CLARA
Climate Land Ambition and Rights Alliance

Open letter to the Voluntary Carbon Market Integrity Initiative

The signatories to this letter, including members of the international civil society network CLARA,[1] appreciate the wide consultation effort made by the Voluntary Carbon Markets Integrity Initiative (VCMI) to allow for review and comment on its draft Claims Code of Practice. Because of the potential consequences of the adoption of this Code of Practice for communities, ecosystems, and the broader fight for climate justice, we are compelled to convey additional, collective feedback on this initiative beyond what is possible in the online form provided for survey comments.

With this letter, we seek to call attention to critical failures of integrity within the initiative.

While the draft Claims Code of Practice may seek to lay out a 'high road' vision for what claims might be made by corporations when using 'high quality, high integrity credits', it does so in the service of dangerous concepts underpinning 'offsetting', 'crediting', and value creation around intangible 'carbon'. These all rely on the belief that all carbon credits, from profoundly different types of projects with an equally wide ranging and varied climate impacts, are interchangeable and the manufactured equivalency between *guaranteed* emissions to the atmosphere and *potential* sequestration and removals. Procedural integrity is substituted for **scientific** and **ethical** integrity, undermining the foundations for the **integrity of the underlying asset or the carbon credit being traded**, and thus undermining **market** integrity in the process.

Overshooting 1.5 C with 'integrity'

The initiative's **scientific failures** of integrity include lack of attention to the incompatibility of a 1.5 °C carbon budget with offsetting and failure to clearly articulate that offsetting is not a viable path to global net zero.

In its most egregious failure, the VCMI argues in its Introduction to the Code that the "use of high-quality carbon credits by companies and other private nonstate actors—above and beyond their decarbonization efforts—is a potentially significant way to accelerate climate change mitigation." Yet, the science is indisputable: not only do carbon offsets NOT reduce aggregate levels of greenhouse gases in the atmosphere, continuing to carry on emitting, justifying it by claiming offsets elsewhere, pushes us ever more quickly past the 1.5 °C goal.

The VCMI equivocates on the science of 1.5°C, using the large number of available climate models as an excuse for not being clear on the required scale of corporate action. But with respect to the emissions reductions required to stay below 1.5 °C, the IPCC is clear—we must globally reduce emissions into the atmosphere by at least 55% before 2030. Any delay puts 1.5 °C further and further out of reach, leading us into the even more dangerous overshoot territory.

The IPCC is also clear that we cannot rely on removals to keep warming below 1.5 °C. Nature-based removals are slow and reversible. Technological removals are non-existent at scale. ***It is the emission reductions that we will accomplish in the next ten years*** that will determine whether we will stay below the 1.5 °C threshold. To stay below 1.5 °C, all actors must move onto ***a realistic*** 1.5 °C pathway, one that does not assume fantasy future removals to avoid reducing emissions as quickly as needed.

There is a tiny carbon budget left for a reasonable chance to keep warming below 1.5 °C—just 420 Gt CO_2, while global annual emissions exceed 40 Gt CO_2 (do the math). And there are 850 Gt CO_2 of emissions embedded just in existing and planned fossil fuel infrastructure. There is no space for continued emissions that are falsely justified because someone bought 'high-quality' credits.

Integrity is acknowledging the scale of the problem and saying what needs to be said: there is a limited carbon budget, overshoot is not an option, all actors need to reduce emissions NOW, and additional contributions will be needed by those with means and responsibility to assist other actors in reducing their emissions.
Offsetting is not an option in a 1.5 °C world and it is not a pathway to global net zero.

Moreover, reaching global net zero and staying below 1.5 °C of warming will require moving from a zero-sum 'compensation' mindset, to a 'contribution' mindset. A zero-sum accounting at the level of the individual firm, where purchase of offset credits is meant to 'cover'[2] a company's responsibility, is insufficient to the scale of the climate emergency and the systemic transformations that are required to phase out the use of fossil fuels. The IPCC says that $3.7 trillion in annual investment is needed by 2030 to keep warming below 1.5°C. This cannot come from piecemeal projects. It is a wrong and dangerous message to propagate, that buying credits from low hanging emission reductions projects in the global South, with zero-sum math, is going to bring about the transformations needed.

An offsetting or compensation mindset hides the full scale of the task in front of us and is, at its core, unjust.

The global net zero effort requires those actors with responsibility and capability to both reduce their own scope 1, 2, and 3 emissions in line with the 1.5°C target AND make financial contributions on top of that to the global effort to transform economies and energy systems away from fossil fuels. Contributions to the collective global reductions above and beyond those of individual firms are critical, in an amount far greater than the 20% fraction of emissions reflected by VCMI's proposed silver claim.

In setting out its 'integrity' category of bronze, reliant on offsetting ongoing emissions, the initiative actually rewards companies that are on a path to overshoot temperature goals. The only valid claims that VCMI should be condoning are from companies that are taking actions in line with a **real** 1.5 °C pathway (without fantasy removals) AND that are making **significant** additional contributions to the global mitigation effort. Anything less is clear and flagrant greenwashing.

Our land, your offsets: A morally bankrupt proposal driving continued carbon colonialism

The **moral and ethical failures** of the initiative include completely ignoring the inequities baked into the offset market, where companies and their consumers of the global North continue to appropriate the lands and ecosystems of the global South for purposes of 'compensation' or 'covering' their ongoing and future emissions. Instead of setting out clear standards of scientific and moral integrity, VCMIs declarations of 'high quality' are based only on procedural criteria and are, therefore, a manufactured illusion. Carbon 'credits' on their own are a fundamentally flawed concept; the high-quality façade makes them more dangerous.

VCMI in fact is deliberately *not* guaranteeing integrity in broader social or environmental contexts. Instead, VCMI 'outsources' social or environmental reporting; it only compels corporate actors to forum-shop for favorable ESG treatment, creating downward pressures on third-party standards. We have no illusions about this: VCMI represents not just a carbon standard, but a 'stand-alone' carbon standard, with 'high-quality' judged solely in that context. On behalf of the communities with whom we work and stand in solidarity, we reject your arrogation of the term 'high-quality'.

The arrogation of these flawed concepts by corporations to serve their own interests enables ample greenwashing opportunities through a voluntary standard-setting process. Implementation of the proposed "code of Practice" guarantees that we will quickly pass 1.5 °C of warming on the way to an unlivable future.

The difficult ethical question of who will define what are residual, or hard-to-abate, emissions must be squarely engaged. Some emissions are indeed very difficult to abate, and pulling on the cloak of 'hard-to-abate' is a way of cementing the inequity in the system, what many of our members and allies call 'carbon colonialism.'

VCMI chooses not to engage this debate at all, instead allowing corporate actors themselves to determine what emissions in their production and supply chains are 'hard to abate'. Much of VCMI's logic is bound up with a single sector – aviation. We reject VCMI's and CORSIA's hijacking of the 'hard-to-abate' claim in order to forestall genuine change to an extremely GHG-intensive sector. Whose lands and forests and livelihoods will be bought up for offset project to become 'credits' by those claiming that their emissions are 'hard-to-abate'?

What the 'high quality' label cannot obscure

A functioning market requires that the asset being traded is fungible or tradeable , with effective means of price determination. For the offset credit market to function, all types of carbon credits are seen as somehow equivalent, that there is a quantum of something that is knowable, interchangeable, and commensurable across credits. VCMI joins a number of other actors currently seeking ways to obscure the very real, material, and consequential differences between credits in order to be able to scale the market. The prominent tactic under development is a "high-quality" label, which can obscure the distinction between fossil and terrestrial carbon, and facilitate grouping avoided emissions, emission reductions, and carbon removals together. However, these actions are not equivalent and their climate impacts are certainly not the same.

There is no scientifically defensible way to claim that avoided emissions or emission reductions can offset ongoing emissions. The atmosphere sees the carbon dioxide that is emitted, and with a remaining carbon budget of 420 Gt CO_2 to stay below 1.5 °C of warming ***that budget is all that matters.***

Theoretically removals might balance emissions, but significant ecosystem-based removals will not happen on the time frame that matters—the next decade—and are unfortunately not permanent, in contrast to fossil emissions that remain in the atmosphere for hundreds to thousands of years.

The carbon market industry has a problem – 95% of credits available on the market are from avoided emissions or emission reductions projects and therefore have no credible possibility to be used to balance out ongoing emissions. It appears that the industry is changing the terms and language of the debate—so that the only standard that matters is whether or not the credits are 'high-quality'—in the hopes that no-one will notice that ongoing emissions continue to accumulate in the atmosphere.

Bizarrely, VCMI completely avoids any mention of what is quite obviously the central problem of both scientific and market integrity for the construction of the intangible commodity of carbon. Why? Because the only way the 'gold' or 'silver' categories can be operationalized is by making all carbon credits seem to be equivalent? ***That***

the 'integrity' initiative completely ignores these foundational questions about the integrity of a carbon offset credit, and thus the actual possibilities, or not, for reducing emissions adequately to remain below 1.5 °C of warming, fatally undermines the entire effort.

False fungibility: No foundation for scaling a market

Markets will inherently lack integrity where the underlying asset of the offset contract is based on unfounded assumptions of fungibility between fossil and terrestrial carbon, and between avoided emissions, emissions reductions, and removal projects.

The VCMI co-Chairs state in their introductory letter that "only with integrity can these markets scale to mobilize the resources and emissions reductions necessary to support achievement of the Paris Agreement goals." We suggest rather that offset markets are not scaling because the underlying asset—carbon, or rather the quantum of the emission reduction (or worse, just the quantum of an 'avoided emission' promise)—lacks the essential features of a commodity. That is, ***the asset lacks integrity for trading.*** The only way that the asset could be used for market purposes is to make it broadly fungible, across types of projects with very different impacts on atmospheric concentrations, and therefore scientifically illegitimate as climate 'solution'.

VCMI's support for the current commodity characterization of this asset class (carbon/emission avoidance/reduction/removal *quantum*) in a way favorable to traders, and its attempt to articulate a high-road standard for the use of that asset, are in irreparable, structural tension. The only way offset markets scale, then, is if requirements for specificity with respect to that actual asset traded are suspended, obscured, or treated merely as a matter of reporting protocols. In privileging interpretations of integrity in relation to how a credit is articulated, verified, and accounted for in a registry—versus a vision of integrity based on what the atmosphere is actually seeing—implicates VCMI in a project that obfuscates climate science.

Conclusion: Scaling voluntary markets is a flawed idea and a huge gamble.

We have a high level of concern about the lack of legitimacy and integrity of this exercise. CLARA calls out and condemns the usurpation of carbon-market definitional power by private entities, represented by self-appointed gatekeepers.

Integrity requires bravely identifying the scale of the challenge ahead and naming the actions we must all take to address that challenge. The scale of finance needed and the character of the systemic transformations in food, energy, and transport systems will not be mobilized through incremental funding of offset crediting projects. The path to global net zero is not by ‘compensating for’ or ‘covering’ emissions. There is extremely limited removal capacity at present—the work of the next decades, and the urgent work of the next ten years, must be to reduce emissions, by all actors, everywhere. The path to global net zero will require the mobilization of finance reflecting not a zero-sum balancing out of current or future emissions through offset crediting, but **contributions** well above and beyond this, based on the inherent capability provided by wealth and historical responsibility for emissions.

This initiative fails to provide for an ambitious, credible mechanism for meaningful climate action. As an international civil society network focused on human development needs, CLARA reiterates that it does not see offsets as an equitable or practical solution to the climate crisis.

We oppose the ‘scale-up’ of the voluntary markets. VCMI will probably achieve the goal of articulating a clearer line between an aspirational standard that companies will use for marketing purposes, and the broader pools of low-quality carbon credits, with fewer standards and less certainty on any positive impact being generated. However, this risks simultaneously forestalling mandatory and enforceable standards of decarbonization, requirements for industrial process redesign, or inducement towards reduced levels of product and ‘brand’ consumption. The VCMI is set to become a ‘high-quality’ greenwashing exercise, doubling as a distraction from the action we urgently need.

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[1] CLARA’s 40+ member groups are from five continents; we work on land rights, agroecology, biodiversity conservation, and equity in responses to the climate crisis.

[2] The VCMI adds this new and undefined term to the offsetting vocabulary, obfuscating rather than illuminating necessary actions and responsibilities.