VCMI Voluntary Carbon Markets Integrity Initiative

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A Confident Carbon Market: Business Perspectives

Supporting partners:

WBCSD World Business Council for Sustainable Development

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"Carbon markets are essential to global climate progress—but they cannot scale without the full and confident engagement of the business community. To unlock this potential, we need clarity, credibility, and collaboration. Policymakers, voluntary frameworks, and civil society all have a critical role to play in creating the enabling conditions that give businesses the confidence to invest, act, and lead."

Mark Kenber, Executive Director, VCMI

VCMI commissioned Accenture to deliver a qualitative, in-depth, research study. This document is published by VCMI, supported by Accenture. The findings, interpretations, recommendations, and conclusions expressed herein are a result of a collaborative process facilitated and endorsed by VCMI and Accenture, but whose results do not necessarily represent the views of VCMI and Accenture. The insights are based on the consultation of more than 65 businesses and reviews of 60 external market reports.

Carbon markets are stalling, with businesses struggling to demonstrate a strong business case

Carbon markets play a critical role in climate action

Carbon markets are essential for mobilizing private capital to deliver the global low carbon transformation. They enable companies to put a price on carbon, raise ambition and take continuous climate action to complement their decarbonization programs, finance nature protection and restoration, and support climate-positive growth and sustainable development in Emerging and Developing Economies (EMDEs).

Despite their importance, market participation has stalled

Carbon credit retirements in voluntary carbon markets have plateaued since 2022. This stagnation threatens progress toward global goals and highlights the urgency of revitalizing the business demand for carbon credits.

Understanding business perspectives can unlock growth

VCMI commissioned Accenture to deliver a qualitative, in-depth, research study involving more than 65 businesses, 20 experts, and 60 market reports to explore perceptions, barriers, and opportunities in carbon markets. The goal was to identify actionable solutions through engagement with businesses to understand how to rejuvenate confidence in the market and stimulate growth.

65	20	60
businesses in focus groups	market experts interviewed	market reports reviewed

Opportunities do exist for businesses, but the risks are often too large

Businesses see carbon markets as a critical element of meeting their climate and sustainability goals.

However, recent reputational concerns, poor carbon credit quality and inconsistency across regulatory and voluntary frameworks have made companies cautious about participation.

Top rated opportunities for businesses*

1st: 'Making progress towards climate goals'

2nd: 'Demonstrating action across broader social and nature goals'

Top rated barriers for businesses*

1st: 'Concerns about carbon credit quality, transparency and integrity'

Joint 2nd: 'Policy and regulatory uncertainty and limitations', 'Reputational risks and public scrutiny', 'Lack of clarity and alignment of voluntary frameworks'

*Based on a poll of seven options and 64 participants

Clear rules on how and when to use carbon credits are critical to stimulate market growth in the absence of a financial business case

Clear, aligned, and stable rules on how and when to use carbon credits are seen as essential

Businesses say that clear, aligned, and stable rules, whether from regulatory or voluntary frameworks, are the critical levers to justify larger scale investment into the market. Many businesses claim that without clear rules, including direct requirements, the business case for participation in carbon markets is currently weak.

However, any rules on how and when to use carbon credits must be pragmatic

Phased approaches, target setting, "comply or explain" models and other ways to gradually increase participation were seen as useful ways to balance climate ambition with business feasibility.

Currently, financial justification is a top priority

CFOs increasingly demand tangible returns on sustainability investments. To gain internal support, businesses say that sustainability teams must frame carbon credit purchases in terms of return on investment, risk mitigation, and competitive advantage.

Nature and social benefits can still enhance the value case for carbon credits

Businesses still value carbon credits for their nature and social benefits. Verified carbon credits that offer measurable outcomes beyond carbon, such as forest restoration and community support, help companies demonstrate impact when the financial business case is weak.

Third-party endorsements and peer influence matter

Businesses say that endorsements of the use of carbon credits from governments, NGOs, and scientific bodies help validate market participation and reduce reputational risk. Action by peers also encourages broader engagement by setting industry precedents and sharing of risk and resources.

Availability and assurance of quality credits is still needed

Businesses still say that credit quality is a top concern for them. Frameworks like the Integrity Council for Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCPs) are improving carbon credit quality, but the availability of CCP-labelled credits is limited and businesses believe that further due diligence may still be required. Companies asked for more clarity on routes to procurement of quality credits and market services that can help limit risk around quality, such as carbon ratings agencies.

Companies recommended a range of other solutions to support the market such as internal upskilling and financial incentives.

Continued dialogue between stakeholders is essential to develop effective solutions

Changing business sentiment shows the need for continued engagement between stakeholders

The research findings emphasize the need for continuous engagement between businesses, policymakers, and other market stakeholders. Understanding changing business sentiment is essential to designing effective, realistic interventions that support long-term investment and market growth.

Stakeholders within regulatory and voluntary frameworks must focus on clarity, alignment, and stability for an effective long-term intervention

Stakeholders must recognize the importance of these characteristics when designing future rules, as expressed by businesses. Without these, future interventions could have insufficient impact or be met with frustration from companies.

In the short-term, businesses need to articulate the tangible value of carbon credits as a priority

Whilst longer-term interventions, like clear rules or requirements might be in development, businesses should look to find measurable value from purchasing of, and investment into, carbon credits. This includes financial benefits, measurable risk avoidance and clear competitive advantage. Working with peers or early movers can also help unlock the value and scale shorter-term participation.

Understanding corporate perceptions and challenges is key to unlocking carbon market potential

Carbon markets are critical mechanisms to channel private sector capital towards emissions reductions and removals, low carbon growth, and accelerating progress to global net zero

The voluntary use of carbon credits is widely seen as key in driving climate action in areas such as:

1. Rapidly reducing and avoiding emissions globally to limit further **temperature increases above 1.5°C degrees**
2. Developing higher permanence carbon-removal technologies to meet the **IEA's** and **UK Climate Change Committee** (CCC) 2050 forecasts
3. Supporting the **low carbon growth plans of Emerging and Developing Economies** (EMDEs)
4. Supporting nature protection and restoration through nature-based solutions to achieve near-term mitigation outcomes

By providing a mechanism for companies to take action for emissions they are not yet able to reduce, carbon markets can enable continued, immediate, measurable climate impact. They can deliver results at scale and speed to progress towards global climate goals in a cost-effective way, while also supporting sustainable development for communities, and the conservation of nature.

Despite the significant potential impact of the market, participation has stalled in a period when it needs to accelerate

Following a period of rapid growth until 2022, **carbon credit retirements have now plateaued** for the third consecutive year. This slowdown comes at a time when market growth is critical, with global temperatures already exceeding 1.5°C degrees of warming, companies being behind on their decarbonization targets and the need to mobilize **$1.3 trillion of climate finance** by 2035. It is estimated that **by 2030 the market will not be able to cater for even half the demand for nature-based carbon removals,** while biodiversity efforts also face a near **$900 billion funding gap** by 2030. At the same time, EMDE economies urgently need increased flows of climate finance.

Understanding business challenges and co-creating solutions is essential

VCMI commissioned a qualitative, in-depth, research study, delivered by Accenture, which aimed to explore the perceptions, barriers, and opportunities surrounding business engagement in voluntary carbon markets. This included the evaluation of 60 thought-leadership market reports and engagement with more than 65 businesses and 20 market experts from across different sectors and regions. Through this effort, VCMI sought to identify actionable solutions that could enhance market integrity, increase transparency, and ultimately build confidence among buyers to increase market participation.

This research is an important step in helping stakeholders collaborate on pathways for effective market development.

60	20	65+	1,200+
recent reports from a range of global market experts	experts interviewed	businesses engaged through focus groups	insights generated from the study

Currently, the risks associated with market participation outweigh the opportunities for businesses

Making progress towards climate, nature, and social goals drives business engagement with carbon markets

The research shows that businesses see an opportunity to use carbon markets to meet their climate commitments and make progress towards climate goals, with poll results from 65 businesses, and 90% of the 60 reports reviewed, referencing this as the main opportunity for market participation.

'Demonstrating action across broader nature and social goals' is seen as the second largest opportunity by businesses, with some claiming that it is their main reason for participation, indicating the importance of clarity and transparency on how emission reduction projects also deliver these 'co-benefits'.

While 'enhancing brand reputation' emerges as the second most cited opportunity in the literature, companies now rank it as the least important, highlighting a shift in business priorities and external sentiment.

Reputational issues have shifted companies' positive perceptions on use of carbon credits

Businesses say examples of poor practice coupled with media scrutiny and public skepticism have contributed to a decline in market trust. Focus group feedback reveals that businesses now associate carbon markets with reputational risks, with concerns over carbon credit quality, transparency, and the perceived legitimacy of claims.

> **Investing in carbon credits can be seen as negative for brand reputation when it should be seen as a positive way to fund climate action above and beyond business as usual.**
>
> Head, Carbon Markets Development, Financial Institution, Europe & Central Asia

> **There is frequent bad press or coverage about projects, which makes senior leadership at companies hesitant to participate in the market.**
>
> Environmental Sustainability Strategy & Operations Leader, Professional Services, Europe

Unclear and fragmented net zero regulation and voluntary frameworks amplify barriers for companies

In the absence of a universally accepted net zero standard, businesses report difficulties in navigating the market. Regulatory ambiguity and inconsistent voluntary frameworks on net zero contribute to confusion and limit the ability of companies to make informed decisions. Many companies express concerns over investing in carbon credits that may later be considered noncompliant or of insufficient quality. This uncertainty undermines confidence and deters companies from making both short-term purchases and long-term investments.

> **The current voluntary frameworks do not clearly define the role of carbon credits in meeting climate goals... there is no clear short-term incentive for investments into climate targets.**
>
> Climate Policies Officer, Industrial, Europe

These challenges make it difficult to create a business case

Although companies acknowledge the potential opportunities offered by carbon markets, including achieving climate targets and demonstrating leadership, many conclude that the risks currently outweigh the benefits.

In the current market environment, companies are reluctant to allocate budget towards carbon credits without clearer frameworks and stronger assurance that carbon credits will deliver measurable and enduring climate benefits.

50% of all barriers identified across 60 reports were related to concerns around quality or regulatory and voluntary compliance.

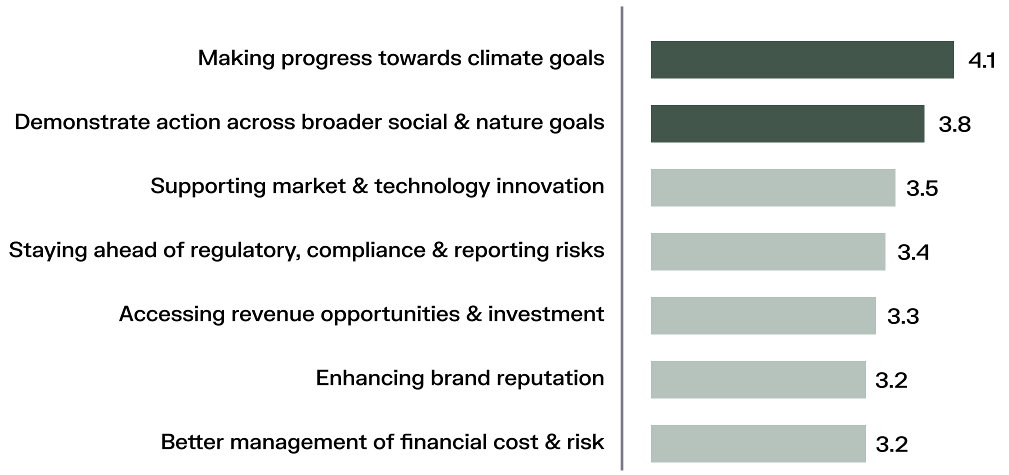
Companies ranked barriers higher than opportunities in the focus group polls

There was a broader range of barriers that businesses rated as very important, compared to opportunities. These can be themed into 'reputational risk' and 'lack of clarity and alignment across regulation and voluntary frameworks'.

The results show that companies do still see opportunities in the market, notably to make progress towards their climate, nature, and social goals. Some frequently quoted opportunities in the report review, like 'enhancing brand reputation' were ranked as less important in discussion with companies, showing the need for engaging with businesses to understand their existing sentiments compared to market commentary.

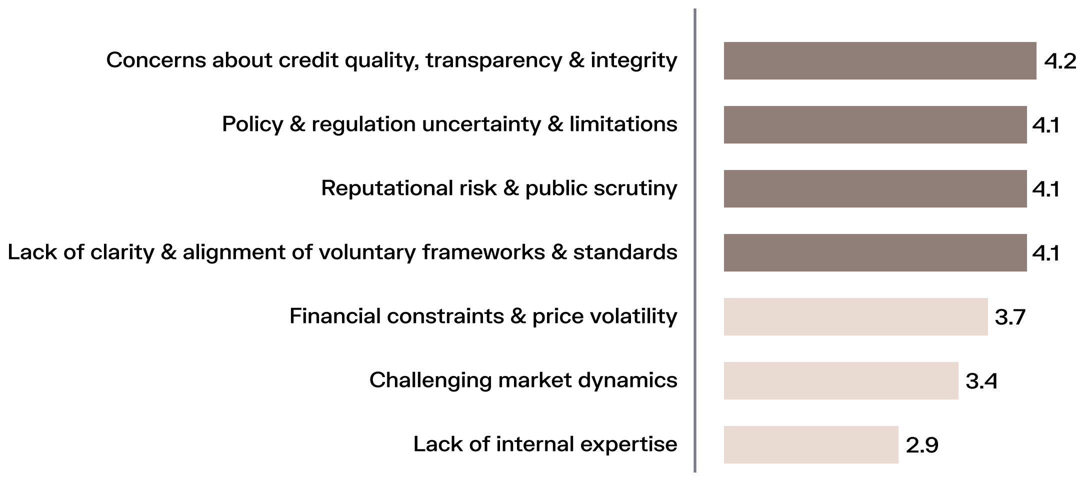
Companies rated their top opportunities

(5= most important, 1= not important), n= 64



Companies rated their most challenging barriers

(5= most important, 1= not important), n= 64



Colour Key: Top rated opportunities | Other opportunities | Top rated barriers | Other barriers

Clear rules embodied in regulatory or voluntary net zero frameworks are seen as critical to increasing participation in markets

Companies say clear rules, on how and when to use carbon credits, are the critical lever to stimulate the market in the absence of a financial business case

Companies consistently emphasize that clear rules on the use of carbon credits are key to stimulating engagement in carbon markets. Whether from regulation or recognized voluntary frameworks, clearer rules or requirements provide a mandate to act, reduce internal resistance, and strengthen the business case for using carbon credits. Without them, many companies struggle to justify investments to internal stakeholders.

Across the solutions identified in the focus groups, clear rules or requirements were the most frequently cited enabler for market participation.

> **Clear government regulation drives market participation and investment by removing ambiguity.**
>
> Global Carbon Commercial Director, Agriculture, Europe & Central Asia

Rules on how and when to use carbon credits can come from regulation and voluntary frameworks

Businesses differ on whether rules and requirements from regulation or voluntary frameworks are more effective. Some view voluntary frameworks as equivalent to regulation, particularly in sectors like professional services where adoption of net zero frameworks is high. For these companies, voluntary initiatives can drive substantial market impact.

> **Companies are not willing to enter carbon markets without clear signals as they are committed to voluntary frameworks. Without their endorsement, or a requirement from regulations, organizations are hesitant to engage.**
>
> Carbon Removal Specialist, Industrials, Europe

Others, especially in hard-to-abate sectors, argue that regulation provides the relevance and authority needed to shift behavior at scale. In such cases, voluntary frameworks can play a useful but secondary role.

> **Regulatory frameworks are essential for driving carbon credit use, with voluntary guidelines providing support once compliance mechanisms are in place. Clear regulations create the demand and clarity needed for companies to take action.**
>
> Partner, Professional Services, Asia & Pacific

However, engagement with businesses is essential to ensure rules are developed with pragmatism

For rules or requirements to be effective, they must balance climate impact with implementation feasibility. Businesses suggest that these could, for example:

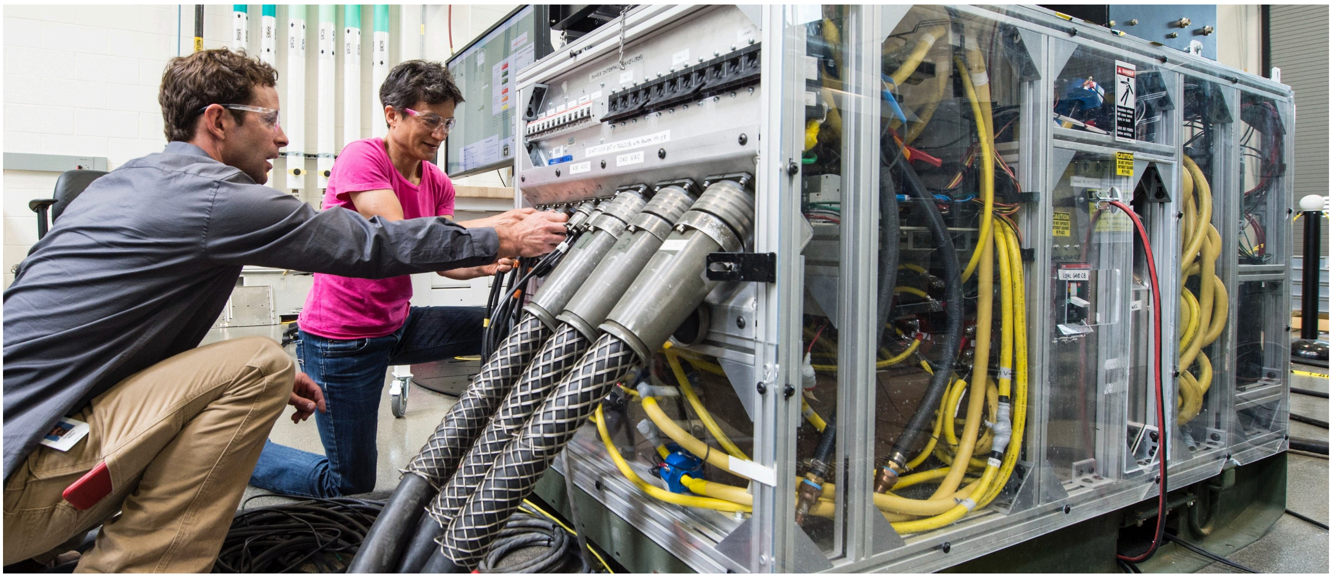
1. Be initially limited to a manageable proportion of emissions
2. Take a ‘comply or explain’ approach to make compliance achievable
3. Have a tiered or phased approach like the EU’s Corporate Sustainability Reporting Directive (CSRD)

To truly understand what businesses perceive to be pragmatic, regulatory and voluntary framework stakeholders must continually engage with companies to understand their needs and challenges when it comes to market participation.

To build corporate confidence, rules on how and when to use carbon credits need to be clear, aligned and stable

The key characteristics for effective rules on the use of carbon credits

Clarity	Alignment	Stability
Businesses say they need clarity on the permitted use of carbon credits within the context of a net zero decarbonization strategy, and the rules of participation need simplifying to allow businesses to purchase carbon credits.	Large multinational organizations say they need to manage several different regional requirements from regulation, as well as any additional voluntary obligations. These rules often do not align, which further complicates corporate participation in the market. Rules need to take into consideration how these different frameworks interact to support large companies' strategy development.	The stability of rules is seen as a critical factor by corporates. Recent geopolitical shifts and changing voluntary framework guidance have shown that even when rules are established, they may not last. Businesses stress that developing a long-term (10-25 years) investment strategy is very challenging if there is no confidence in what rules will still be relevant by 2040, or even 2030.
"To drive wider industry engagement, particularly from larger companies, frameworks must be simpler and clearer." Carbon Removal Specialist, Industrials, Europe	**"There are many voluntary frameworks that are working in silos and not aligning, that makes knowing who to choose challenging. Aligning these would give investors' confidence."** Energy and Sustainability Director, Industrials, Latin America	**"Financial teams are hesitant to commit resources without concrete guidance or regulatory certainty."** Net Zero Strategy Lead, Media & Technology, North America



Currently, businesses are more focused on the financial benefits of market participation

Companies need to demonstrate tangible value from use of carbon credits to their CFOs

Decision makers are demanding clear justifications for investment in, and purchase of, carbon credits, as they anticipate reputational risks when participating in carbon markets, and sustainability-related investments are embedded into business planning. As a result, Chief Sustainability Officers (CSOs) must now engage Chief Financial Officers (CFOs), who increasingly require proof of tangible financial returns before approving spending on carbon credits.

The study shows that to secure internal support sustainability teams must frame carbon credit purchases in financial terms. Demonstrating the link between carbon credits and core business objectives can help align the sustainability agenda with executive priorities. This approach makes climate investments more defensible and actionable within corporate governance structures.

> **For many corporates, especially at the C-level, the decision to engage in carbon markets often hinges on whether the initiative presents a tangible ROI or a strong business case.**
>
> Head of Sustainability, Consumer Goods, Europe

Demonstrating value is more challenging without clear rules or requirements on how and when to use carbon credits

Corporates stress that without clear, aligned and stable rules on how and when to use carbon credits, being able to calculate the financial returns or savings can be challenging, emphasizing the scaling impact clearer rules could have.

> **Current market volatility and shifting norms undermine long-term planning. Government buy-in or stable regulatory frameworks can help anchor credibility. Without clear, lasting guidance, it's hard to justify large-scale decarbonization investments.**
>
> Environmental Products Technical Lead, Industrials, Europe

Examples of tangible value for justifying carbon credit investment and purchase

Financial cost savings and return on investment	Clear risk mitigation	Measurable enhanced competitiveness	Supporting relevant technology development
e.g. Hedging future costs of carbon credits, much like seen in long-term power purchase agreements vs unbundled energy certificates	e.g. Mitigating deforestation risk near value chain operations to remain compliant with EU Deforestation Regulation and avoid fines	e.g. Offering carbon credit related services to customers to maintain retention or attract new customers	e.g. Carbon-to-fuel technology development that could act as future revenue streams, or cost savings for transport companies

Market participants can demonstrate value across not just carbon, but also other sustainability goals

Businesses are looking at credit-based mechanisms to support nature and social impact

The value of nature and social benefits is still highlighted as a driver for carbon credit purchases, particularly in cases where a clear financial business case is absent. With many businesses struggling to make progress in their nature-based goals, carbon markets can demonstrate immediate action.

> **Due to the current uncertainty in the market around how carbon credits can be used, the bigger incentive for the company in the short-term is the nature and biodiversity impact that can be gained.**
>
> VP of Carbon, Industrials, Europe
>
> **We want to be seen as a company that is at the forefront of being responsible. Making sure that we contribute to positive actions and not just mitigating negative impacts is important to us.**
>
> Nature Manager, Consumer Goods, Europe

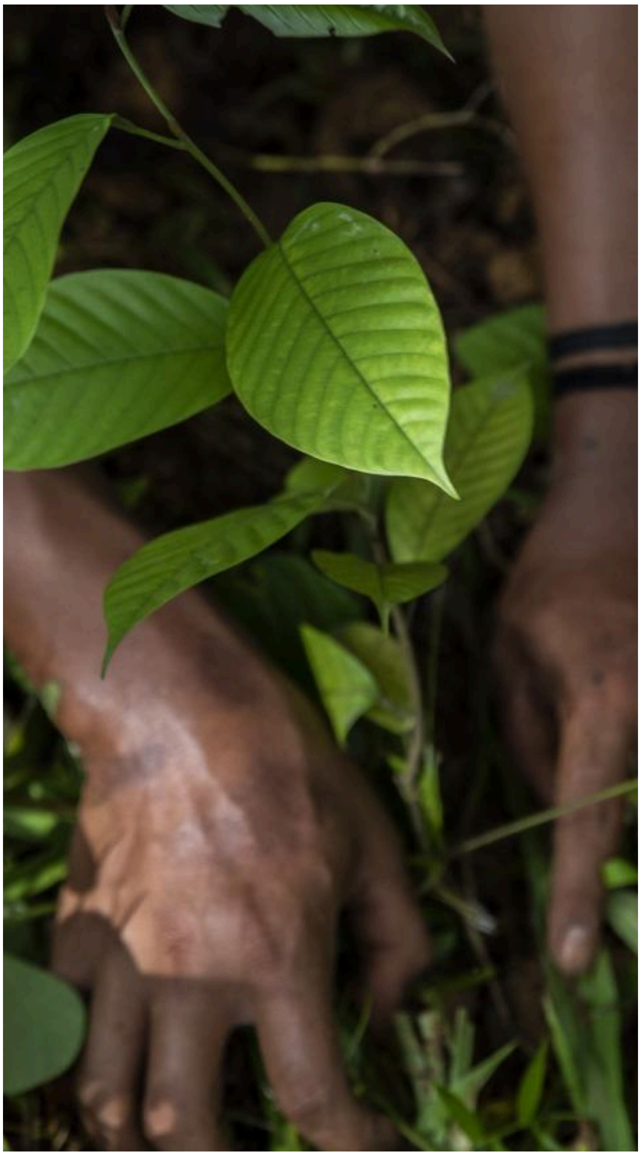
Integrating these benefits into the value case allows for short-term action to be taken

Being able to verify and quantify positive nature and social impacts can be challenging, although there are frameworks that can be used to do so, such as the impact measurement programmes.

The verification processes of carbon credits, however, can provide companies with additional confidence their purchases are delivering meaningful benefits by showing, for example:

1. Number of hectares of forest restored, grown, protected
2. Number of people supported through benefit-sharing schemes in terms of financial impact and resources
3. MWh of renewable energy installed in rural areas

> **Carbon credits are just a financial tool to help fund a real-world project to deliver a specific environmental or social outcome.**
>
> Director, Professional Services, Europe



Stakeholders across the market can also support a more favorable environment for market participation

Endorsements from different actors can boost businesses' confidence

Companies say that endorsements from trusted third parties, such as governments, non-governmental organizations (NGOs), scientific bodies, and voluntary frameworks, can increase confidence in the use of carbon credits. The focus groups highlighted that such endorsements, where appropriate, help mitigate reputational risks and validate carbon credit quality and impact.

> **NGOs should provide more detail on ways to improve the market, or positive stories, to help the market improve, rather than just focusing on negative framing.**
>
> Principal Manager, Industrial, Europe
>
> **Endorsement from credible third-party organizations helps establish confidence, especially in the early stages of market development. Third-party alignment remains essential in building initial trust and uptake.**
>
> Carbon Steering Expert, Industrials, Europe

Companies are looking at peers to take collective action to manage risk

Businesses also emphasize the influence of actions by and with peers in encouraging market participation. When industry leaders commit to carbon credit use, it sets a precedent and reduces perceived risk for others. Collective initiatives can drive momentum and create a supportive environment for scaling market participation.

> **Companies are more likely to act if they see competitors or industry peers doing the same—peer activity creates pressure to maintain reputation and stay aligned with market expectations.**
>
> Head of Sustainability, Consumer Goods, Europe

Availability and assurance on the quality of carbon credits is still critical for businesses

In the poll results, shown on page 7, 'Concern around carbon credit quality, transparency and integrity' was the highest barrier. Principles like the ICVCM's Core Carbon Principles, are seen to be helping reduce quality concerns, but businesses also say that the supply of these credits is limited, and costly due diligence is still needed to manage risk as companies do not yet believe they guarantee high-quality projects. Providing clarity on routes to procurement of quality carbon credits and market services, like ratings agencies, to enhance transparency and quality were frequently referenced during the focus groups.

> **While the issue is not resolved as quickly as desired, there is a framework in place (ICVCM) that is helping to differentiate between good and bad elements, leading toward a resolution.**
>
> Director of Carbon Markets, Industrials, North America

There are other ways for the market to support businesses in making purchasing decisions

In addition to endorsements and peer influence, companies propose a range of other market solutions, including:

1. Upskilling of internal business stakeholders and executives on the impact of carbon markets
2. Financial incentives through tax breaks, accounting definitions, and reduced cost of capital

While these solutions can have an impact, businesses claim they will not make a significant impact on demand if used in isolation.

Themes of solutions most frequently raised by 65 businesses during focus group sessions

1. **Rules or requirements on how and when to use carbon credits***
2. **Demonstration of 'tangible value'**
3. **Endorsement on the use of carbon credits**
4. **Collective business action**
5. **Availability and assurance of high-quality carbon credits**
6. **Business capability and skill development**
7. **Financial incentives**

*This solution was the most frequently suggested solution to increasing market participation

Continued dialogue between market stakeholders is essential to develop solutions and scale market participation

Shifting business perceptions of the market need monitoring

Gaining insight into how businesses view carbon markets is essential for designing interventions that address real-world concerns. Understanding business motivations, constraints, and expectations enables stakeholders to inform the development of rules, guidance, tools, and market infrastructure.

As shown in the first half of 2025, global trends can shift, impacting business outlooks on carbon markets and the relevance of certain solutions. Therefore, the market must continually engage with businesses to remain up-to-date and relevant.

Policymakers and voluntary standard bodies need to consider businesses when developing interventions

Businesses are clear that market stakeholders, including governments and voluntary frameworks, must actively engage with companies to design rules on how and when to use carbon credits that balance pragmatism with climate ambition. With a range of rules and requirements already being placed on businesses, it is even more critical to ensure what is being proposed is aligned with business objectives and expectations. Dialogue ensures that policies are realistic, effective, and conducive to long-term investment. The recent changes to certain elements of the EU's CSRD demonstrate how governments are trying to balance impact with pragmatism.

Companies need to evaluate how they can articulate tangible value to their internal stakeholders

Acknowledging that sentiments have changed is important for businesses and they must act to understand how to unlock the value of carbon credits in their business context.

Companies must learn from one another, with early adopters providing examples on how to demonstrate the financial business case, assess quality, and measure value and impact.

Understanding buyer sentiment can empower NGOs and commentators to elevate market integrity and growth

Non-governmental organizations and market commentators can contribute by offering positive endorsements, as well as constructive challenges, and highlighting examples of high-integrity practices. Their support can help shape public narratives and reinforce market credibility and provide confidence for investment into high-quality projects.

Methodology

The qualitative research study consisted of several components including a literature review, expert interviews, focus groups, validation sessions, and analysis.

Literature review

60 recent market reports from 2023 onwards were reviewed using a combination of manual review and Generative AI (GenAI) tools. This led to more than 900 insights being generated on the barriers, opportunities and potential market solutions for participating in carbon markets. These insights were categorized and analyzed to highlight the key themes of the reports.

Expert interviews

25 interviews were conducted with five leading corporate buyers of carbon credits and 20 market experts, including policy makers, civil society, and other key market stakeholders. In these interviews, the experts provided their insight on key market considerations as well as testing concepts for focus group formats and polls.

Focus groups

The focus groups were a critical component of the study. In these groups, of three to five businesses, key opportunities and barriers were discussed, and businesses suggested which solutions were most important to them. A total of 61 different businesses attended the sessions, which included four 'validation sessions', where solutions were discussed in more detail with participants. More than 300 insights were extracted from the session transcripts on opportunities, barriers and solutions.

The focus groups have participants from every continent, with the heaviest weighting in Europe (33) and North America (13). There were 5 participants from EMDCs. The groups had representation from a range of sectors including Consumer Goods, Industrials, Financial Services, Professional Services, Media and Technology, as well as Transport.

Analysis of results

Information from the literature review, interviews, and focus groups were aggregated, with more than 1200 insights being generated on the key themes. These were then categorized and cross-referenced to create the messages in this report.

Acknowledgements

This study would not have been possible without the generous contributions and collaboration of many individuals and organizations. VCMI wish to express gratitude to:

The many companies that participated in the focus groups, we extend our appreciation. Their willingness to share experiences was critical in shaping the findings and recommendations of this report.

To the experts who generously offered their time and perspectives. Their contributions helped ensure the study reflects the realities and complexities of today's carbon markets.

To the International Chamber of Commerce (ICC) and the World Business Council for Sustainable Development (WBCSD) for their support in outreach and engagement. Their efforts enabled us to connect with a diverse and global network of businesses, enriching the breadth and depth of the study.

Finally, to Accenture for their invaluable support in delivering the research and facilitating the business engagements that underpin this report. Their expertise and dedication were core to the process.

On behalf of the project team, we thank all contributors for their commitment to advancing credible, effective climate action through high-integrity carbon markets.

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To make a VCMI Claim, stakeholders must follow the official VCMI Claims process as set out in the guidance available at www.vcminitiative.org.