



# Key Insights from the Joint Statement of Policy and new Principles for Responsible Participation in Voluntary Carbon Markets (VCMs)

May 2024

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- The current administration rolled out guidelines for responsible VCM participation
  - Guidelines ensure that the VCM “drives ambitious and credible climate action”
- The 7 Principles
  - The principles outline best practices to ensure market participation is rooted in and drives quality, transparent investments.
- The new guidelines reinforce transparency and integrity, two of PDI Sustainability Solutions’ core values.

## Overview

The guidelines outline the US federal government’s approach to the VCM. They reinforce the U.S. government’s commitment to advancing the responsible development of VCMs, which should strive to result in ambitious climate action and economic opportunity.

## The 7 Principles

These core principles are intended to facilitate the full potential of the Voluntary Carbon Market



- Principle 1: *Carbon credits and the activities that generate them should meet credible atmospheric integrity standards and represent real decarbonization.*
  - What this means: Carbon credits need to be real and measurable, which means they certifiably represent one metric ton of CO<sub>2</sub> offset.
  - **PDI's response: PDI Sustainability Solutions will continue investing in high quality credits that have a real, measurable impact We recently rolled out our own internal investment standards we layer on top of our clients' portfolio requirements to maximize portfolio quality and diversification. While each project portfolio is tailored to our clients' needs, we have also implemented the following internal investment standards:**
    - › 4+ unique projects
    - › 4+ project types
    - › International Carbon Reduction and Offset Alliance (ICROA) –endorsed standards
    - › Credit vintages less than or equal to 10 years old, with newer vintages prioritized
    - › Co-benefit certified projects (e.g. 25%+ of portfolio)
- Principle 2: *Credit-generating activities should avoid environmental and social harm and should, where applicable, support co-benefits and transparent and inclusive benefits-sharing.*
  - What this means: Some carbon offset projects, while having environmental benefit in terms of GHG emissions, have other harmful effects on the environment. Carbon projects should aim to avoid this and when possible, support co-benefits and, thus, have a net positive environmental impact.
  - A co-benefit is any positive impact on ecosystems, society, and the economy other than direct GHG emissions mitigation.
  - **PDI's response: We always look to source available projects with co-benefits as an additional metric of quality.**
- Principle 3: *Corporate buyers that use credits should prioritize measurable emissions reductions within their own value chains.*
- What this means: Companies participating in the VCM should also prioritize reducing emissions within their supply chains.



- **PDI's response:** PDI has launched a Sustainability Consulting solution, in which we help clients understand their holistic carbon footprints, provide emissions reporting, and suggested ways to avoid or reduce those emissions. This includes Scope 3 emissions, or indirect emissions, throughout the value chain.
- Principle 4: *Credit users should publicly disclose the nature of purchased and retired credits.*
  - What this means: Transparency is key. It's important that credit buyers disclose information about their credit purchases and retirements.
  - **PDI's response:** We will continue to deliver regular project and environmental impact reporting for publication to ensure maximum transparency. Plus, this year, we are adding project verification to our attestation scope.
- Principle 5: *Public claims by credit users should accurately reflect the climate impact of retired credits and should only rely on credits that meet high integrity standards.*
  - What this means: Accurate messaging is critical for honest participation in the VCM.
  - **PDI's response:** We will continue to deliver project content to our clients to ensure web properties are displaying the latest information. We are also auditing website messaging to verify specificity and precision.
- Principle 6: *Market participants should contribute to efforts that improve market integrity.*
  - What this means: This is a collaborative market. Players in the VCM should advance the market's integrity through their participation.
  - **PDI's response:** See PDI's response to Principle 1
- Principle 7: *Policymakers and market participants should facilitate efficient market participation and seek to lower transaction costs.*
  - What this means: Naturally, the market is only beneficial if people are participating in it. Companies will benefit from incentives coming from policymakers. Politicians, participants, and leaders of the VCM should seek to improve the market's usability and cost-effectiveness, which will encourage further participation.
  - **PDI's response:** We are active members of the International Emissions Trading Association (IETA) and attend multiple regional climate summits to continuously educate ourselves, as well as our customers. Plus, due to our processes and operations, we can lower the barrier of entry for many of our clients into the VCM and the sustainability space, at large.



Sustainability Solutions



## About PDI Sustainability Solutions

PDI Sustainability Solutions offers sustainability as a service with programs that deliver environmental impact and bottom-line results. Our turnkey offerings help businesses meet their sustainability goals while increasing brand value and customer loyalty. We're on pace to offset over 30 million metric tons of carbon by 2025.