



# OVERCOMING PARALYSIS:

KEY MESSAGES FOR  
CATALYSING CARBON MARKETS



# 01 Make Sustainability Sustainable – This Decade

*“If sustainability doesn’t make commercial sense by 2030, net-zero by 2050 becomes a pipe dream.”*

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## What’s happened

Investors now prefer fast-payback, low-CAPEX climate tech due to macro headwinds.

## Call to Action

Better explain how carbon credits can be near-term value drivers that contribute to cost-effective decarbonisation strategies alongside other solutions.



## 02 Reignite Financing Across New Project Types

*“Carbon markets cannot scale unless capital flows resume – especially into emerging project types.”*

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### What's happened

Capital expenditure on carbon credit projects fell from US\$8.9 billion in 2022 to US\$6.5 billion in 2023<sup>1</sup>, despite growing demand for sustainable aviation fuels and engineered removals.

### Call to Action

Mobilise catalytic capital toward newer critical categories like sustainable aviation fuels and transition credits.

<sup>1</sup> Jamie Lambert and Guy Turner, *Investment Trends and Outcomes in the Global Carbon-Credit Market*, MSCI, November 2024, <https://www.msci.com/research-report/investment-trends-and-outcomes/05113551284>.



## 03 Push for Regulatory Clarity

*“Regulatory clarity is better than waiting for universal consensus.”*

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### What's happened

Market revival is stalled as corporates await clarity on pragmatic guidance from net-zero standards (e.g. SBTi, ISO) and regulators.

### Call to Action

- Encourage clear regulatory frameworks with harmonised rules on carbon markets.
- Build and recognise ecosystem capabilities that improve integrity (ratings, registries, verification protocols).



# 04 Embrace International Credits in Compliance Regimes

*"International credits are essential to expand the options, and drive climate finance from developed countries to developing regions."*

## What's happened

The EU is considering the use of international carbon credits towards its next 2040 climate target of 90% emissions cuts from 1990 levels.<sup>2</sup>

## Call to Action

- Advocate for Article 6 interoperability with established industry standards.
- Regulations to provide lead demand and open compliance markets to international carbon credits (e.g. CORSIA, EU ETS expansion).

<sup>2</sup> Kate Abnett, "EU considering international CO2 credits to meet new climate goal, sources say," *Reuters* (Brussels), April 7, 2025, <https://www.reuters.com/sustainability/cop/eu-considering-international-co2-credits-meet-new-climate-goal-sources-say-2025-04-07/>.

# 05 Support Clear, Credible Claims Codes

*“Businesses need confidence to execute their transition plans. Claims guidance must be technically sound, and provide clarity and legitimacy.”*

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## What’s happened

More than 1 in 2 companies find it hard to communicate climate plans or take action because of confusion around what to do and “greenshaming” concerns. This is leading to increasing inaction and “greenhushing”.<sup>3</sup>

## Call to Action

Support harmonised claims frameworks (e.g. VCMi Code, ISO Net Zero) that provide technical guidance and offer legitimacy/ cover for corporates, and encourage regulators to adopt similar approaches.

<sup>3</sup> South Pole, Net Zero Report 2024 (2024), <https://www.southpole.com/publications/destination-net-zero-report>



# 06 Stop the False Choices between Nature and Tech, Reductions and Removals

*“Reductions and removals as well as tech and nature are not opposing solutions; they are all essential to achieve net zero.”*

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## What's happened

A false hierarchy is taking hold: removals, especially tech-based, are being favoured over reductions. This is despite credit ratings showing that high environmental integrity projects can be found across both. As a result, high-impact reductions like forest protection and sustainable fuels are at risk of being sidelined, putting near-term climate progress at risk.

## Call to Action

Ensure net-zero standards and policies do not create a false hierarchy that favours removals and tech solutions at the expense of reductions and nature solutions.

