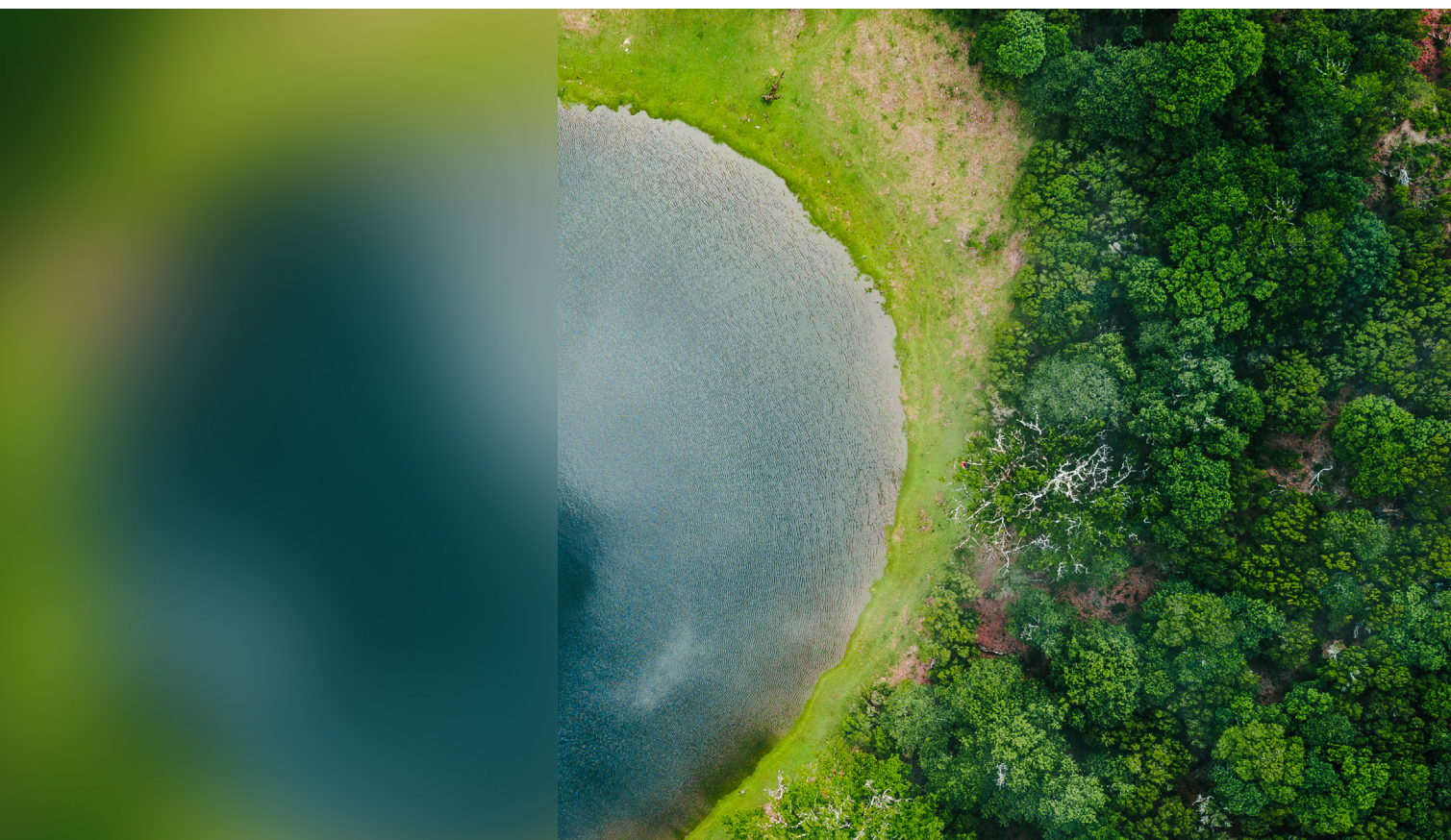
3 For convenience, we use the term 'company' throughout this document, but all guidance can be applied equally to other non-state actors.

BOX 1: VCMI'S FULL CLAIMS CODE DEVELOPMENT

This Claims Code of Practice builds on the provisional Claims Code released in 2022 and the subsequent feedback received. It sets out the steps that companies and other non-state actors must take for the credible use of carbon credits to make a Carbon Integrity Silver, Gold, or Platinum Claim as part of net-zero transitions. Carbon credits cannot be counted towards the achievement of within-value chain emission reduction targets. Carbon Integrity Silver, Gold and Platinum Claims are made by companies that are taking action now to accelerate global net-zero, by going above and beyond science-aligned emissions cuts through additional use of high-quality carbon credits.

With the branding and MRA Framework now complete – drawing on consultation with the VCMI Stakeholder Forum, Expert Advisory Group, Country Contact Group and Early Adopters Program, as well as externally commissioned research-companies are now able to make a Carbon Integrity Claim. In addition, VCMI has launched the beta version of a Scope 3 Flexibility Claim, designed to provide greater accessibility to companies not yet able to meet their Scope 3 emissions reduction targets. . . This additional guidance complements and builds on what was already contained in the first iteration of the Claims Code.

VCMI acknowledges that the claims presented in the Claims Code may not be achievable for small and medium-sized enterprises (SMEs), many companies in the Global South, and companies with low profit margins. VCMI will therefore explore possible special provisions to promote accessibility to the Claims Code for these companies and other non-state actors.



Governance and VCMI's role in voluntary carbon markets



Governance and VCMI's role in voluntary carbon markets

The integrity—and therefore the value—of VCMI Claims depends on functional and reliable overall governance of voluntary carbon markets and a credible MRA Framework, the latter of which has now been completed. Claims must be credible to be of value to companies, investors, regulators, and other stakeholders evaluating climate commitments and achievements, as well as to those seeking to create programs that rely on a credible claims regime.

Our approach to addressing governance and infrastructure gaps is two-fold. First, VCMI recognizes the need for a Claims Code that is part of a coherent governance framework across voluntary carbon markets and corporate accountability spaces. Accordingly, VCMI has designed an MRA Framework that builds on and aligns with—rather than duplicates—existing benchmarks and corporate accountability frameworks. VCMI respects and recognizes the role each organization plays in voluntary carbon markets and engages in ongoing coordination efforts with the Science Based Targets initiative (SBTi), the Greenhouse Gas Protocol (GHG Protocol), CDP, We Mean Business, and ICVCM, among other key corporate voluntary standards bodies. The Claims Code makes clear reference to these other institutions and their guidance, when applicable. It acknowledges their role and contribution alongside that of VCMI and works to ensure that there is alignment in the use of definitions adopted, so that companies are clear on terminology and on how these different institutions come together in the voluntary carbon market ecosystem.

Second, we recognize that VCMI's role in voluntary carbon market governance is one piece of a larger puzzle. Ensuring the effective wider governance of voluntary carbon markets requires a broader convergence of actors and resources to fill the need for assurance services, among other components.

We remain committed to working with the larger community, and with governments, to address this overarching governance need. For example, VCMI closely coordinated with the High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (HLEG), established by the UN Secretary-General (UNSG), to ensure that the Claims Code's contribution to leveraging the integrity of the market is recognized.

VCMI acknowledges that the climate finance gap to meet the Paris Agreement is significant and that mobilizing finance – including through voluntary carbon markets – is urgently needed. VCMI firmly believes that high-integrity voluntary carbon markets can unlock private finance and drive financial resources where they are most needed, leading to not only GHG emissions reductions but also to job creation, income generation, and improvements in well-being. An enabling policy environment for high-integrity voluntary carbon markets will help ensure they deliver maximum benefits for climate and socio-economic prosperity. That is why VCMI released its [Access Strategy Toolkit](#) based on our engagement with policymakers in countries hosting carbon market activities globally. The Toolkit sets out the steps required to access voluntary carbon market finance as part of a holistic approach to climate finance.

The VCMI Claims Code of Practice outlines requirements, recommendations, and supporting guidance for companies so that they can prepare to make a Carbon Integrity Claim, as presented in Section 5. Requirements refer to those actions that must be implemented by companies as a necessary condition to move forward in the process of making a claim. Recommendations and supporting guidance, meanwhile, provide companies with suggestions and additional sources of information to highlight best practice measures that companies should implement or work towards.

The VCMII Claims Code of Practice



The VCMI Claims Code of Practice

This document provides guidance for the credible voluntary use of carbon credits by companies and other non-state actors and on how they communicate their use of those credits. The Claims Code builds on the provisional Claims Code released by VCMI in June 2022, and subsequent feedback received, and expands on the requirements of other leading climate change initiatives⁴.

The content of the Claims Code is driven by VCMI's Principles for High Ambition and High Integrity Voluntary Corporate Climate Action (Please refer to Background Document – section A).

VCMI Enterprise-wide Claims

The VCMI Claims Code sets out how companies can make assurable enterprise-wide claims, which reflect the credible voluntary use of carbon credits in support of collective efforts to reach global net-zero no later than 2050.

This section outlines the four key steps that companies must take to make a VCMI Claim. By following these steps and adhering to the requirements, a company will be able to obtain one of the enterprise-wide claims described in this Claims Code: Carbon Integrity Silver, Carbon Integrity Gold, or Carbon Integrity Platinum.

Carbon Integrity Claims will be appropriate for companies that are taking action now to accelerate global net-zero, by going above and beyond science-aligned emissions cuts through the additional use of high-quality carbon credits, and by either making demonstrable progress towards meeting their near-term emission reduction target in interim years, or having already met their targets.

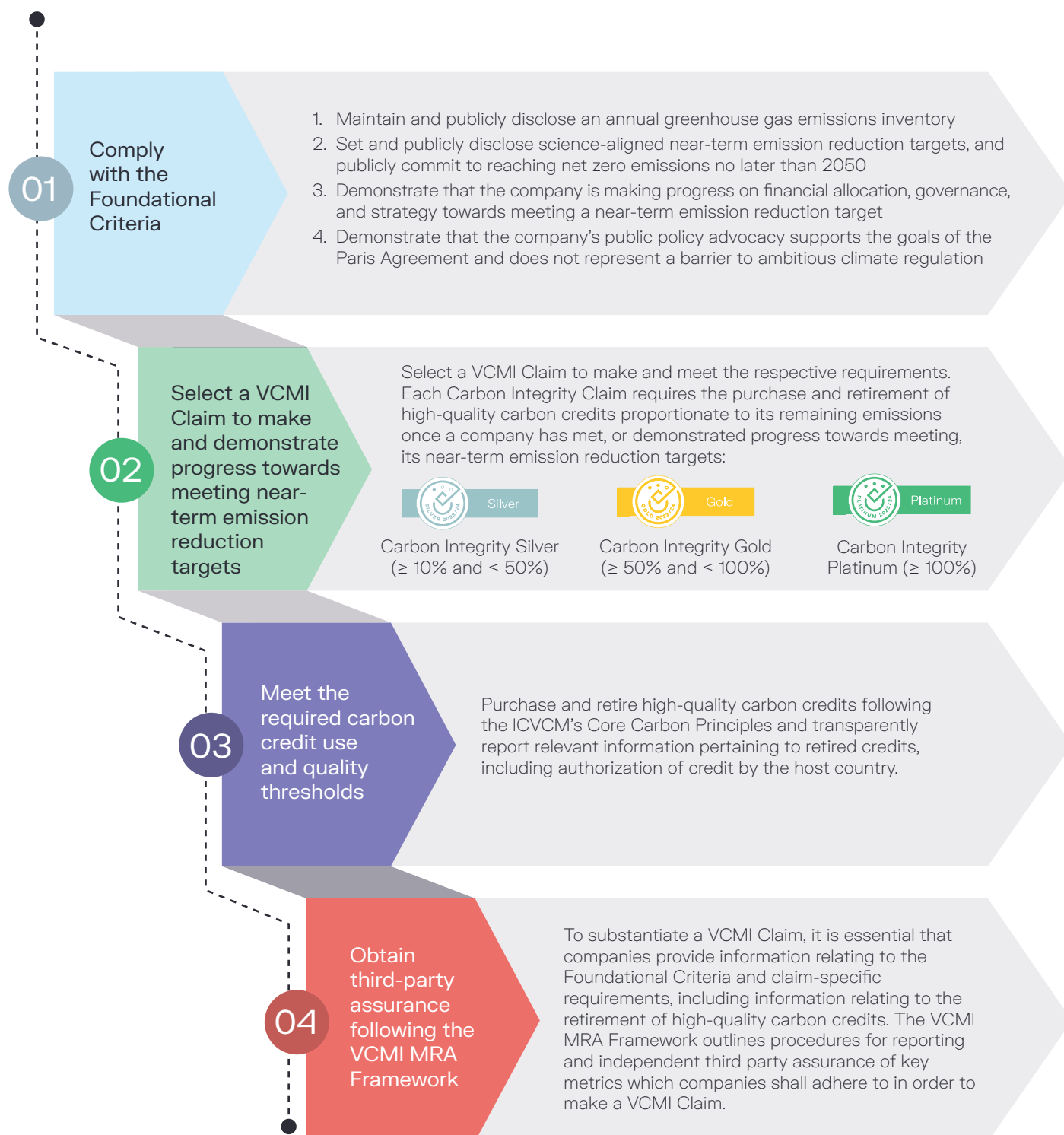
For companies wishing to make a VCMI Claim that covers their enterprise-wide emissions, there is a four-step process to be followed.



⁴ Including the Carbon Pricing Leadership Coalition's (CPLC) Report of the Task Force on Net-Zero Goals and Carbon Pricing; the full suite of Science Based Target initiative's (SBTi) target setting guidance and standard; Gold Standard's Scope 3 Value Chain Interventions Guidance; The Oxford Principles for Net-Zero Aligned Carbon Offsetting; the UNSG's HLEG; and the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The four steps for making a VCMI claim

The following sections outline specific requirements, recommendations and supporting guidance for making a VCMI Claim⁵.



⁵ VCMI may update or revise the Claims Code of Practice ("Claims Code") at any time and such updates and revisions will take effect for any subsequent VCMI Claims. Any updates or revisions to the Claims Code will have no effect on the validity of existing VCMI Claims.

1. Comply with the Foundational Criteria

What are the VCMi Foundational Criteria?

The VCMi Foundational Criteria are designed to be aligned with the Paris Agreement's long-term mitigation goals. They draw on best practice guidance developed by leading global initiatives such as the SBTi and the UN-led Race to Zero Campaign, as well as guidance from existing and emerging regional and national regulatory frameworks. The Foundational Criteria serve as the backbone for a robust climate strategy and therefore must be addressed first as part of making a VCMi Claim.

Before making voluntary use of carbon credits (and making a VCMi Claim), companies shall adhere to all four Foundational Criteria.

FOUNDATIONAL CRITERIA



1 Maintain and publicly disclose an annual greenhouse gas emissions inventory



2 Set and publicly disclose science-aligned near-term emission reduction targets, and publicly commit to reaching net-zero emissions no later than 2050



3 Demonstrate that the company is making progress on financial allocation, governance and strategy towards meeting a near-term emission reduction target



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



Foundational Criterion 1: Maintain and publicly disclose an annual greenhouse gas emissions inventory

REQUIREMENTS FOR EMISSIONS INVENTORIES

Companies are required to:

- Make an enterprise-wide GHG emissions inventory publicly available on the company's website and update it annually.
- Report its GHG emissions inventory in accordance with the most up to date GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard, and the forthcoming Land Sector and Removals Guidance.
- Include in the GHG emissions inventory company-wide scope 1 and 2 emissions, separately disclosing scope 2 emissions calculated using the location-based and market-based approaches, as per the GHG Protocol Scope 2 Guidance. However, a single and consistent accounting approach (either market-based or location-based) must be used for setting and tracking progress towards targets, in line with SBTi's near-term emission reduction target criteria. Companies shall

also include scope 3 emissions for all existing emissions sources, according to the minimum boundary established for each of the fifteen scope 3 categories as set out by the most up to date GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

- Provide clear explanations and estimations of how any structural changes to the company, methodological changes, or changes to activity data or emission factors applied have affected the most recent reporting year's inventory. This will make it possible to separate any impacts that are resulting from the methodological changes from impacts due to mitigation actions. If structural changes or changes in methodology or data sources result in significant differences in emissions, companies are required to recalculate base year emissions in accordance with the most up to date GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standard. In the absence of a base year emissions recalculation policy, a company must agree to apply a 5% significance threshold for emission recalculations.

RECOMMENDATIONS AND SUPPORTING GUIDANCE:

- Companies may report their inventory through any of the following formats: its CDP Climate Disclosure; the reporting company's annual sustainability report or annual statement of GHG emissions; its Global Reporting Index (GRI) disclosure, that includes GRI 305-1, 305-2, and 305-3; or its Sustainable Accounting Standards Board (SASB) index.
- VCMI acknowledges that data availability is a challenge for many companies. However, in the pursuit of net-zero, VCMI encourages companies to take measures to expand and improve processes for capturing better quality and more comprehensive data across all scope 3 emissions that exist for the company. For guidance on collecting emissions data, please refer to the most up to date GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (see Chapter 7: Collecting Data).



Foundational Criterion 2: Set and publicly disclose science-aligned near- term emission reduction targets, and publicly commit to reaching net- zero emissions no later than 2050

Science-aligned targets are those that follow what the latest climate science says is necessary to limit global warming to 1.5 degree Celsius with no or limited overshoot, as highlighted by the Intergovernmental Panel on Climate Change (IPCC) through its model pathway of CO₂ emissions reductions. VCMI acknowledges that deep, rapid and sustained reductions in GHG emissions are urgently needed to achieve global net-zero by the middle of this century.

REQUIREMENTS FOR NEAR-TERM EMISSION REDUCTION TARGETS

- Companies must set and publicly disclose near-term emission reduction targets covering scopes 1, 2 and 3. These targets must be set following the most up to date criteria for setting near-term emission reduction targets from SBTi or an equivalent science-aligned target setting framework, henceforth or equivalent⁶. SBTi requires near-term targets to be within 5–10 years, i.e., a maximum of 10 years into the future from the date the target was set⁷. Targets can be set in absolute or intensity terms, following SBTi's criteria for setting near-term targets.

⁶ In 2024, VCMI will work to identify equivalent target setting frameworks which it deems acceptable for the purposes of making a VCMI Claim.

⁷ From 2030 onwards, all subsequent near-term reduction targets must be no more than five years apart.

- Companies must follow the most up to date SBTi or equivalent criteria for setting the target boundary and emissions coverage (this means 95% coverage of scopes 1 and 2 emissions, and 67% coverage of scope 3 emissions, if scope 3 emissions represent over 40% of the inventory from all scopes). For power companies, SBTi sector specific criteria must be followed, including setting a third target covering 100% of emissions from downstream use of fossil fuels.
- For companies with targets following the SBTi near-term target setting criteria, but which have not had these targets validated, they must submit a target to SBTi for validation within 24 months⁸. To obtain a VCMI Claim, the company must provide evidence of the SBTi commitment letter as part of the formal SBTi commitment process.

VCMI will review the target setting landscape in the coming years and update the Claims Code to reflect additional robust, science-aligned standards as they become available.

REQUIREMENTS FOR LONG-TERM NET-ZERO EMISSION REDUCTION TARGETS

Companies are required to:

- Make a public commitment to achieve net-zero emissions no later than 2050, including scopes 1, 2 and 3 GHG emissions, as well as land-based GHG emissions where applicable;
- Disclose the definition of net-zero adopted, in line with globally recognized sustainability frameworks or guidance, as well as the principles and/or methodology they have used or intend to use to set their net-zero target; and
- Use the same base year for the long-term net-zero target, once it is set, as that used for the initial near-term target.

RECOMMENDATIONS AND SUPPORTING GUIDANCE:

- Companies are encouraged to set the most recent year with available data as their base year.
- Companies are encouraged to set a long-term emission reduction target, in line with their commitment to reaching net-zero no later than 2050, within 24 months of obtaining a VCMI Claim.
- Regarding communicating the scope of emissions included within targets, VCMI suggests that the emissions coverage of companies' targets, expressed as a share of total scope 1, 2 and 3 emissions, be prominently displayed and communicated alongside any target-related communication made by the company. For example, if a company sets a target to reduce emissions by 30%, covering 75% of its total value-chain emissions, it should disclose the 75% coverage in any communication related to the 30% target, so as not to mislead stakeholders.
- Companies are encouraged to align with the recommendations set out by the [UN High Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities](#) and the [UN-led Race to Zero](#), which require companies to halve emissions by 2030. Companies are also encouraged to join the UN-led Race to Zero campaign.

⁸ The 24-month period to submit a target for SBTi validation is aligned with the formal SBTi commitment process.



Foundational Criterion 3: Demonstrate that the company is making progress on financial allocation, governance, and strategy towards meeting its near-term emission reduction target

To operationalize Foundational Criterion 3, VCMI has established a set of reporting requirements which it deems to be representative of whether a company is making progress towards meeting its near-term emission reduction target. They are designed to assess whether a company is taking sufficient measures to decarbonize, including by funding GHG mitigation activities and setting up appropriate climate governance structures. These reporting requirements represent recommended best practice as outlined in major climate transition plan frameworks (see Box 2).

REQUIREMENTS FOR FINANCIAL ALLOCATION

Companies are required to:

- Publicly disclose total financial allocation⁹ dedicated to GHG mitigation made during the most recent reporting year across the company's value chain. Companies shall disclose information relating to at least one of the requirements below:
 - The percentage of annual revenue dedicated to GHG mitigation; or
 - The percentage of capital expenditure (CAPEX) and operational expenditures (OPEX) dedicated to GHG mitigation. Companies shall disclose the definition chosen for CAPEX and OPEX metrics using existing definitions from global or regional taxonomy; or
 - If a company cannot disclose either of the aforementioned metrics, it shall provide a statement to explain why, and a qualitative description and analysis of financial allocation made and steps taken related to GHG mitigation.
- Total planned financial allocation dedicated to GHG mitigation across the company's value chain. Companies shall disclose information relating to at least one of the requirements below:
 - The percentage of annual revenue earmarked for GHG mitigation; or
 - The percentage of CAPEX and OPEX that will be dedicated to GHG mitigation. Companies shall disclose the definition chosen for CAPEX and OPEX metrics using existing definitions from global or regional taxonomy; or,
 - If a company cannot disclose either of the aforementioned metrics, it shall provide a statement to explain why, and a qualitative description and analysis of financial allocation made and steps taken related to GHG mitigation.

⁹ For more details on how to report on requirements for financial allocation, please refer to page 21–24 of the MRA Framework

REQUIREMENTS FOR STRATEGY AND GOVERNANCE

Companies are required to:

- Publicly disclose the following information related to the company's governance structure for overseeing progress in reaching near-term targets¹⁰. Companies shall disclose at least one of these metrics:
 - Whether their Board or senior-management-level compensation is linked to climate performance indicators¹¹. If yes, then companies shall disclose a description of the Board or senior-management-level compensation policy and indicators related to climate performance; or
 - Whether their Board members or senior-management level have capabilities or expertise on climate-related issues. If yes, then companies shall provide a description of the climate-related capabilities and expertise held by board members or senior-management level; or
 - Whether they conduct board-level reviews on progress towards meeting near-term emission reduction targets. If yes, then companies shall disclose the frequency of these board-level reviews.

RECOMMENDATIONS AND SUPPORTING GUIDANCE:

- VCMI recommends that companies draw on guidance established by the most up to date Task Force on Climate-related Financial Disclosures (TCFD) framework and the specific provisions of the International Sustainability Standards Board (ISSB) International Financial Reporting Standards Foundation S2 Climate-related Disclosures. Many companies may already be communicating the above disclosure requirements as part of their annual reporting, including to CDP.
- If applicable, VCMI recommends that companies publicly disclose any changes in capital allocation from the most recent reporting year that were made to address climate-related risks and opportunities¹².

¹⁰ For more details on how to report on requirements for Strategy and Governance, please refer to pages 26 and 27 of MRA Framework.

¹¹ Compensation directly tied to GHG emissions reduction or progress against near-term emission reduction targets (year-to-year or baseline comparison).

¹² Based on the definition from ISSB IFRS S2 Climate-related Disclosures. ISSB has proposed seven cross-industry metrics to address climate-related risks and opportunities: GHG emissions; transition risks; physical risks; climate-related opportunities; capital deployment; internal carbon prices; and the percentage of executive management remuneration.

BOX 2: CLIMATE TRANSITION PLANS

A climate transition plan, sometimes referred to as a net-zero transition plan, is an entity's overall strategy that lays out the targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions¹³. Generally spanning several decades, it outlines a set of objectives, policies, steps, and firm plans to reach net-zero. At the corporate level, a climate transition plan helps a company demonstrate accountability and transparency by translating net-zero commitments into actionable steps. However, there is no universal definition of a 'transition plan', and the specific elements vary across institutions, jurisdictions, and individual companies.

VCMI acknowledges the contributions on net-zero transition plans made by the UK Transition Plan Taskforce (UK TPT Disclosure Framework), the Glasgow Financial Alliance for Net-Zero (GFANZ), and UNSG's HLEG.

During COP27, UK TPT released its Disclosure Framework and accompanying Implementation Guidance for consultation. Subsequently, the final iteration of the TPT Disclosure Framework was officially released in October 2023. The TPT Disclosure Framework represents a development of the recommendations of TCFD and ISSB to disclose transition plans, aligned with the GFANZ transition plan framework, and consistent with the UNSG HLEG's recommendations. It comprises five key elements, guided by the principles of Ambition, Action and Accountability, and focuses on the implementation of short-term corporate climate actions. These elements include GHG emissions, financial indicators, and governance-related measures.

VCMI supports the UK TPT's direction of travel and has drawn key disclosure elements from the Disclosure Framework into the Claims Code. In relation to the third Foundational Criterion, VCMI has identified performance indicators from UK TPT and key disclosure frameworks that allow for a comparable, quantitative, and qualitative assessment of a company's credible continuous participation along the net-zero pathway. VCMI encourages companies to report on other transition plan elements at their discretion.

13 [ISSB IFRS S2 Appendix A](#) definition of climate-related transition plan



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

REQUIREMENTS FOR PUBLIC ADVOCACY

Companies are required to:

- Submit a public statement describing how their advocacy activities are consistent with the goals of the Paris Agreement.
- In cases where companies are not taking part in public policy advocacy activities, they shall publicly disclose that they do not engage in any activities, either directly or indirectly, that might influence policies, laws, or regulations with potential climate impact. This includes activities through trade associations, professional bodies or other organizations of which they are a member.

RECOMMENDATIONS AND SUPPORTING GUIDANCE:

- Companies can refer to the Global Standard on Responsible Corporate Lobbying and its four categories (i.e., Policy and Commitment, Governance, Action, and Specific Disclosures) as best practice to describe alignment of advocacy activities with the goals of the Paris Agreement.

2. Select a VCMI Claim to make and demonstrate progress towards meeting near-term emission reduction targets

Once a company has met the VCMI Foundational Criteria, it should review whether it is able to meet the VCMI Claim requirements detailed below, with particular consideration for efforts made to minimize total emissions within its GHG emissions inventory, as well as the progress it is making towards meeting its near-term emission reduction targets. VCMI recognizes companies may not have complete control or influence over all emission sources (scope 3 in particular), and as such have excluded specific emission sources from their near-term targets. It is, however, essential for all companies to make efforts to reduce overall GHG emissions in order to limit global temperatures increases to less than 1.5°C and achieve the goals of the Paris Agreement.

Acknowledging the diversity of metrics and indicators used to monitor emission reductions across companies, VCMI allows companies to demonstrate emission reductions achieved, in either absolute or intensity terms, by displaying total GHG emissions as reported in the GHG emissions inventory. To complement this, companies must provide an explanation or description of whether and why they consider themselves to be making progress towards their near-term targets, acknowledging that for many companies emissions reductions do not occur linearly and can be significantly impacted by external factors. Although companies are accountable for reducing emissions within their target boundary to meet near-term targets, it is also crucial for companies to have a long-term view of reducing overall emissions to ultimately achieve their net-zero ambitions.

The emissions profile of a company in the year of making a VCMI Claim, and the average cost per carbon credit, will influence the associated costs of making a Carbon Integrity Claims. Companies that have made significant progress to reduce emissions, either overall or at least within their target boundary, will therefore need to purchase fewer carbon credits to cover remaining emissions, in order to make a Carbon Integrity Claim. To take into account the varying constraints faced by companies with different emissions profiles, VCMI has created three Carbon Integrity Claims, which are aligned with SBTi and the UNSG's HLEG.

REQUIREMENTS FOR SELECTING A CARBON INTEGRITY CLAIM TO MAKE

Companies are required to:

- Publicly disclose a statement asserting they have complied with the Foundational Criteria and all additional requirements outlined in the VCMI Claims Code of Practice corresponding to the chosen Carbon Integrity Claim. Please refer to the Supplementary Guidance document for clarity on how to communicate VCMI Claims. Companies shall meet the requirements relating to the specific claim they seek to make, as outlined below:
 - Meet the Foundational Criteria.
 - Publicly disclose the percentage of emissions reductions achieved in total GHG emissions in the most recent reporting year in comparison to the total GHG emissions reported in the base year (i.e. base year used in the near-term target). This reduction can be demonstrated either on an absolute or intensity basis.
 - Publicly provide an explanation that outlines whether and why the company considers that it has made progress towards meeting its near-term emission reduction target.

- Each Carbon Integrity Claim requires the purchase and retirement of high-quality carbon credits proportionate to the company's remaining emissions¹⁴, once a company has met or demonstrated progress towards meeting its near-term targets, with those credits only used to accelerate global net-zero.
- Carbon Integrity Silver ($\geq 10\%$ and $< 50\%$)
- Carbon Integrity Gold ($\geq 50\%$ and $< 100\%$)
- Carbon Integrity Platinum ($\geq 100\%$)
- The percentage of carbon credits to be purchased and retired must increase in each subsequent year after a company makes a Carbon Integrity Silver or Carbon Integrity Gold Claim.

Carbon credits underpinning Carbon Integrity Claims are not counted towards the internal emissions reductions that a company undertakes to meet decarbonization targets. Rather, these purchases are used in support of achieving the company's climate goals and accelerating the collective effort to reach global net-zero emissions.

RECOMMENDATIONS AND SUPPORTING GUIDANCE:

- When referencing the Claims Code, companies should include a hyperlink to the document to provide an explanation of what the specific VCMI Claim means.

Figure 2. Carbon Integrity Claims



¹⁴ VCMI defines remaining emissions as the emissions that remain in a given year as a company progresses towards the delivery of its near- and long-term targets

BOX 3: BETA VERSION OF A SCOPE 3 FLEXIBILITY CLAIM

VCMI's new Scope 3 Flexibility Claim – launched as a beta version on November 28th 2023 as a standalone document made publicly available through VCMI's website – is designed to drive climate action on corporate pathways to net-zero.

The new claim permits a company to make limited use of high-quality carbon credits to close the gap between its estimated scope 3 greenhouse gas (GHG) emission reduction target level, and its current scope 3 emissions in a given year, as long as it has already taken other steps to reduce current emissions.

Many companies experience difficulties in meeting their near-term scope 3 emission reduction targets (The Climate Board, unpublished report). The new claim will unlock demand for carbon credits from companies making progress towards science-aligned targets, but unable to fully meet them.

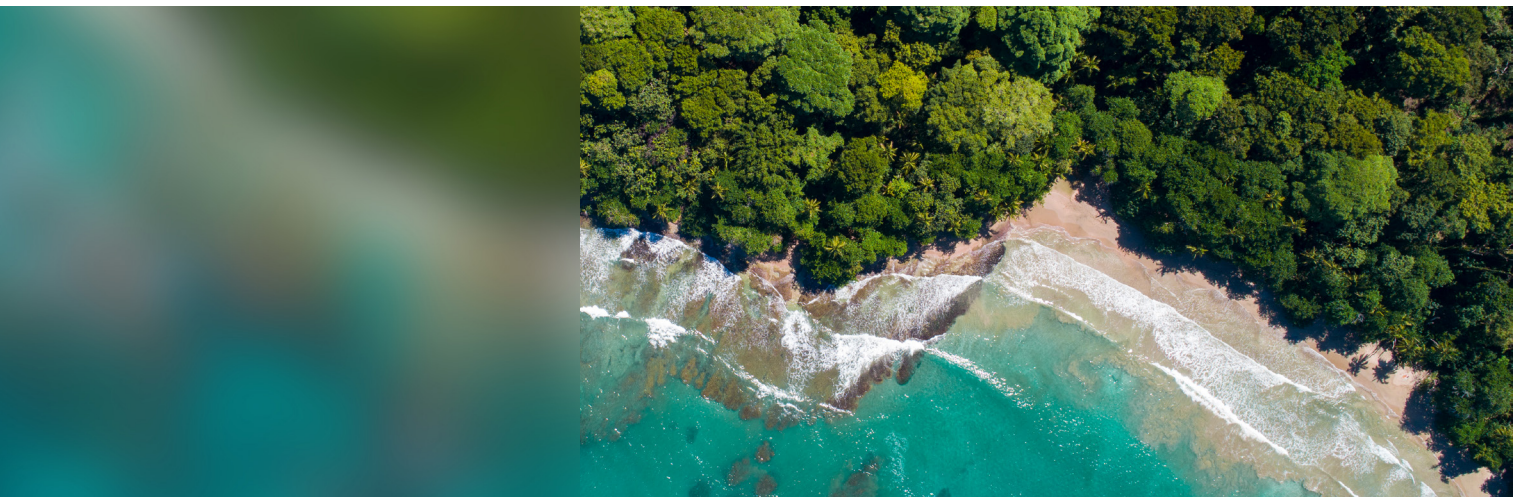
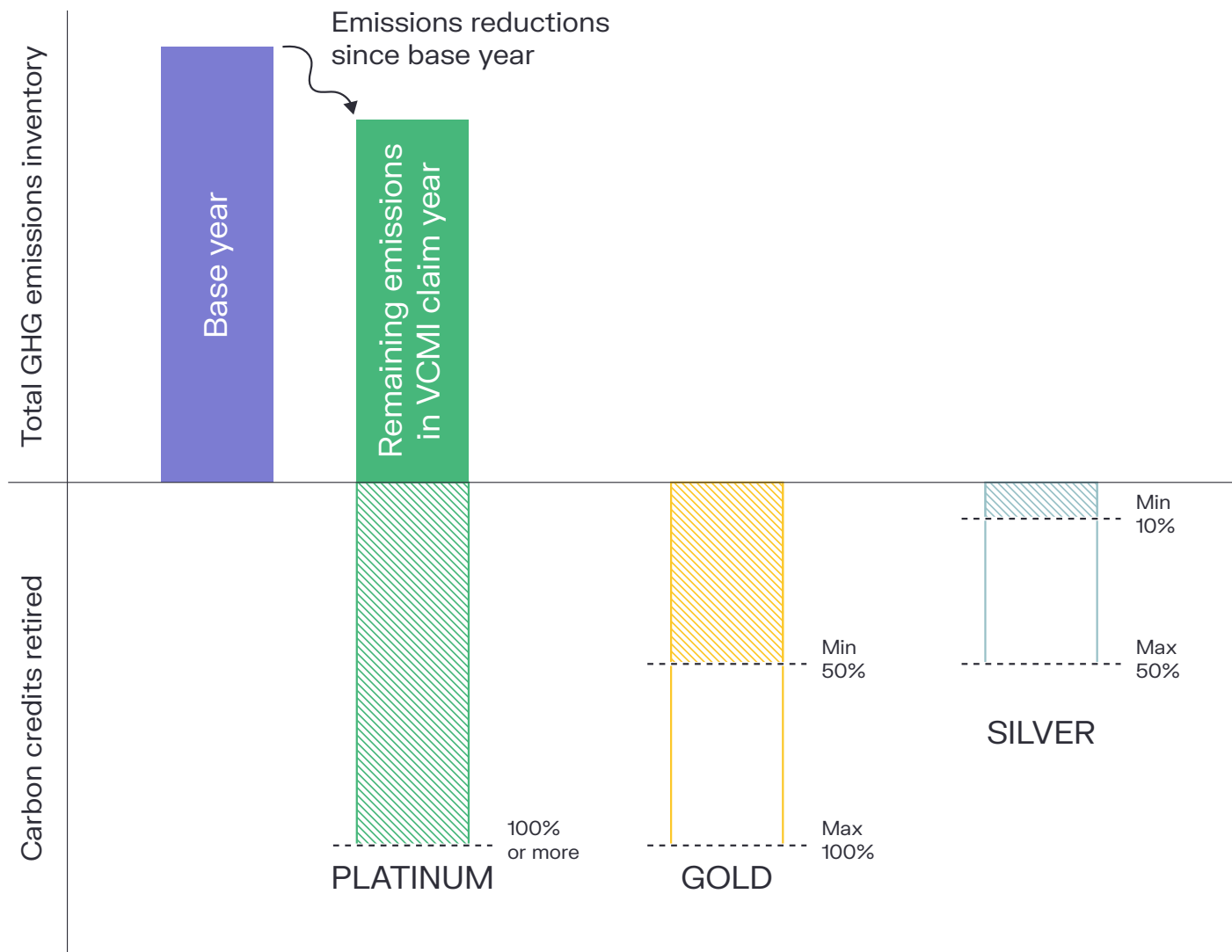
The claim provides a mechanism to incentivise corporates back to making progress towards meeting their targets, while also helping to mobilise urgently needed climate finance. Recent analysis suggests that the emissions gap between companies' scope 3 emissions reduction targets and their current scope 3 emissions is around 1.4 gigatonnes of carbon dioxide equivalent currently (rising to be over 7 GtCO₂e by 2030) (MSCI Carbon Markets – formerly Trove Research, 2023).

The Scope 3 Flexibility Claim draws on extensive feedback from consultation with a broad and diverse group of stakeholders. VCMI has launched this new claim as a beta version, because further fine-tuning is needed. Alongside the beta version, VCMI has set out a roadmap towards fully operationalizing the claim in 2024 including strengthening the ecosystem interoperability and will examine current and upcoming legal requirements relevant to this area. VCMI invites other standard-setting and accountability organizations to work collaboratively with us on these issues. Until this work is completed, companies will not be able to make a Scope 3 Flexibility Claim. Nevertheless, we invite them to join VCMI in testing this beta version.



Graph 1 visually presents Carbon Integrity Silver, Gold and Platinum Claims, and the respective thresholds that represent the amount of credits retired, proportional to the remaining emissions (total scopes 1, 2 and 3 emissions within the GHG emissions inventory) in the year that a company makes a claim, having reduced emissions in comparison to the base year.

Graph 1: Carbon Integrity Claims



3. Meet the required carbon credit use and quality thresholds

Irrespective of the type of claim being made, companies should seek out and use carbon credits of the highest quality, both to underpin the credibility of their claims and to help drive integrity across the market.

Carbon credits, with or without any associated corresponding adjustments, can be used to underpin Carbon Integrity Silver, Gold and Platinum Claims. The carbon credits underpinning Carbon Integrity Claims are not counted as internal emission reductions that a company undertakes to meet its own decarbonization targets; they do not represent a substitution for internal emission reductions. Rather, these purchases are used in support of achieving the company's climate goals and accelerating the collective effort to reach global net-zero emissions.

REQUIREMENTS FOR THE PURCHASE AND RETIREMENT OF HIGH-QUALITY CARBON CREDITS

Companies shall purchase and retire Core Carbon Principles (CCP)-Approved credits when they become available. CCPs that have been published by the ICVCM (see Box 4) constitute a basis to assess the quality of carbon credits and, in the absence of the more detailed rules, are a useful framework to guide carbon credit purchases.

Published in early 2023, the program level CCPs are intended to identify high-quality carbon credits that create a verifiable climate impact, based on the latest science and expertise. The ICVCM, an independent governance body for the voluntary carbon market, aims to provide the building blocks of viable, trustworthy and high-integrity voluntary carbon markets by providing a benchmark for carbon credit quality.

The ICVCM announced that the assessment phase for carbon crediting programs will begin in late-2023, and for categories of carbon credits soon thereafter. It expects to begin announcing carbon crediting programs that are CCP-Eligible, and carbon credit categories that can be labelled CCP-Approved, in early 2024.

At the time of publication, these credits were not yet available, and will likely only be available in limited supply in the near-term as ICVCM begins its assessments of programs and categories. VCMI therefore offers companies two approaches to demonstrate the procurement of high-integrity credits during this transition phase until CCP-Approved credits become widely available in the market.

Option 1: Purchase and retire CORSIA eligible credits

When a specific activity type has not yet been assessed by the ICVCM, companies may alternatively purchase and retire credits included in the ICAO document CORSIA Eligible Emission Units approved for the 2021-2023 Compliance Period (Pilot Phase) or the 2024-2026 Compliance Period (First Phase), pending assessment by the ICVCM. Once an activity type has been assessed by the ICVCM, only CCP-Approved credits shall be purchased and retired. Any CORSIA Eligible Emission Units retired before assessments are made by the ICVCM for a given activity type will contribute toward meeting a VCMI Claim in a given year. These are carbon credits that pass screening under the ICVCM's Assessment Framework. This framework, which assesses credit quality at the carbon crediting program and carbon credit category level, is underpinned by the ICVCM's CCPs.

Option 2: Disclose how existing due diligence processes align with ICVCM's CCPs

VCMI acknowledges that companies may have existing carbon credit procurement agreements that were established prior to CCP-Approved credits becoming available on the market. At the same time, companies may have rigorous due diligence processes in place to ensure high-quality credits are purchased and retired.

As such, as an additional transitional measure while the volumes of CCP-Approved credits scale up in the market, to satisfy the credit quality requirement, companies may disclose how their due diligence process for identifying credits of sufficient quality and integrity aligns with all 10 CCPs. This must be a public disclosure and will need to take the form of a statement included in a company's annual or sustainability report, or other company controlled public disclosure method.

For VCM Claims made on or after January 1, 2026¹⁵, to comply with this VCM Claims Code requirement, companies must transition to purchasing and retiring CCP-Approved credits. After this date, no further public disclosure of alignment to the 10 CCPs will be accepted. Option 2 represents a logical transition and path towards ramping up high-quality and integrity credits in the form of CCP-Approved credits in the coming years¹⁶.

For further guidance and insight on carbon credit quality and approaches to using carbon credits, please refer to [Background Document – section D](#).

REQUIREMENTS FOR REPORTING HIGH-QUALITY CARBON CREDITS

In addition to meeting the quality thresholds for carbon credit use, companies are required to publicly disclose key information related to each carbon credit retired, including:

- Number of credits purchased and retired that the company applied towards the VCM Claim. While CCP approved credits are not widely available in the market, CORSIA eligible credits or existing contractually committed carbon credits supported by the company's due diligence process alignment to ICVCM's 10 CCPs, will be accepted as an interim measure until the ICVCM Assessment Framework has been implemented. Companies shall transition to purchase and retire CCP-Approved credits by January 1, 2026¹⁵.
- Certification standard name, project name, project ID, retirement serial number, retirement date, and issuing registry for each credit used.
- Host country, credit vintage, methodology, and project type.
- Whether or not the carbon credit is associated with a corresponding adjustment in accordance with Article 6 of the Paris Agreement. If the carbon credit is reported as being associated with a corresponding adjustment, applied either currently or in the future, this shall be evidenced by authorization by a participating Party or Parties, including information on the authorized use or uses, timings of the authorization, and the application of the corresponding adjustment.
- 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.

¹⁵ VCM reserves the right to revise this date, subject to changes in the availability of CCP-Approved carbon credits. Any revisions to this date will have no effect on the validity of pre-existing VCM Claims.

¹⁶ VCM recognizes the implications of this transition measure on existing long-term contracts and we welcome stakeholders within voluntary carbon markets to collaborate on identifying appropriate solutions.

BOX 4: ICVCM'S 10 CORE CARBON PRINCIPLES



A. Governance

Effective governance: the carbon-crediting program shall have effective program governance to ensure transparency, accountability, continuous improvement, and the overall quality of carbon credits.

Tracking: the carbon-crediting program shall operate or make use of a registry to uniquely identify, record, and track mitigation activities and carbon credits issued to ensure credits can be identified securely and unambiguously.

Transparency: The carbon-crediting program shall provide comprehensive and transparent information on all credited mitigation activities. The information shall be publicly available in electronic format and shall be accessible to non-specialised audiences, to enable scrutiny of mitigation activities.

Robust independent third-party validation and verification: the carbon-crediting program shall have program-level requirements for robust independent third-party validation and verification of mitigation activities.



B. Emissions Impact

Additionality: the GHG emission reductions or removals from the mitigation activity shall be additional, i.e., they would not have occurred in the absence of the incentive created by carbon credit revenues.

Permanence: the GHG emission reductions or removals from the mitigation activity shall be permanent or, where there is a risk of reversal, there shall be measures in place to address those risks and compensate reversals.

Robust quantification of emission reductions and removals: the GHG emission reductions or removals from the mitigation activity shall be robustly quantified, based on conservative approaches, completeness and scientific methods.

No double counting: the GHG emission reductions or removals from the mitigation activity shall not be double counted, i.e., they shall only be counted once towards achieving mitigation targets or goals. Double counting covers double issuance, double claiming, and double use.



C. Sustainable development

Sustainable development benefits and safeguards: the carbon-crediting program shall have clear guidance, tools and compliance procedures to ensure mitigation activities conform with or go beyond widely established industry best practices on social and environmental safeguards while delivering positive sustainable development impacts.

Contribution toward the net-zero transition: the mitigation activity shall avoid locking-in levels of GHG emissions, technologies or carbon-intensive practices that are incompatible with the objective of achieving net-zero GHG emissions by mid-century.

BOX 5: REMOVAL AND REDUCTION CREDITS

VCMI does not specifically require companies to purchase and retire either reduction or removal credits in order to make Carbon Integrity Silver, Gold, and Platinum Claims. From VCMI's perspective, companies may invest in carbon credits issued from either emission reduction or removal projects for the global transition to net-zero. They should prioritize projects based on the quality of the climate mitigation and co-benefit impacts they are expected to deliver. However, the importance of early investment in carbon removal projects should be reinforced. As highlighted by the IPCC AR5¹⁷, these solutions are fundamental to achieving net-zero emissions and need to be scaled up. VCMI encourages companies to use carbon dioxide removals as part of their carbon credits portfolio and invest in future carbon removals. Further guidance is set out in [Background Document – section D](#).



¹⁷ "Summary for policymakers", in Climate Change 2022: Mitigation of climate change, Intergovernmental Panel on Climate Change, April 4, 2022.

4. Obtain third-party assurance of reported information following the VCMI Monitoring, Reporting & Assurance (MRA) Framework

To substantiate a VCMI Claim, transparent reporting is essential to demonstrate that:

- Foundational Criteria requirements have been met;
- VCMI Claim-specific requirements have been met, including the provision of information demonstrating commitment to meeting near-term targets; and
- Key information related to the carbon credits used to meet the VCMI Claim has been disclosed.

The metrics that companies must report in the first year of making a VCMI Claim are listed in the VCMI MRA Framework. Reporting shall be made publicly available to stakeholders either on a company's website, in a standalone report (e.g., a climate strategy report), or within a more comprehensive report (e.g., a sustainability report).

The MRA Framework outlines the requirements and standards that bring integrity and rigor to the VCMI Claims Code, ensuring that underlying information is appropriately evaluated, evidenced and verified for each claim. Specific independent assurance requirements, as well as public disclosure requirements, are outlined in the MRA Framework. These have been defined through an assessment of the corporate disclosure landscape and through extensive stakeholder engagement. VCMI will continuously assess the assurance requirements of evolving regulatory disclosure frameworks and update the MRA Framework accordingly. As detailed in the Assurance Providers and Standards section of the MRA Framework, assurance shall be performed in line with the International Standard on Assurance Engagements (ISAE), or the American Institute of Certified Public Accountants (AICPA), or a specific International Organization for Standardization (ISO) Standard. If a company has already undergone an independent, third-party assurance process for metrics relating to any of the VCMI requirements, it can provide assurance documentation (e.g., assurance reports or statements) as evidence that it has complied with that specific criterion. However, all companies are subject to a full reporting process, as detailed in the MRA Framework, and will need to submit evidentiary documentation via the VCMI Claims Reporting Platform. The VCMI Claims Reporting Platform and user guide can be accessed [here](#).

The VCMI Monitoring, Reporting and Assurance (MRA) Framework sets out what, when, how and where companies should submit information to demonstrate adherence to VCMI requirements in order to make a VCMI Claim.

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Step3	<p>13. Integrity Council for the Voluntary Carbon Market. (2023). The Core Carbon Principles. Available at https://icvcm.org/the-core-carbon-principles/. Accessed November 2023</p> <p>14. International Civil Aviation Organization. (2019). CORSIA Emissions Units. Available at https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx. Accessed November 2023</p> <p>15. Intergovernmental Panel on Climate Change. (2022). Climate Change 2022: Mitigation of Climate Change - Summary for Policymakers. Available at https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf. Accessed November 2023</p>
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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 other individuals and organizations who contributed to the Code and/or its accompanying documents assume responsibility for the accuracy of the information or processes outlined in such third-party documents, and 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 Code and its accompanying documents, make an independent evaluation of their credibility and take independent legal advice on their intended use in all relevant jurisdictions.

Glossary



Term	Definition
Article 6	A section of the Paris Agreement, under the UN Framework Convention on Climate Change, which consists of nine paragraphs providing principles for how countries can “pursue voluntary cooperation”, including through international carbon markets, to reach their climate targets, as well as additional context to support its implementation.
Assurance	An engagement in which a practitioner seeks sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information provided (ISAE 3000, 2000).
Beyond value chain mitigation (BVCM)	Mitigation action or investment that takes place outside of an organization’s value chain. This includes activities that avoid or reduce GHG emissions, and those that remove and store GHGs from the atmosphere. The purchase of high-quality carbon credits beyond a company’s value chain is an example of BVCM (SBTi, 2023).
Carbon credit	A tradeable unit issued by a carbon crediting program/standard that represents a verified reduction or removal of GHGs from the atmosphere equivalent to one metric tonne of CO ₂ e. Carbon credits are uniquely serialized, issued, tracked, and cancelled or retired by means of an electronic registry.
Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)	A global market-based mechanism, adopted by the International Civil Aviation Organization (ICAO) in 2016, to address CO ₂ emissions from international aviation. CORSIA is the first global market-based measure for an individual sector. It pursues a cooperative approach, involving governments, industry, and international organizations, that attempts to replace a patchwork of national or regional regulatory initiatives. CORSIA aims to stabilize, from 2021, international civil aviation CO ₂ emissions at 2019 levels, including through the use of carbon credits that are determined by ICAO to meet the CORSIA Emissions Units Eligibility Criteria. (For additional information, see ICAO, 2021).
Claim	A message used to describe or promote a product, process, business, or service with respect to its sustainability attributes or credentials (ISEAL, 2015).
Corresponding adjustment	An accounting rule under the Paris Agreement’s Article 6 to ensure that, when a country authorizes and first transfers a mitigation outcome, emissions reductions or removals are not counted by the country that agreed to transfer it (WRI, 2019).
Decarbonization	The measures through which an entity reduces or avoids its GHG emissions.
Double counting	A situation in which a single greenhouse gas emission reduction or removal is counted by more than one Party toward achieving its Nationally Determined Contribution.
Free Prior and Informed Consent (FPIC)	Consent for any project, plan, or action given in advance and independently decided upon, based on accurate, timely, and sufficient information provided in a culturally appropriate way.
Greenhouse Gas Protocol	The Greenhouse Gas Protocol provides a comprehensive global standardized framework to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions. Building on a 20-year partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development, the GHG Protocol enables consistent and robust GHG accounting across entities. (For additional information, see GHG Protocol).

Term	Definition
Integrity Council for the Voluntary Carbon Market (ICVCM)	An independent governance body that is developing and enforcing a set of Core Carbon Principles (CCPs) that establishes a new threshold standard for high-quality carbon credits in the voluntary carbon market. The ICVCM will oversee a process to determine the Eligibility of carbon-crediting programs as well as which carbon credit Categories will become CCP-Approved. (For additional information, see ICVCM, 2023).
Leakage	When a carbon crediting project or program does not halt emission-generating activities, but instead displaces them outside the project or program boundary.
Long-term net-zero target	A company commitment to reduce emissions across its value chain (scopes 1, 2 and 3) to zero, or to a residual level aligned with global net-zero, no later than mid-century. All residual emissions are balanced out by permanent removals (including high-quality removal carbon credits).
Mitigation contribution	Credits that are not authorized for transfer to be used against the NDC of another country, or for other international mitigation purposes, i.e., a credit generated through Article 6.4 to which a host country will not apply a corresponding adjustment.
Mitigation hierarchy	Prioritized steps to limit negative impacts, as much as possible, through mitigation (or reduction), restoration, and beyond value chain mitigation (WWF, 2020).
Mitigation outcome	An ex-post emission reduction or removal of GHGs determined by quantifying a baseline for emissions within a given boundary and then measuring how much a given intervention avoids, reduces, or removes and sequesters carbon from the atmosphere. A mitigation outcome can then be unitized and, in some cases, serialized for it to be traded as a carbon credit.
Most recent reporting year	The year related to an entity's most recent financial reporting year.
Nationally determined contributions (NDCs)	The national climate plan put forward by a Party to the Paris Agreement, including climate-related targets, policies and measures the government aims to implement in response to climate change and as a contribution to global climate action (UNFCCC, 2015).
Negative emissions	The emissions level beyond net-zero where removals exceed emissions.
net-zero	Net-zero emissions are achieved when anthropogenic GHG emissions in the atmosphere are balanced globally by anthropogenic removals over a specified period (as defined by the IPCC's AR6 report and adopted by VCMi).
Permanence	The capacity of reduced, avoided, or removed emissions to not re-enter the atmosphere. In practical terms, this means giving the purchaser of a carbon credit confidence that declared emission reductions will not be reversed by a future event (for example, that the forest planted to absorb a certain amount of emissions will not be cut down or be set on fire) (WRI, 2010).
Remaining emissions	Emissions that remain in a given year as a company progresses towards the delivery of its near- and long-term targets (SBTi, 2023).

Term	Definition
Removals (a.k.a. carbon dioxide removals)	Anthropogenic activities removing CO ₂ from the atmosphere and durably storing it in its geological, terrestrial or ocean reservoirs, or in products (IPCC, 2018).
Residual emissions	Represent the emissions that cannot be completely eliminated or reduced to zero despite implementing all available mitigation measures contemplated in pathways that limit warming to 1.5 degrees Celcius with no or limited overshoot (SBTi, 2023).
Retirement of carbon credits	The transfer to a retirement account or the cancellation of a carbon credit. Once retired, the credit is considered 'used' and cannot be counted again toward a climate target. The owner of the retired credit can accurately claim to have reduced emissions and use those emissions to meet its climate commitments.
Science Based Target initiative (SBTi)	An initiative that mobilizes companies to set emission reduction targets based on climate science. A collaboration between CDP, the UN Global Compact, the WRI, and WWF, the SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets. Adopting an SBTi-approved target is one of the We Mean Business Coalition commitments (For additional information, see SBTi, 2023).
Science-based/aligned target	A target that is in line with the latest climate science consensus on safe upper limits for global warming. Alignment with an IPCC model pathway of CO ₂ emission reductions that limits global warming to 1.5 degrees Celsius with no or limited overshoot is the ultimate objective (SBTi, 2023). 'Science-based' is used when adhering to SBTi's standards, while 'science-aligned' may not necessarily follow SBTi's standards.
Scopes 1, 2, and 3 emissions	Scope 1 emissions are emissions from operations that are owned or controlled by the reporting company. Scope 2 emissions are emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Value chain emissions	Emissions from the upstream and downstream activities associated with the operations of the reporting company. Scope 3 emissions include all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (GHG Protocol, 2011).
Vintage	In relation to carbon credits, the year in which the emission reduction or removal took place. The verification process can take two to three years from project inception, so projects may generate credits for already-reduced emissions (For additional information, see Gold Standard, 2023).
Voluntary carbon market	A marketplace that encompasses transactions of carbon credits that are not purchased with the intention to surrender into an active regulated carbon market. It includes carbon markets purchased with the intent to resell or retire to meet carbon neutral or other environmental claims.

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On behalf of the Secretariat and with heartfelt appreciation,

Mark Kenber

EXECUTIVE DIRECTOR, VCMi

How to access additional information

For further information on the VCMI Claims Code of Practice and other VCMI publications, please visit www.vcmintegrity.org.
Email: info@vcmintegrity.org

For updates and news from VCMI about the Claims Code and relevant events or activities, visit our news page (www.vcmintegrity.org/latest-news) or register to receive our newsletter (www.vcmintegrity.org/newsletter). You can also find VCMI on Twitter and LinkedIn (@wearevcmi). If you have specific questions about the VCMI Claims Code of Practice, or to directly get in touch with VCMI, please contact info@vcmintegrity.org.

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