



VOLUNTARY CARBON NATURE MARKETS: IEMA RESPONSE

2025

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ABOUT IEMA

We are the Institute of Environmental Management and Assessment (IEMA). We are the global professional body for over 22,000 individuals and 300 organisations working, studying or interested in the environment and sustainability. We are the professional organisation at the centre of the sustainability agenda, connecting business and individuals across industries, sectors and borders. We also help and support public and private sector organisations, governments and regulators to do the right thing when it comes to environment and sustainability-related initiatives, challenges and opportunities. We work to influence public policy on environment and sustainability matters. We do this by drawing on the insights and experience of our members to ensure that what happens in practice influences the development of government policy, legislation, regulations and standards.

From July 17 we will be known as the Institute of Sustainability and Environmental Professionals.

EXECUTIVE SUMMARY

IEMA ran a workshop in June 2025 with IEMA members to discuss and agree the IEMA response to the voluntary carbon and nature markets consultation. Given the length and complexity of the survey it was agreed that not all questions would be answered and instead focus would be put on the core aspects that we felt would be most impactful to IEMA members. IEMA members would welcome the opportunity to be consulted further as new iterations evolve.

This consultation seems to mostly talk about carbon and nature markets where ‘nature markets’ refers to carbon sequestration using nature rather than, for example, purely biodiversity gain or nutrient gain. The consultation does not differentiate between which it is talking about within the text. This lack of distinction is disappointing and makes it hard to respond to many of the questions especially in relation to best types of schemes to use. For example, the Voluntary Carbon Market Integrity Initiative (VCMI)’s claims code of practice, which is mentioned frequently in the document in relation to carbon and nature markets, is a code for carbon markets.

Carbon and nature are not always one and the same for the purposes of credits. Nature credits can provide carbon sequestration as well as biodiversity benefits. We make the following recommendations on carbon, nature and governance:

1. CARBON

Enable credible interim carbon neutrality claims

- Allow interim carbon neutrality claims using voluntary credits while transitioning to net zero.
- Ensure claims are time-bound, publicly explained, independently verified, and backed by robust emissions reduction plans.

Ensure that Claims standards:

- Align with VCMI and the Oxford Principles.
- Follow the GHG hierarchy - prioritising reductions before credits.
- Differentiate between reductions and removals.
- Reduce the burden of multiple assurances.

Provide Additional Guidance for Transition Plans

- Offer clear guidance on the role of voluntary credits in transition plans, especially for growing organisations.
- Support consistent and transparent disclosure practices (e.g. aligning with CDP).

Integrate UK Projects into International Mechanisms

- Consider enabling UK developers to sell credits under the Paris Agreement’s Article 6.4.
- Establish high-integrity criteria for international schemes to ensure credibility and promote UK-based options.

2. NATURE

Strengthen Nature Market Infrastructure

- Provide stakeholder-specific guidance and/or requirements, emphasising the mitigation hierarchy and alignment with Lawton principles (bigger, better, more joined-up), to complement BSI Flex 701 for:
 - Landowners
 - Credit brokers
 - Investors
- Minimise unintended consequences by ensuring that government discourse includes carbon and nature as considerations across all policy and regulatory areas

Invest in Robust Nature Metrics

- Improve and expand the Defra Biodiversity Metric to cover broader ecological functions (e.g. soil)
- A new Strategic Nature Network, or current Local Nature Recovery Strategies (LNRS) and Local Plans and similar devolved frameworks can:
 - Offer spatial targeting for private investment
 - Increase visibility of high-priority areas
 - Focus investor investments to the best place

Clarify Role of Nature Credits

- Acknowledge that biodiversity and nature credits have different aims and maturity levels compared to carbon.
- Provide clearer mechanisms and use-cases for nature credits without conflating them with carbon offsets.

3. GOVERNANCE

Set Clear Definitions and Standards

- If creating definitions, avoid reinventing existing classifications (e.g. use UK Hab classification¹ where possible).
- Consider supporting the term 'nature positive' (and define if required) to create a momentum similar to 'net zero'.

Establish Strong Regulation and Assurance

- Introduce strict regulation of carbon and nature claims with:
 - Independent third-party verification
 - UKAS-accredited bodies or equivalent
- Require disclosure of credit investments and claims processes.

¹ [ukhab – UK Habitat Classification](#)

Build Verification and Technical Capacity

- Address the shortage of ecologists and nature market experts.
- Review and act on the outcomes of the Green Jobs Taskforce² and include a focus on nature markets.
- Support training and workforce development to meet future demand.

Support Confidence Through Templates and Case Studies

- Help organisations by publishing:
 - Best practice templates
 - Case studies tailored by sector, size, and geography
 - Example disclosures to model high-integrity behaviour

QUESTIONS AND RESPONSES

QUESTION 1: DO YOU AGREE WITH THE GOVERNMENT'S PROPOSAL TO RECOGNISE VCMI'S CLAIMS CODE AS REPRESENTATIVE OF INTERNATIONAL BEST PRACTICE?

Yes, so long as claims can be made for carbon neutrality, which is an important tool to allow companies to make claims while they transition over time to net zero.

Is it the intention to use the VCMI claims code for carbon credits attained through nature-based solutions? This is not clear in the consultation text. VCMI is very focused on carbon claims whereas claims relating to nature are very different (noting that you do reference BSI Flex 701 elsewhere as a tool for what good looks like for nature markets). Organisations will increasingly want to claim nature-benefits from carbon reductions, and this would not be covered by VCMI.

QUESTION 3: [ADDITIONAL INTERIM CLAIM OR STANDARD] SHOULD THE UK GOVERNMENT EXPLORE THIS CONCEPT FURTHER?

Yes – with tight boundaries, (to avoid false claims) a more easily accessible scheme should encourage and help smaller organisations to reduce emissions and make some kind of public claim to demonstrate good climate actions. Any claims would have to come with publicly available explanations as to what the organisation has considered and why the organisation couldn't achieve more, and longer term plans for emissions reductions. Organisations could be required to seek third party verification.

The VCMI Claims Code is supported, however, workshop participants noted that the Code focuses on net zero claims, i.e. credits employed to offset residual greenhouse gas emissions at a future point / a pre-determined year for the organisation's decarbonisation goal. This definition does not leave space for carbon neutral claims, in which credits are employed to offset emissions during the interim period that the organisation is transitioning to net zero. Clearly there are downsides to allowing interim offsets, such as disincentivising companies from truly pursuing emissions reductions, however the consultation addresses these by suggesting a number of mitigations.

² [Green Jobs Taskforce - GOV.UK](#)

Soon to be known as The Institute of Sustainability and Environmental Professionals (ISEP)

The arguments in favour of interim credits and offsets, and associated carbon neutrality claims include:

- The UK voluntary rules might not align with those of other jurisdictions, making reporting complicated for multinational organisations, especially reporting directed towards investors. Many international organisations have already made well-intentioned public commitments to investors on carbon neutrality, for instance by using ISO 14068-1:2023 *Climate change management. Transition to net zero. Carbon neutrality*. Removing this option is likely to cause reporting organisations to have to re-plan their transitions and re-report to investors.
- Many industries will spend many years reducing their emissions before arriving at a residual level that could be offset with credits. Not endorsing interim carbon neutrality claims will keep these organisations out of the carbon markets for an equivalent amount of time, delaying the finance flows and capacity-building that the sector needs.
- At a very practical level, no organisation has a long-term, precise and predictable set of environmental outturns. The idea that an organisation in the mid-2020s can know exactly where it will be for emissions in, say, 2050, is not plausible. Basing all future credits on a future that might not be as originally estimated a quarter of a century earlier, adds to uncertainty around the future cumulative quantities of atmospheric greenhouse gases. Allowing a more flexible interim approach would mitigate this.

For all of these reasons, IEMA members would support additional interim claims being explored further, subject to our response to question 4, which covers measures that would mitigate against the misuse of interim claims.

As a core principle on the use of carbon credits for net zero claims, the IEMA position is first that the greenhouse gas emissions hierarchy must be strictly followed, so that credits are only claimed for residual emissions, and second that carbon credits for reductions are not used to support claims, as these do not 'offset' emissions in the same way that long-term removals do. This position is in line with the Oxford Principles.

QUESTION 4: DO YOU HAVE VIEWS ON THE PROPOSED CRITERIA ABOVE AND OTHERS THAT COULD APPLY?

The proposed criteria that could mitigate the risks of companies being disincentivised from seeking emissions reductions are all sound.

One of the suggestions in the consultation is that the barriers an organisation faces in respect of baselining, setting and achieving Scopes 1, 2 and 3 target(s) as applicable, and progress towards doing so, are published in detail and frequently updated, consistent with guidance from VCMI on Scope 3. We would add that sector-specific, or product-specific guidance should be issued on exceptionally hard-to-abate areas that can justify interim credits. Otherwise, there is a real risk that unscrupulous organisations will take advantage of a 'claim and explain' process.

QUESTION 12: WHAT ARE THE NECESSARY COMPONENTS TO EFFECTIVELY MOBILISE VNMS TO DELIVER AGAINST INTERNATIONAL FINANCE TARGETS? HOW CAN THE UK SUPPORT DEVELOPMENT OF THESE COMPONENTS?

A way for the UK to effectively mobilise VNMs to deliver against international nature finance targets is to lead by example. For example, the world is keenly watching the UK delivery of BNG (biodiversity net gain), IEMA as well as other organisations have had meetings with international delegations interested to know of the UK experience. The UK currently has a proposal at public consultation that includes excluding small sites in the UK from BNG which both rolls back on previous plans and reduces the opportunity for nature markets. Similarly, the planning and infrastructure bill currently proposes payment by developers to Natural England to offset impacts which again reduces the opportunity for the development of nature markets.

Leading on nature markets gives the UK an opportunity to build expertise (including financial expertise) in this area that will create professional expertise that can be used overseas. This will both support international development in this area while expanding UK business.

In the UK, there are some important components that are needed to mobilise nature finance. Certainty is key, as businesses will not invest where policies are likely to change and that processes are robust. There is general agreement in the biodiversity and nature capital community that there needs to be some kind of regulation around the process of nature markets. There is no standard metric for measurement of nature outside of the Defra Metric and so an investment in the Metric should be key to improve it and make it more flexible to include aspects outside of habitats such as soil quality.

QUESTION 13: DO YOU THINK THERE ARE ANY ADDITIONAL CONSIDERATIONS AROUND ASSURANCE FOR BSI NATURE INVESTMENT STANDARDS THAT THE GOVERNMENT SHOULD TAKE INTO ACCOUNT?

The BSI nature investment standards are a welcome start to standardising nature markets. However, Flex 701 is a broad standard for use by all stakeholders. No one stakeholder can make a claim to meeting all the requirements therein, as they may not all apply. It would be useful to have more guidance and requirements for individual stakeholders, for example for the investors, the brokers of credits, and the landowners, around the process of nature markets. This would then allow each of the stakeholders to assure against their actions (and make a claim if they want to) to demonstrate that they are doing ‘the right thing’.

Any requirements should include a focus on key aspects such as the mitigation hierarchy and ensuring that actions as part of nature markets seek the best outcomes for nature in terms of improvement, including the Lawton Review principles of bigger, better, more joined up. Nature markets must be part of a wider strategic nature network, whether this be nation-wide, at the LNRS level or the Local Plan level,

QUESTION 14: DO YOU BELIEVE THAT CURRENT STANDARDS ADEQUATELY REFLECT THE POTENTIAL IMPACTS OF INDIRECT LAND USE CHANGE AND FULLY ACCOUNT FOR NET ENVIRONMENTAL IMPACTS, AND IF NOT, HOW COULD ENVIRONMENTAL IMPACTS BE FULLY ACCOUNTED FOR TO HELP PREVENT LEAKAGE?

Current standards are broadly focused on carbon and nature solutions to carbon rather than for example, biodiversity gain or nutrient gain (noting the recent creation of biodiversity flex standards on both of these). There needs to be proper consideration of carbon and nature markets as elements in their own right and their impacts on each other. There needs to be more narrative on and guidance on unintended consequences. The UK Government has the opportunity to lead by example by including a narrative on carbon and the value of natural capital across all of their policy and economic decision making processes.

QUESTION 15 DO YOU THINK THERE ARE ANY CAPACITY BARRIERS OR OTHER ISSUES FACED BY VALIDATION AND VERIFICATION BODIES IN THE UK OR INTERNATIONALLY?

For nature markets, yes, there is a lack of ecologists and similarly qualified experts that urgently needs to be dealt with. The UK government in 2020 created a Green Jobs Taskforce in which IEMA sat as a stakeholder, and this included a specific sub-group on biodiversity. However, there were no tangible outcomes of this work and we would encourage the government to urgently revisit this, finish the work, and create a set of training priorities to meet the demand for nature. IEMA has produced a guide for business on green skills - [All jobs greener](#)³.

QUESTION 19: SHOULD SIMILAR DISCLOSURE ELEMENTS ALSO APPLY FOR VOLUNTARY DISCLOSURES OF NATURE CREDITS, NOTING THAT NATURE DISCLOSURES WILL REQUIRE ADDITIONAL REPORTING ON LOCATION? IF NOT, WHAT SHOULD BE INCLUDED ON NATURE CREDIT REPORTING?

It's not clear what 'similar' refers to here but if it is VCMI then yes, a similar scheme could be useful. There are cross over elements in terms of governance, however the specific aspects of nature, which is very site-specific and includes additionality, and that unlike carbon the aim is to increase nature, the detail would be different.

Please also see the IAPB, Biodiversity Credit Alliance and WEF paper on High-level Principles to Guide the Biodiversity Credit Market⁴

QUESTION 20: WHAT ROLE, IF ANY, COULD THE USE OF VOLUNTARY CARBON AND NATURE CREDITS PLAY IN NET ZERO ALIGNED TRANSITION PLANS?

Voluntary carbon credits can play a role in removing residual emissions but cannot be viewed as contributors to emissions reductions.

It should be noted that nature and carbon markets are very different things. Biodiversity credits have different objectives to carbon credits. Additionally, the nature market is much less mature, and therefore impacts and outcomes are still being studied. More guidance on mechanisms would help support claims for nature credits. However, while nature credits may be useful in themselves, they do not play a role in the transition from high to low carbon organisations and economies.

QUESTION 21: DRAWING ON THE TPT GUIDANCE AND OTHER RELEVANT SOURCES, PLEASE PROVIDE YOUR VIEWS ON WHAT ADDITIONAL TYPES OF INFORMATION ON VOLUNTARY CARBON AND NATURE CREDIT USAGE WOULD BE IMPORTANT FOR INCLUSION IN TRANSITION PLANS.

Credit market participants note that the CDP questionnaire includes information on use of credits and the CDP scoring has an impact on share prices. There may be some value in reviewing this system to see what lessons can be learned.

³ [All jobs greener](#)

⁴ [377455_High_Level_Principles_to_Guide_the_Biodiversity_Credit_Market_En_v7_May-2025.pdf](#)

QUESTION 22: IS THERE A NEED FOR ADDITIONAL GUIDANCE ON HOW ORGANISATIONS COULD USE CREDITS ON THEIR TRANSITION TO NET ZERO? THIS COULD BE FOR THE PURPOSES OF SUPPORTING COMPLIANCE WITH ANY TRANSITION PLAN REQUIREMENTS, OR TO SUPPORT VOLUNTARY TRANSITION PLANNING AND TRANSITION PLAN DISCLOSURES BY A WIDER RANGE OF ORGANISATIONS

Additional guidance is needed on what a company should do when it grows over time, but emissions are reduced as much as possible. This point links to the comment made in response to Question 1; it is not always possible to forecast what level growth or degrowth a company will go through in the future (if this were possible everyone would be a perfect stock picker!). Time-bound efforts towards carbon neutrality are an essential part of a transition to a final net zero state.

QUESTION 25: WHAT ARE YOUR VIEWS ON OPTION 1, SPECIFICALLY: THE VALUE OF UK GOVERNMENT DEFINED CREDIT RELATED CLAIMS TERMINOLOGY, AND ANY TERMS THAT SHOULD BE PRIORITISED?

If green terms are developed then they should use currently available and commonly used terms through sources such as UK Hab Classification as far as possible and avoid creating new definitions. While there may be space for the UK Government to provide clarity on definitions, it should not attempt to reinvent the wheel on these.

QUESTION 26: WHAT ARE YOUR VIEWS ON OPTION 2, SPECIFICALLY: THE VALUE OF A UK CLAIMS STANDARD AS A MECHANISM FOR SUPPORTING GREATER USE OF HIGH INTEGRITY CARBON CREDITS?

A UK claims standard would provide clarity to the markets and would demonstrate climate leadership. IEMA members would be happy to participate in the development of such a standard. The standard should include a clear methodology for implementing the greenhouse gas management hierarchy before shifting to credits.

On the point about assurance, we note that if credits have been assured, buyers would not need to also have their claims assured. This would reduce future reporting burdens. Market participants point out that reporting costs impact and reduce funds available for mitigation and the credits themselves.

Assurance should be provided by an independent third party, with appropriate 'firewalls' in place for instances where sellers and brokers are part of the same organisation.

QUESTION 27: WHAT OTHER OPTIONS COULD THE GOVERNMENT CONSIDER TO (A) SUPPORT COMPANIES IN MAKING ACCURATE CLAIMS, THAT USE APPROPRIATE TERMINOLOGY, ABOUT THEIR USE OF CREDITS IN VOLUNTARY ACTION ON CLIMATE AND NATURE, AND (B) SUPPORT WIDER UNDERSTANDING OF, AND CONFIDENCE IN, SUCH CLAIMS AMONGST RELEVANT STAKEHOLDERS?

The government could support companies making claims and improve confidence by ensuring that the market is well regulated. On regulation:

- There must be strict regulation of claims
- Regulation should be similar to the Emissions Trading Scheme, with external verification provided by a body accredited by UKAS or its international equivalents

- The amount invested in credits should be disclosed

The government can also support companies making claims and the wider users of climate-related disclosures by providing a template on what good looks like, with case studies to help organisations make the best decisions based on some criteria such as their sectors, location, number of employees, turnover, and so on.

QUESTION 37: HOW CAN THE LNRS AND ENGLISH DEVOLUTION FRAMEWORK BE DEVELOPED TO: A. ENCOURAGE PRIVATE FUNDS AND FUNDERS TO USE THE SPATIAL TARGETING AVAILABLE THROUGH LNRSS; AND B. BETTER SUPPORT INCREASED PRIVATE SECTOR INVESTMENT IN NATURE AND THE DEVELOPMENT OF NATURE AND ENVIRONMENTAL MARKETS?

QUESTION 38: WOULD YOU WANT THE UK TO CONSIDER AND PUT IN PLACE GOVERNANCE ARRANGEMENTS TO ENABLE UK PROJECT DEVELOPERS TO SELL MCA6.4ERS THROUGH THE PARIS AGREEMENT CREDITING MECHANISM? PLEASE PROVIDE YOUR REASONS FOR YOUR RESPONSE.

There is not a simple answer to these questions. UK credits and schemes are desperately needed because nature is so depleted, however the reality is that international credits are cheaper so market participants are more likely to gravitate towards these. Rigorous criteria for defining acceptably high-integrity international schemes might narrow the gap. Another issue is one of scale, there currently are not enough schemes in the UK to meet demand, however if parity of quality creates a market for UK projects then more projects should come forward.

FURTHER INFORMATION

IEMA would welcome the opportunity to work with the Government to aid it further in the development of nature and carbon markets. IEMA has access to over 21,000 sustainability and environment professionals working across all sectors and industries. Our membership includes national and international experts in all aspects of environmental and carbon management and assessment. We have been publishing good practice and methodological guidance for over 25 years and are committed to driving good practice in sustainability and environmental management.

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