

WE MEAN  
BUSINESS  
COALITION



Toolkit:

**UNDERSTANDING  
NATURE-BASED SOLUTIONS  
VOLUNTARY CARBON MARKETS**

# INTRODUCTION

**We can only achieve global climate goals by harnessing nature-based solutions (NbS) for both climate mitigation and adaptation.**

High-integrity carbon credits can help mobilize corporate climate finance towards some of the most impactful NbS while companies cut emissions from their operations at the same time.

**Voluntary carbon markets (VCMs) incentivize corporate climate action both within and beyond their supply chains.**

Research has found that the world is highly unlikely to stay within a 1.5 carbon budget without companies investing beyond their value chains to protect, manage and restore nature on the pathway to net zero. Carbon markets are also one of the few channels to deliver finance needed at the scale and speed necessary to reach climate goals.

**Furthermore, carbon markets must be designed from the outset to not only support mitigation but also other development goals.**

When built around principles of transparency, strong governance, and inclusive participation, VCMs can drive investment to the most climate-vulnerable communities.

## ABOUT THIS TOOLKIT

This toolkit provides information and resources to better inform discussions around NbS VCMs and the critical part they play in securing a sustainable future for us all.

## ABOUT THE WE MEAN BUSINESS COALITION

The [We Mean Business Coalition](https://wemeanbusinesscoalition.org) works with the world's most influential businesses to take action on climate change. The Coalition is a group of seven non-profit organizations: [BSR](#), [CDP](#), [Ceres](#), [Climate Group](#), [Corporate Leaders Group Europe](#), [The B Team](#), and the [World Business Council for Sustainable Development](#). Together we catalyze business and policy to halve emissions by 2030 and accelerate an inclusive transition to a net-zero economy.

Learn more at [wemeanbusinesscoalition.org](https://wemeanbusinesscoalition.org)

### ▶ **What are nature-based solutions?**

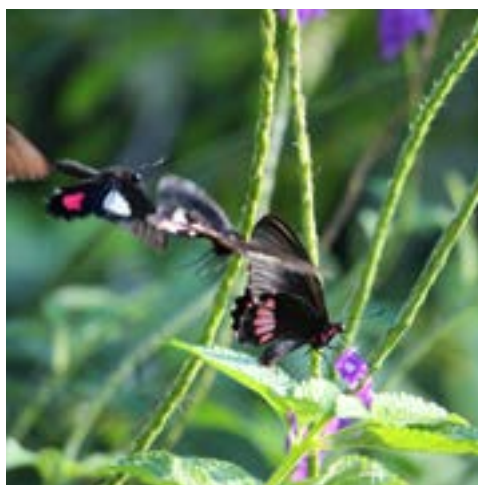
Nature-based solutions (NbS) are actions to protect, conserve, restore, sustainably use and manage land and aquatic ecosystems that also support human health and well-being and the environment.

Source: [UNEP](#)

### ▶ **What are voluntary carbon markets?**

Voluntary carbon markets, or VCMs, are decentralized markets where private actors – such as businesses, individuals or other organizations – voluntarily buy and sell carbon credits. These credits represent certified removals or reductions of greenhouse gases from the atmosphere.

Source: [Climate Focus](#)



### ▶ **What are NbS VCMs?**

Carbon credits can be generated from many activities. When NbS remove or reduce emissions – such as reversing deforestation – they can generate carbon credits to be exchanged in the voluntary carbon market. These are NbS VCMs.

### ▶ **Why are they important?**

NbS VCMs are an important tool for mitigating climate change and supporting emissions reductions from hard-to-abate sectors at the scale and speed needed to meet global climate goals.

They also support adaptation efforts and channel critical finance to address underfunded priorities such as biodiversity loss.

Furthermore, the world is unlikely to hit our emissions targets without harnessing the power of NbS. Carbon credits should be seen as a complement, not alternative, to decarbonization.

### ▶ **Are all carbon credits the same?**

To put it simply: no, not all carbon credits are created equal. But high-integrity credits must abide by a set of principles. They must be unique, real, permanent, additional, measurable, and third-party verified. Carbon crediting approaches must continually improve with new science, updated methodologies, evolving technology, and improved inclusion.

▶ **How can carbon credits be created and claimed transparently?**

There are new guidelines on both the buying and selling side of carbon markets to ensure high integrity and transparency.

The VCM Claims Code of Practice focuses on the demand side of the market – outlining requirements, recommendations and supporting guidance for companies to make credible claims from the purchase of carbon credits. The ICVCM focuses on the supply side of the market – developing and instituting a global quality threshold for carbon credits.

▶ **Why does nature matter for climate action?**

Nature is a critical part of climate mitigation and adaptation. According to UNEP, the world needs nature-based solutions to provide up to a third of the mitigation required by 2030 to keep global climate goals within reach. To do so, one gigaton of emissions reductions from forests must be achieved no later than 2025, and yearly after that.

Despite this, in the last three years, only 1.2 percent of the annual cost-effective potential of NbS has been unlocked by the VCM. This is a huge missed opportunity – but one the world can still correct. NbS carbon credits are one of the most realistic tools available to mobilize private sector finance to help address the \$4.1 trillion nature financing gap by 2050.

Source: [Climate Focus](#)

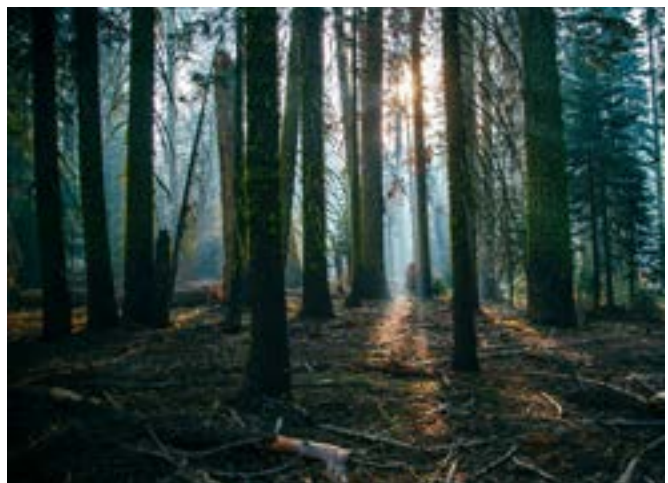
▶ **What is Article 6?**

Article 6 is a part of the Paris Agreement that allows countries to voluntarily work with each other to reach the emission reduction targets outlined in their Nationally Determined Contributions (NDCs). This allows them to transfer carbon credits earned from the reduction of greenhouse gas emissions to help other countries reach their climate targets.

Source: [World Bank](#)

▶ **How can carbon markets support local communities?**

Forest resources support the livelihoods of more than 1.5 billion people around the world, while 60 million Indigenous peoples almost wholly depend on them for their livelihoods. Advancing NbS effectively cannot be done without supporting the communities most affected.



At the same time, developing economies and local/rural communities will need at least \$1 trillion every year if the world is to avoid the worst impacts of the climate crisis.

With high-integrity standards in place, the voluntary carbon market can build resilience and transfer wealth to the world’s most vulnerable countries and support sustainable development and the livelihoods of Indigenous peoples and local communities.

# FACT SHEET

**The science is clear: we cannot achieve the Paris Agreement’s global climate goals without harnessing the power of nature-based solutions (Nbs) for both climate mitigation and adaptation.** Learn more about the potential that carbon markets offer in delivering the impact of nature-based solutions below.

## THE CHALLENGES

### KEEPING ON TRACK FOR CLIMATE GOALS

**1/3 of climate mitigation** needs to be provided by nature-based solutions by 2030 to keep our global climate goals within reach.

### SLOW INVESTMENT IN VCMS

**Only 1.2% of the annual cost-effective potential of Nbs** has been unlocked by the VCM in the last three years.

### LACK OF FINANCING

**US\$711 billion per year** is the estimated financing gap for biodiversity financing gap for the next decade. Developing economies and local communities will need at least \$1 trillion every year if the world is to avoid the worst impacts of the climate crisis.

### LOW-INTEGRITY CREDITS

**Without regulations or guidelines**, carbon credits may be double-counted or connected to human rights violations and greenwashing.

## THE POTENTIAL

### INCREASED FINANCE

**Billions in additional climate finance would be unlocked** if every company invested in high-quality nature-based solutions to address just 10% of their emissions, helping to halt biodiversity loss and infuse much-needed capital into nature conservation efforts.

### ENSURING TRANSPARENCY AND COMMUNITY BENEFIT

Many buyers are **willing to pay a premium for high-integrity credits** and are prioritizing programs that can demonstrate transparency and robust measuring, reporting and verification (MRV), as well as non-carbon benefits with quantifiable positive SDG impacts.

### REDUCED EMISSIONS

**59% of VCM buyers reported lower gross emissions year-on-year** related to reduced emissions and/or renewable energy consumption, compared to 33% of companies not participating in the carbon markets.

### SETTING CORPORATE CLIMATE GOALS

Voluntary carbon credit buyers are **3.4 times more likely to have an approved science-based climate target** than companies that do not engage in carbon markets, and three times more likely to include Scope 3 Emissions in their climate targets.

### MAXIMIZING THE IMPACT OF NBS

**32% of the global cumulative potential of Nbs** could be delivered by carbon markets by 2030, and 10 to 12% of the overall mitigation needed by then.

### THE FULL POTENTIAL OF CORPORATE CLIMATE FINANCE

**Half of companies not currently participating would enter carbon credit markets** up from 22% under the status quo with more rigorous frameworks and barriers to investment addressed.

# TIMELINE OF ARTICLE 6

**Fundamental to the development and success of carbon markets is Article 6 of the Paris Agreement which sets the guidelines for countries to voluntarily work with each other to reach the emission reduction targets outlined in their Nationally Determined Contributions (NDCs). This allows them to transfer carbon credits earned from the reduction of greenhouse gas emissions to help other countries reach their climate targets.**

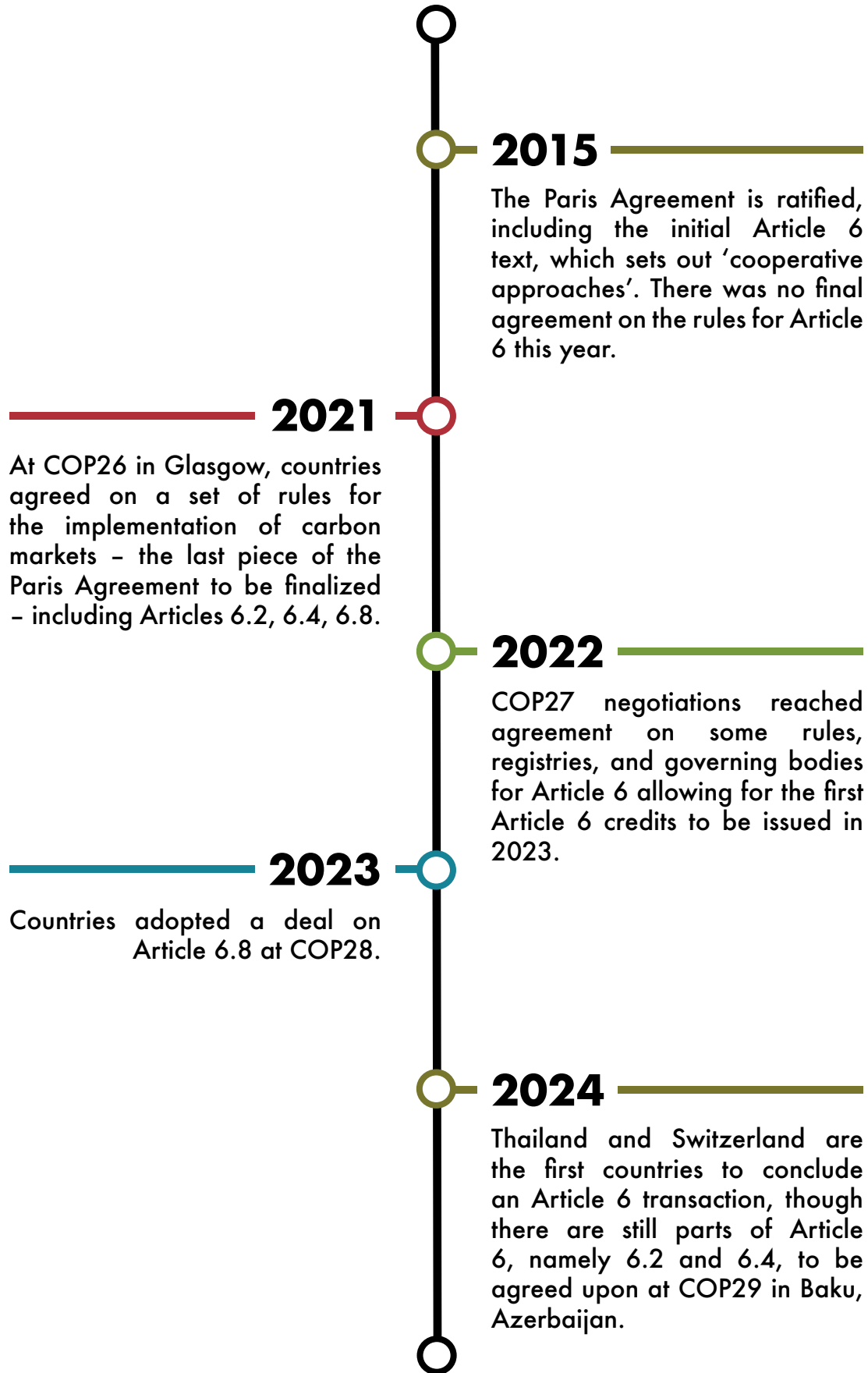
Article 6 is broken into several parts. Some of the key pieces are:

- **Article 6.2:** This allows for the trading of units or carbon credits directly between countries through a bilateral agreement.
- **Article 6.4:** This allows for trading of units between countries or between a country and another entity facilitated by a UNFCCC supervisory body.
- **Article 6.8:** This allows countries or entities to support countries without any expectation of trading carbon credits.

Importantly, voluntary carbon markets have developed over the last two decades alongside previous international protocols, but are not included in Article 6, which covers exchanges between countries. In other words, the Paris Agreement does not govern the VCM, but its rules impact the VCM.



**To help better understand the road to Article 6's implementation, the following timeline lays out the most important moments in its history. >>**



# SPOKESPEOPLE



**María Mendiluce** is Chief Executive Officer (CEO) of the We Mean Business Coalition and brings 25 years of experience working in business, international organizations, academia and governments in sustainable development, energy and climate action.



**Andrew Prag** is Managing Director for Policy at the We Mean Business Coalition. In this role, he oversees the Coalition's policy engagement work, including through major international policy processes as well as with individual countries.



**Luke Pritchard** is Director of the Beyond Alliance at the We Mean Business Coalition. He is responsible for leading the Coalition's engagement on nature-based solutions, helping develop and deliver the Coalition's strategy at the intersection of climate and nature.

**To set up an interview with any of these spokespeople or to be connected with We Mean Business Coalition members, please contact Pascale Palmer at [ppalmer@wmbcoalition.org](mailto:ppalmer@wmbcoalition.org).**

# CASE STUDIES

## Examples of nature-based solutions carbon credit projects:



Photo: Delta Blue Carbon project

### RESTORING WETLANDS IN PAKISTAN

On the southeast coast of Sindh, Pakistan, the [Delta Blue Carbon Project](#) is helping restore more than 350,000 hectares of tidal wetlands, which are a natural carbon sink. This will not only build resilience against climate change for local communities by bolstering protection against erosion and storm surges but also generate more than 21,000 full-time jobs.

### SECURING LAND RIGHTS IN TANZANIA

The [Yaeda Eyasi project](#) is helping secure land rights for more than 60,000 villagers from hunter-gatherer and pastoralist communities in northern Tanzania. This is also helping to support gender empowerment by employing women in two-thirds of the project's management roles. Likewise, women are given a central role in deciding where revenue from the project is spent in their communities.



Photo: Yaeda Eyasi project

### PROTECTING PEATLANDS IN BORNEO

By preserving peatlands, [the Rimba Raya project](#) is developing livelihood programs that will provide sustainable employment opportunities for local communities, developing nurseries, planting trees, and supporting business cooperatives. It also establishes a health clinic to support local nutrition and well-being. Furthermore, it preserves the habitat of the endangered Bornean Orangutan and prevents more than 100 million tonnes of CO<sub>2</sub> from being released into the atmosphere.



Photo: Rimba Raya project

## **Businesses are taking action to protect nature and address climate change.**

### **▶ UNITING AGAINST NATURE LOSS**

More than 1,400 companies spanning 70 countries have [called on governments](#) to adopt policies immediately to reverse nature loss by 2030. The call, organized by Business for Nature, sets the stage for business priorities for nature ahead of the 2024 UN Convention on Biodiversity (COP16) and the UN Framework Convention on Climate Change (UNFCCC COP29).

### **▶ MOBILIZING CLIMATE FINANCE TO STOP DEFORESTATION**

To reduce tropical deforestation and associated emissions, 25 leading companies have joined the [LEAF Coalition](#) to mobilize at least \$1 billion in financing.

### **▶ REGENERATING ECOSYSTEMS AND BOOSTING RESILIENCE**

Unilever has established a [€1 billion brand-driven fund](#) to protect and regenerate 1.5 million hectares of land, forests and oceans by 2030. The fund will also support farmers and smallholders to regenerate soil, conserve biodiversity, reduce emissions from land and nature, and improve access to water for communities in water-stressed areas.

### **▶ CHANNELLING BUSINESS TOWARDS NATURE-POSITIVE ACTION**

By 2025, [BNP Paribas](#) has committed to achieve €4bn in financing linked to the protection of land and marine biodiversity. The bank is helping its clients focus their projects towards climate and nature, adopting a holistic approach to address these interlinked challenges.

### **▶ CALLING ON INCREASED INVESTMENT FOR NBS**

At COP28, leading environmental and sustainable business organizations signed an [open letter](#) calling for increased private sector investment in high-integrity carbon markets. The letter additionally urged for more comprehensive approaches that ensure VCMs support Indigenous Peoples and local communities.

# RESOURCE LIBRARY

Check out our newly-launched [Voluntary Carbon Market Knowledge Vault](#), an always updated, go-to resource to help businesses participate in a maturing market.

## Reports

- [Accelerating Corporate Climate Finance through Carbon Markets: Overcoming the Challenges](#), We Mean Business Coalition, Intercontinental Exchange (ICE), and Bain & Company
- [All in on Climate: The Role of Carbon Credits in Corporate Climate Strategies](#), Ecosystem Marketplace (with support from the We Mean Business Coalition, Conservation International, High Tide Foundation, Skoll, Voluntary Carbon Markets Integrity Initiative)
- [Carbon Credits: Permission to Pollute, or Pivotal for Progress?](#), Sylvera
- [Corporate Emission Performance and the Use of Carbon Credits](#), MSCI
- [Decarbonizing Energy: From A to Zero](#), Accenture
- [Global Landscape of Climate Finance 2023](#), Climate Policy Initiative
- [Making Good on the Glasgow Climate Pact: A Call to Action to Achieve One Gigaton of Emissions Reductions from Forests by 2025](#), United Nations Environment Programme
- [The Voluntary Carbon Market Explained](#), Climate Focus

## Policy brief

- [Building Integrated Policies for the Planet: How Governments Can Drive Business Action on Nature and Climate](#), Business for Nature and We Mean Business Coalition

## Thought leadership

- [‘Letter: Don’t overlook the role of the carbon credits market’](#), María Mendiluce in the Financial Times
- [‘Not all carbon credits are created equal’](#), María Mendiluce in Euronews
- [‘Why carbon markets must adapt to avoid forfeiting valuable climate finance’](#), María Mendiluce in BusinessGreen
- [‘How voluntary carbon markets can boost biodiversity’](#), Luke Pritchard in City A.M.

## Multimedia

- Video: [‘How companies can achieve net zero’](#), We Mean Business Coalition

## Additional resources

- [Call to Action: Nature is Everyone’s Business’](#), Business for Nature
- [Nature-Based Solutions for Climate: Guidance for Companies](#), We Mean Business Coalition
- [Protect, Manage and then Restore Lands for Climate Mitigation](#), Nature Coalition

Have feedback or questions related to this guide?  
Please contact us at [ppalmer@wmbcoalition.org](mailto:ppalmer@wmbcoalition.org).