

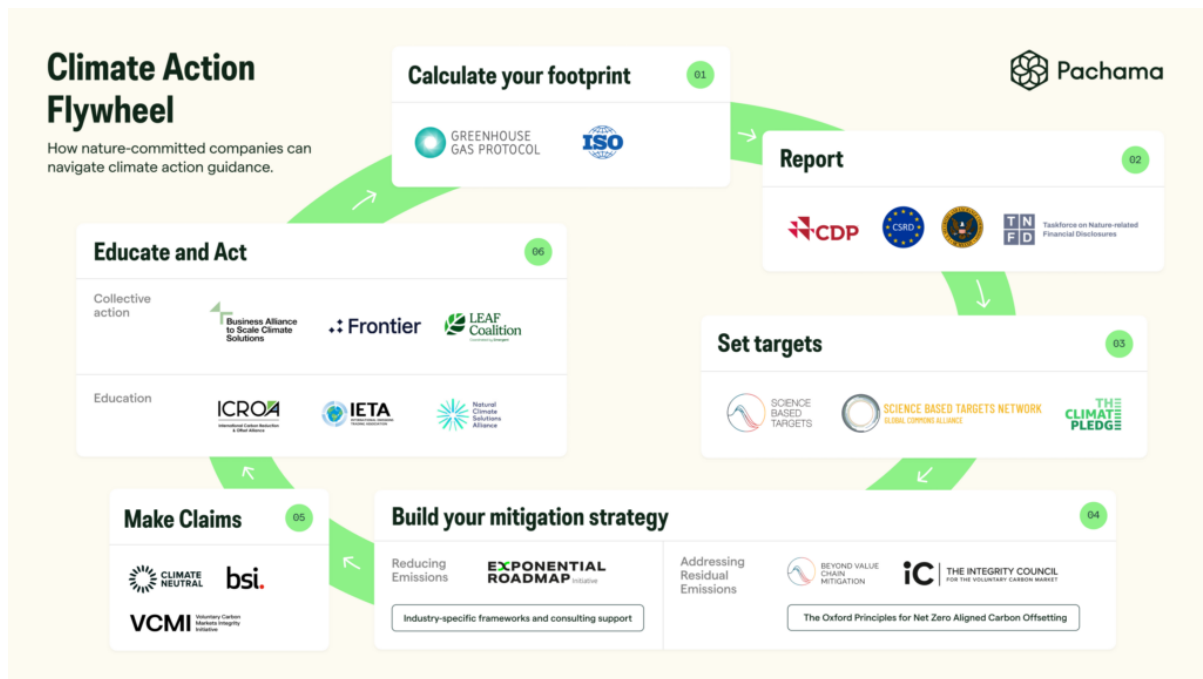
# Want to Make Claims About Your Climate Action? Start Here.

As companies work towards reducing their environmental footprints and contributing to a healthier planet, many are keen to communicate publicly about their climate impact. Making a credible claim is no small feat, and it's critical that companies accurately describe their climate impact so they can continue building trust with stakeholders and become climate leaders within their industries.

This guide breaks down how nature-committed companies can navigate guidance on climate action.

## What are the core steps to making high-integrity claims?

There are six steps corporate buyers should take to make high-integrity claims about their climate action and carbon credit investments. Companies can start taking action at any one of these steps, so you don't have to start from the beginning. What matters is starting as soon as possible — the climate crisis won't wait for perfect action.



# 1. Calculate your footprint with robust greenhouse gas inventories

A journey to net zero — or any kind of climate target — begins with a comprehensive assessment of your current greenhouse gas emissions. Without an accurate enough inventory, it’s impossible to calculate the extent of your environmental impact, identify key places to start decarbonizing, or make a plan for achieving your climate target. Your inventory doesn’t have to be perfect — you can improve it over time. But you do need this first step to help you get started.

## Names to know

[GHG Protocol](#): Created by the [World Resources Institute \(WRI\)](#) and the [World Business Council for Sustainable Development \(WBCSD\)](#), the GHG Protocol sets global standards for measuring and managing greenhouse gas (GHG) emissions. The GHG Protocol is widely used and has become the basis for the majority of corporate GHG accounting methodologies in use today.

The GHG Protocol provides actionable definitions for corporate GHG footprinting based on the degree of influence a company has in effecting change - in terms of

Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from purchased energy), and Scope 3 (value chain emissions). Note that the GHG Protocol for Corporate Accounting does not provide guidance or have requirements for how carbon offset credits may be applied to balance against residual emissions.

[ISO 14064: International Organization for Standardization \(ISO\)](#) released its initial carbon accounting standards in 2006, memorably titled ISO 14064, or *International Standard for GHG Emissions Inventories and Verification*. Although most corporate carbon accounting relies on the GHG Protocol methodology, the Protocol itself is based on ISO standards. ISO 14064 is more frequently used by companies with an EU presence. Further, a sub-section of 14064-2 provides the foundation for carbon registries to develop program level standards (i.e. Verra's Verified Carbon Standard) used to issue carbon credits.

## 2. Regularly report on your emissions

While carbon footprinting provides your company's starting measurement of environmental performance, reporting and disclosure act as a mechanism for accountability and transparency. Regularly reporting on your environmental impact, climate targets, and progress towards them is essential for building stakeholder confidence along your climate journey, and keeping your organization accountable to its climate goals. Historically, climate reporting has been voluntary or in response to stakeholder pressure. But as governments around the world commit to net zero targets, more companies face mandatory climate reporting and disclosure requirements.

### When should companies start reporting?

Many companies are hesitant to report on climate impact until they've made progress toward their climate targets. Pachama believes best practice involves reporting on emissions inventories as soon as you can. This can become a powerful mechanism for accountability and measuring progress year on year. It's also a great way to prepare for mandatory reporting requirements.

# Names to know

## Key players:

- **CDP**: Formerly known as the Carbon Disclosure Project, CDP is a non-profit organization that has developed an environmental impact disclosure system in the form of a questionnaire. CDP [recommends companies follow guidelines from the SBTi](#) when incorporating carbon credits into their climate journeys. For the 2023 disclosure cycle, [questions around](#) retirement volumes, credit vintages and issuing program, and technical questions around approach to additionality and risks were included.
- **SEC**: Largely based on the TCFD's key pillars, the SEC's new climate disclosure rule will likely be finalized this year (2023). Publicly listed companies in the US will be required to report on their greenhouse gas emissions and climate risk exposure, as well as [how they use carbon credits](#) — in particular, the carbon reduction they represent and where the credits are generated from.

## Others to know:

- **TCFD**: Initially released in 2017 by a group of investors and other financial-sector professionals, the *Taskforce on Climate-related Financial Disclosures* (TCFD) is often considered the gold standard for climate risk reporting, particularly for publicly listed companies. Companies reporting to TCFD should disclose the role that carbon credits play in achieving their climate targets, and list a source for more information on the type of credits and their providers.
- **TNFD**: The *Taskforce on Nature-related Financial Disclosures* (TNFD) aims to do for nature what the TCFD does for climate. This emerging risk management and disclosure framework will help organizations report and act on evolving nature-related risks. The TNFD is currently out as a [beta framework](#).
- **CSRD**: The *Corporate Sustainability Reporting Directive* (CSRD) will soon require many companies with an EU presence, both large and small, to report

on their environmental impact. The [draft ESRS disclosure standards](#) will require reporting companies to detail their use of carbon credits, including those generated inside and outside of the value chain. Purchased carbon credits should be disclosed alongside information about volume and quality, and must be verified against recognized standards.

### 3. Set ambitious targets

Guiding every climate journey is a credible science-based decarbonization target. Climate targets define the volume of emissions you'll reduce, and by when. Appropriately ambitious targets can inspire internal and external stakeholders, help you determine where to start with decarbonization and unify your company toward a common goal.

#### Names to know

Key players:

- [SBTi](#): The Science-Based Targets Initiative (SBTi) provides leading guidance for setting corporate climate targets in line with Paris Agreement goals (1.5°C warming). Their [Corporate Net Zero Standard](#) offers a blueprint for developing voluntary, long-term climate commitments, while their other [target-setting resources](#) can help companies with setting [near-term emissions reduction targets](#). SBTi offers two main messages around carbon credits: 1) carbon removal credits are necessary *at the time* the net zero target is reached (e.g. 2040), and 2) companies are encouraged to contribute to *beyond value chain mitigation* (including avoidance credits) during their decarbonization journeys. (More on this below.)

Others to know:

- [SBTN](#): [Building on the success of the SBTi](#), the Science-Based Targets Network (SBTN) is a group of organizations developing science-based targets for nature. The target validation process and version 1 of the land targets are

[currently being piloted](#) and are anticipated to be released early 2024. SBTN is focused on direct decarbonization and do not allow for the use of carbon credits for making progress towards targets.

- [The Climate Pledge](#): The Climate Pledge is a popular corporate commitment, created by Amazon and Global Optimism. Signatories agree to report their GHG emissions regularly, decarbonize in line with the Paris Agreement (or technically, 10 years ahead — to achieve net zero by 2040), and neutralize remaining emissions with credible carbon offsets.

## 4. Build your mitigation strategy

Climate mitigation strategies help companies decarbonize. Mitigation involves two parts: reducing emissions and addressing residual emissions. Reducing emissions aggressively by decarbonizing your corporate footprint is crucial to keeping global warming under 1.5°C, but addressing residual emissions is also a critical need to achieve global decarbonization, because most industries won't be able to reduce 100% of their existing footprint — at least, not yet.

### Names to know

Key players for guidance on reducing emissions:

- [Exponential Roadmap](#): This cross-sector initiative brings together companies and organizations from around the world dedicated to decarbonizing in line with a 1.5°C warming target, and halving emissions by 2030. The [Exponential Roadmap report](#) offers sector-specific pathways and solutions for halving emissions by 2030.
- Industry-specific frameworks and consulting support: creating an emissions reduction strategy is highly tailored for every industry and company. There are industry-specific frameworks, like [SBTi's FLAG guidance](#), as well as consulting groups and technology players that support strategy setting. [Project Drawdown's Table of Solutions](#) also offers sector-specific decarbonization solutions based on latest technology.

Key players for guidance on addressing residual emissions:

- [The Oxford Principles for Net Zero Aligned Carbon Offsetting](#): The Oxford Principles for Net Zero Aligned Carbon Offsetting define four principles for credible carbon offsetting, which include cutting emissions, offsetting residual emissions annually with high-quality carbon credits (with an increased percentage of carbon removals credits over time), and contributing to broader net-zero aligned offsetting.
- [SBTi's Beyond Value Chain Mitigation](#): SBTi's *Beyond Value Chain Mitigation* guidance encourages companies to mitigate emissions outside their value chains by purchasing high-quality carbon credits to invest in tropical rainforests, peatlands, and carbon dioxide removal. The SBTi calls these investments “no-regrets options” that help companies align with 1.5°C and play their part in achieving global net zero.

## 5. Make data-backed (defensible) public claims

Many companies are excited about their climate action — including their investments in carbon projects — and want to spread the word. However, others are afraid that anything they say may be interpreted as greenwashing. It's important that the claims you make are transparent about your carbon credit investments and are specific, grounded in data, and don't make misleading or overstated claims about environmental benefits.

### Names to know

Key players:

- [VCMi](#): The Voluntary Carbon Markets Initiative (VCMi) sets standards and guidelines for making claims about carbon credits through its *Claims Code of Practice*. Its four-step process validates claims against their criteria (including credit quality requirements from the [ICVCM's Core Carbon Principles](#)) and awards VCMi Platinum, Gold, or Silver tiers, depending on the volume of carbon credits retired. To make a VCMi claim, companies must

meet foundational requirements and demonstrate progress toward emission reduction targets to complement carbon credit purchases. This is a unique approach when compared with traditional 'carbon neutrality' claims, and the initiative's specific intention is to enable companies to confidently include carbon offset credits as part of a holistic climate mitigation plan.

Others to know:

- [Climate Neutral](#): Climate Neutral developed the Climate Neutral Certified label, a standard earned by companies that offset and reduce their GHG emissions. To be certified Climate Neutral, companies will need to measure, reduce, and compensate for their emissions through the purchase of eligible verified carbon credits and renewable energy certificates.
- [BSI's PAS 2060 carbon neutrality](#): A BSI-verified carbon neutrality standard that requires that companies assess, reduce, and offset their emissions

## 6. Take collective action

To achieve global net zero and avoid some of the worst impacts of climate change, we'll need businesses to come together and move entire industries forward. Here are a few leading initiatives designed to promote corporate collaboration and ongoing private-sector education.

### Names to know

Collective action:

- [BASCS](#): The Business Alliance to Scale Climate Solutions (BASCS) helps to scale and improve carbon credit purchases and other climate solutions for business investment.
- [LEAF Coalition](#): This public-private partnership coordinated by [Emergent](#) aims to halve tropical deforestation by 2030.
- [Frontier](#): Frontier is an advance market commitment designed to accelerate carbon removal. Members will collectively purchase an initial \$1B+ of



permanent carbon removal between 2022-2030. Members include Stripe, Alphabet, Meta, and more.

Education:

- **ICROA:** The International Carbon Reduction and Offsetting Accreditation (ICROA) is a non-profit membership organization that aims to provide best-practice accreditation for carbon offsets.
- **IETA:** The International Emissions Trading Association (IETA) is a non-profit organization that advocates for market-based mechanisms to address the climate crisis. Members include project developers, NGOs, governments, and corporates, who leverage the networking and policy support that IETA offers to drive forward their climate initiatives. IETA provides members with educational support, training, and policy advocacy, and organizes regional networking and policy-oriented climate summits.

## High-integrity claims start with strong strategies

Making climate claims can seem daunting, but it doesn't have to be. By following key steps along your climate journey and learning from respected initiatives and organizations, your company can begin to make defensible, high-integrity claims about your environmental impact.

Ultimately, the strongest claims aren't made simply as an afterthought but rather as the result of clear strategy and action in line with a broader science-based pathway.

## Ready to learn more?

Connect with our team for more information on how to invest in nature-based carbon credits to support your sustainability goals and make credible claims.

[Talk to Pachama's experts](#)