Master's Thesis

The legitimization of the Taskforce on Scaling Voluntary Carbon Markets

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Abstract

The recent increase in demand for voluntary carbon credits to reach net-zero targets and recurring concerns about the credits' quality led to the launch of the Taskforce on Scaling Voluntary Carbon Markets. The Taskforce's objective is to introduce Core Carbon Principles as a minimum standard for the market to address buyers' concerns and increase the environmental integrity of the credits. Nevertheless, the purchase of carbon credits remains highly controversial, and thus, views on respective minimum requirements differ. This paper examines the legitimization process of the private governance initiative and its implications for the governance of the voluntary carbon market (VCM) through a qualitative content analysis using the qualitative research program ATLAS.ti. Data were derived from 57 open letters addressed to the Taskforce and 15 semi-structured interviews and analysed using inductive and deductive coding based on Suchman's (1995) framework for organizational legitimacy. The study suggests that: (1) The Taskforce responds to the growing demand for high-quality carbon offsets by setting higher standards for short-lived carbon storage projects and supporting the development of long-term storage projects, which is legitimized by a large audience within the initiative. (2) Although the Taskforce addresses stakeholder concerns, its core goals and principles remain unchanged after the consultation process. (3) Even though concerns are raised about pragmatic and moral legitimacy, most stakeholders agree with the Taskforce's mandate and its main objectives. Stakeholders who are highly critical of the market as such are unlikely ever to confer the Taskforce legitimacy, even if it responds to their criticism, due to the Taskforce's objective to massively scale the market. (4) The study indicates how stakeholders' reasons for granting moral and pragmatic legitimacy to private environmental governance schemes influence their perception of the proposed recommendations by these initiatives and thus their likelihood of conferring cognitive legitimacy, the most subtle form of legitimacy. Altogether, the study contributes to the understanding of the legitimization process of private environmental governance initiatives.

Acknowledgements

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List of abbreviations

CCP	Core Carbon Principles
CCU	Carbon capture utilisation
CDR	Carbon Dioxide Removal
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
COP	Conference of the Parties
GHG	Greenhouse Gas
ICROA	International Carbon Reduction and Offset Alliance
IETA	International Emissions Trading Association
IIF	International Institute for Finance
IPCC	Intergovernmental Panel on Climate Change
NET	Negative Emission Technology
NSMD	Non-State Market Driven
QCA	Qualitative Content Analysis
TSVCM	Taskforce on Scaling Voluntary Carbon Markets
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary Carbon Market
VCMI	Voluntary Carbon Market Initiative

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1. Introduction

1.1 Carbon Markets and the Taskforce on Scaling Voluntary Carbon Markets

Private and governmental actors worldwide are increasingly setting ambitious emission reduction targets that align with reaching net-zero emissions and limiting global warming to 1.5 degrees by 2050 (COP26, 2021). Net-zero targets indicate the balance between carbon sources and sinks, resulting in net-zero total annual CO2 emissions from all anthropogenic sources and have gained enormously in importance (van Soest, den Elzen & Van Vuuren, 2021). At the beginning of January 2020, 34% of global emissions were covered by some form of net zero target; by the end of the year, this figure had risen to 54% (Comello, Reichelstein & Reichelstein, 2021). As of March 2021, net-zero pledges covered almost 70% of the global economy (Black et al., 2021).

Market-based instruments are part of the comprehensive approach to achieving global net-zero by mid-century and provide incentives and tools for polluters to reduce or even eliminate adverse environmental effects (Goers, Wagner & Wegmayr, 2010). Market-based instruments include emissions trading, emissions taxes, hybrid instruments, and carbon offset markets. The latter is rooted in the concept that Greenhouse Gas (GHG) emissions are reduced - or even removed - by an actor compensating their excess emissions by financing emissions abatement projects elsewhere (Lovell & Liverman, 2010; IIF, 2021). Nowadays, more than 60 compliance carbon markets are operating at different geographical levels and allow the purchase of carbon offsets to comply with mandatory regional caps on total annual GHG emissions.

As early as 1989, long before the introduction of the Kyoto Protocol or the allowance trading system of the EU (EU-ETS), the first companies started to offset their carbon emissions through the financial support of afforestation and conservation projects in the developing world (Bellasen & Leguet, 2007), marking the emergence of voluntary carbon offset projects. These projects were generated by privately organized carbon crediting schemes to sell mitigation units to corporations and individuals to compensate their carbon footprint for corporate social responsibility or ethical reasons (Kreibich & Hermwille, 2021). A market for these voluntary credits has been arising organically through the increasing demand of buyers. Voluntary carbon markets are expected to grow by a factor of 15 in 2030 and by 100 in 2050 (Blaufelder et al., 2021).

However, the market faces several challenges that must be addressed as the voluntary carbon market expands (Cornilie et al., 2021). Methodological problems make it challenging to guarantee environmental integrity and prove additionality, meaning that projects would not have taken place without financing through the VCM. Furthermore, buyers often lack transparent information regarding the purchase price, project type, whether the offset was certified on a credible registry, and the timing of the claimed emissions removals or reductions (Markowitz et al.,2021). Besides, some projects generating carbon credits are accused of violating human rights and resulting in environmental damage. The overarching ethical question arising from the mentioned challenges is whether offsetting projects can truly achieve what they promise to accomplish (Hyam & Fawcett, 2013).

These concerns about carbon credit quality tend to increase the hesitance among essential buyers to engage with the markets. Stakeholders agree that the market has become fragmented and complex, requiring greater transparency, environmental sustainability, and verifiability (Cornilie et al., 2021; Blaufelder et al., 2021). Although the credibility has increased since 2003 by introducing four primary agents to establish rules, including voluntary standards, standard-setting organizations, third-party verification,

and independent carbon credit registries, fragmentation and mistrust of voluntary carbon credits remain (Lang et al., 2019).

To reduce skepticism and increase the scale of the VCM, the International Institute for Finance (IIF) launched the Taskforce on Scaling Voluntary Carbon Markets (TSVCM) in September 2020. Its mandate is to "*establish, host and curate a set of Core Carbon Principles (*hereafter: CCP*), which will set new threshold standards for high-quality carbon credits and define which carbon-crediting programs and methodology types are CCP- eligible*" (IC-VCM, 2022a, para. 1). Furthermore, the initiative aims to "*provide governance and oversight over standard-setting organizations on adherence to CCPs as well as on market infrastructure and participant eligibility"* (Ibid.). Lastly, it seeks to serve as a coordinator and manager of interlinkages between individual bodies and to define a roadmap for "*responsible growth*" (Ibid.) of the market.

The private-led Taskforce does not derive its governing authority from states, nor is it accountable to them (Bernstein & Cashore, 2007). Non-state actors increasingly take the lead in developing norms when governments fail to agree on effective international rules and political authority is too fragmented (Biermann et al., 2010; Kronsell & Bäckstrand, 2010). Although this form of market and private sector governance is repeatedly described as an appropriate course of action in global governance (Bernstein & Cashore, 2007; Vatn, 2018), private governance bodies are frequently criticized, mainly by NGOs. Unlike established governance bodies, private entities have to gain acceptance among stakeholders to be perceived legitimate.

To increase its legitimacy and to ensure the inclusion of varied interests, the Taskforce conducted a public consultation process through soliciting specific feedback from stakeholders on proposed recommendations related to the Core Carbon Principles and governing body. Further, it allowed stakeholders to write openly available letters in which they had the opportunity to address their opinions of the Taskforce more freely. Based on this feedback, the Taskforce transformed into the governing body, the Integrity Council of Voluntary Carbon Markets (IC-VCM). In May 2022, the IC-VCM is planning to publish the final version of the CCPs and give stakeholders the chance to provide feedback on them one more time.

Overall, the goal of this paper is to gain a more in-depth understanding of the reasons for granting legitimacy to the Taskforce to better understand what motivates or prevents stakeholders from supporting the initiative. It also aims to shed light on how the initiative has adapted its proposals and goals based on the first round of consultations and how this might influence the legitimacy of corresponding critics. Finally, the goal is to explore potential implications of the findings for the governance of the voluntary carbon market.

1.2 Research objective

Within the scholarly debate, it is emphasized that the effectiveness of a governance body is expected to increase when others perceive its rules and representatives as legitimate (Biermann & Gupta, 2011; Biermann et al., 2010). Thus, organizational activities being perceived as legitimate are expected to enhance the stability and comprehensibility of organizational activities (Suchman, 1995). Especially, private governance schemes need to be seen as legitimate by its core audience to be successful, which is why it is of utmost importance for the Taskforce (Schleifer & Bloomfield, 2015).

As such, this research seeks to provide an understanding of the reasons whether and why stakeholders

perceive the Taskforce as legitimate and what implications this might have for the future of the Task-force, and the Voluntary Carbon Market as such. In addition, the study enriches research on organizations' legitimization process by investigating stakeholders' opinions after the first consultation process and looking at how the respective feedback has been implemented. In doing so, the research contributes to assessing how the final governing body fulfills the initial perceptions of stakeholders and the extent to which the Taskforce adjusts its recommendations to increase perceived legitimacy among stakeholders.While existing research on legitimation in private governance is skewed mainly towards forestry initiatives (Bernstein & Cashore, 2007; Cashore, 2002; Cashore et al., 2003; Glasbergen, 2013; Schouten & Glasbergen, 2011), research on carbon markets in this context is lacking. Hence, this research extends scholarly literature in this field and expands the universe of cases studied.

1.3 Research questions

This research objective translates to the following main research question:

How do stakeholders confer legitimacy to the Taskforce on Scaling Voluntary Carbon Markets and what are the implications for the voluntary carbon market?

To answer the research question the following sub- questions will be utilized.

1. What stakeholder groups are involved in the Taskforce?

2. How do stakeholders' perceptions of the VCM and the various carbon offset projects influence them in their legitimization of the Taskforce?

3. How do stakeholders confer moral and pragmatic legitimacy to the Taskforce and how does the Taskforce react to it?

These questions allow examining legitimacy from a variety of perspectives and shed light on the Task-force's position in the VCM governance landscape. Further, answering the questions leads to an improved understanding of what the Taskforce changed in response to the feedback during the consultation process and what conclusions can be drawn for consultation processes in private environmental governance.

To answer the above questions, the open letters sent as part of the initial consultation process and fifteen semi-structured interviews with stakeholders working at different points in the carbon lifecycle served as sources of data. The source documents were analyzed using ATLAS.ti, a qualitative data analysis and research software. Statements related to legitimacy were identified and coded based on a mixed coding methodology consisting of inductive and deductive reasoning. This allowed for identifying key themes discussed among the various forms of legitimacy identified by the theoretical framework. Yet, the goal of the analysis was not to verify or falsify any mechanisms but to learn inductively from them to contribute to an understanding of the Taskforce's conferred legitimacy.

1.4 Thesis outline

The thesis consists of six chapters, of which a short overview is provided in the following:

Chapter 2 provides an overview of relevant literature and subsequent theories on which the theoretical framework of this thesis is based. Rooted in private environmental governance and granting legitimacy,

this thesis employs the framework by Suchman, who distinguished between constituents conferring moral, pragmatic, and cognitive legitimacy to private organizations.

Chapter 3 presents the methodology chosen for this thesis, including a detailed description of the data methods and the data collection process. Moreover, it introduces the data analysis process. A Qualitative Content Analysis (QCA) was conducted to identify relevant comments in the interviews and open letters. Further, the chapter presents the mixed approach of inductive and deductive coding.

Chapter 4 presents the results of the research sub-questions. The first section of this chapter provides an overview of the identified stakeholder groups in the research sample. The second section provides results adhering to research question two, addressing the different perceptions of the VCM in general. The third and fourth sections present results related to moral and pragmatic legitimacy and respective comments and identified key themes under these. In both sections, three key themes are discussed. Further, all sections end with an overview of interim results.

Chapter 5 provides a final discussion of the results presented in chapter 4. The discussion focuses on wider implications of the results to the governance landscape of the VCM and literature on granting legitimacy. Further, it includes a reflection on the research process, its respective limitations, and implications for future research.

Chapter 6 marks the final chapter of this thesis and provides conclusions and final recommendations.

2. Conceptual Framework

This chapter serves as an explanation of the conceptual framework of this study. It begins with a closer description of private authority in environmental governance, private rule-making, and these schemes' importance of perceived legitimacy. Finally, it introduces the division in three different forms of granting legitimacy to organizations, which serve as the theoretical framework of this research.

2.1 Private authority in environmental governance

The concept of governance describes the desire to manage or steer segments of a community in an anticipated direction (Kooimann, 1993). Environmental governance, more specifically, refers to a set of regulatory processes, organizations and mechanisms "*through which political actors influence environmental actions and outcomes*" (Lemos & Agrawal, 2006, p. 298). Kronsell and Bäckstrand (2010) distinguish between three organizational forms of governance which also apply to the environmental domain: hierarchy, networks, and markets. The hierarchical form is the most traditional form of governance and refers to the authority exercised by states, governments, and bureaucracies through administrative orders and rules. Networks are based on resource dependencies between individual, public, and private actors and are mainly built on trust and cooperation. The third form is the market, described as being self-organized and repeatedly brought into connection with hierarchy and economic rationality. Kronsell and Bäckstrand (2010) assign the voluntary carbon market to the form of market-based climate policy, with its governance being dependent on price and contract mechanisms and economic incentives influencing behaviour and established relations. Yet, I argue that the Taskforce as a governing body also embodies a network governance form, because trust amongst corporations serves as the glue between participants of the Taskforce and relations rely on "*communications, exchange of information, and on trustful and cooperative attitudes*" (Kronsell & Bäckstrand, 2010, p. 30).

In any case, the Taskforce, aiming to govern this market, can be referred to as a private environmental governance body, since the initiative establishes environmental instruments and tools by business forms and NGOs without any reliance on governmental participation. Private environmental governance indicates non-governmental actors seeking to engage in activities designed to "*providing public goods, managing the exploitation of common-pool resources, reducing negative externalities, and more justly distributing environmental amenities*" (Vandenbergh, 2014, p. 2). Through its official aim to scale and standardize efforts to encourage further buy-in of carbon credits from stakeholders, the Taskforce seeks to create a more transparent and efficient VCM that contributes to achieving the goals of the Paris Agreement and, therefore, reduce negative externalities. The actions to do so, also mentioned by Vandenbergh (2014), include monitoring and implementing the developed standard (CCP). Although private actors tend to adopt similar techniques and methods as public regulators to address environmental issues, these actors are driven by private motivations instead of governmental compulsion (Light & Orts, 2015).

2.2 Private Rule-Making

The rise of idiosyncrasies of political leaders in recent years, such as the presidency of Trump in the US or Bolsonaro in Brazil, as well as the resistance of stakeholders to environmental regulation, limit public governance and lead to an increasing importance of the role of private governance (Ahonen et al., 2022). Many of the emerging private institutions are no longer predominantly interested in impacting the international policy cycle, but "*agree upon, implement, and monitor different forms of regulation, including general codes of conduct, management standards, and certified product labels*" (Pattberg, 2005a, p. 176). Standard setting, as is the case with the Taskforce, is one of the most common examples of private

rulemaking and relies on stakeholders agreeing to voluntary rules that require a certain level of compliance to be considered private regulation (Pattberg, 2005a).

Cashore (2002) refers to private governance as 'non-state-market-drive governance systems' and mentions five characteristics that he considers these systems' most important features. The Taskforce has some of these characteristics, including its independence from sovereign authorities and the development of rules in the social sphere (Cashore, 2002). Further, Cashore mentions these governance systems to reconfigure the market to some extent, which the Taskforce does by enhancing the integrity of carbon offsets and standardizing the market. However, Cashore's description of non-state-market-driven governance systems emanating from the market's supply chain does not apply to the Taskforce, as it was launched by the market's demand side. Moreover, Cashore's definition of non-state-market-driven governance systems includes the creation of consequences for non-compliance. However, up to this point in time, this does not apply to the Taskforce. Rather than penalizing non-compliance, the Taskforce aims to create a standard that is legitimized through the application by a bandwidth of stakeholders. Ultimately, the goal is that this will lead to projects that are not certified by CCPs being perceived as undesirable.

Thus, the Taskforce does not meet all the criteria mentioned by Cashore to be referred to as a non-state market-driven governance system but rather complies with Schaller's (2007) definition of a multi-stakeholder initiative. Schaller describes these initiatives as primarily aiming to produce non-binding norms, rules, and principles with global reach. The major goal of the Taskforce is to set a minimum standard in the form of the CCPs applied by existing standard-setting organizations, which adheres to Pattberg's (2005b) definition of an act "*of agreeing on regulative rules, which, although being voluntary in nature, require some degree of compliance to qualify as private regulation*" (p. 359).

Yet, one of the critical questions about soft law instruments is the question of their effectiveness (Schaller, 2007). As previously stated, the effectiveness of a governance body is expected to increase when others perceive it as legitimate (Biermann & Gupta, 2011; Biermann et al., 2010). Therefore, legitimacy is a crucial factor regarding private governance. In general, the process of organizations seeking legitimacy is often not passive but a procedure of actively pursuing legitimation (Suchman, 1995). The Taskforce seems to aim to achieve this by inviting a broad range of stakeholders to contribute to the methodologies of the CCPs and by executing two open consultation rounds. As a result, one could potentially refer to the Taskforce as a 'market-driven multi-stakeholder initiative'.

2.3 Legitimacy in private governance

The preceding sections result in the question of how private governance systems gain rule-making authority. The viability of any governance system is largely determined by its ability to achieve legitimacy to operate internationally (Cashore, 2002). Legitimacy is a central concept in political philosophy and social science (Kronsell & Bäckstrand, 2010; Bäckstrand, Zelli & Schleifer, 2018), but remains a contested landscape in private governance mechanisms (Bäckstrand, Zelli & Schleifer, 2018; Biermann & Gupta, 2011).

In this paper, legitimacy is defined as "*a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*" (Suchman, 1995, p. 574). In the past, legitimacy mainly referred to an intergovernmental context, deriving from the accountability of governments to their voters. However, in the private sector context, the concept is more complicated to define but of great importance as all organizations aim to seek legitimacy (Steffek, 2009). Non-state governance approaches acquire legitimacy

from external audiences and are guided by a complex interplay of moral and cognitive and sometimes short-term self-interest motivations (Cashore, 2002). The concept represents a reaction of observers as they see it and is thus socially constructed through reflecting "*a congruence between the behaviours of the legitimated entity and the shared (or assumedly shared) beliefs of some social group*" (Suchman, 1995, p. 574). Thus, private governance requires other sources of legitimacy, dealing with "*aspects of how to reason authority, who or what gives authority and why someone accepts authority or not*" (Partzsch, 2009).

For polycentric climate governance systems like the Taskforce, gaining legitimacy is based on combining effective problem-solving strategies through "*fair, accountable, inclusive, and transparent processes*" (Bäckstrand, Zelli & Schleifer, 2018, p. 343). Gaining regulatory power, is often an active process of obtaining legitimacy (Suchman, 1995). Poor legitimation strategies and an adverse environment, or even a combination of both, can lead to institutional failure (Schleifer & Bloomfield, 2015). Furthermore, legitimacy can only be maintained if "*norms and values have been substantially consistently adhered to in the past*" (Mobus, 2005, p. 496), meaning that an organization can deviate from stakeholder expectations and still maintain legitimacy if relevant audiences are unaware of this deviation. An organization's values are evident in its actions and verbal representations and are intensely scrutinized by stakeholders (Mobus, 2005). However, once stakeholders grant legitimacy, challenges arise primarily from disagreements or changes and transgressions of cultural definitions (Mobus, 2005). Restoring legitimacy, therefore, requires significant effort on the part of the organization. When an organization faces a legitimacy crisis, it risks continuing to use its routines to maintain legitimacy, resulting in its failure to successfully perceive changes in the cultural domain and its inability to recognize potential gaps between itself and the relevant stakeholders (ibid.).

2.4 The three forms of legitimacy by Suchman

Suchman (1995) created a framework that has its roots in sociology and organizational theory and defines legitimacy as a concept that is either granted or denied by an institution's audience and therewith relies on the interaction of actors. He identified three types of legitimacy external audiences may grant to an organization: *„a value-oriented moral legitimacy, an interest-based pragmatic legitimacy; and a culturally focused cognitive legitimacy*" (Cashore, p. 515). Cashore (2002) applied the framework to analyze how non-state market-driven governance systems gain support and Mitchell, Agle and Wood (1997) used it in their theory of stakeholder identification. I apply his framework to understand why stakeholders perceive the Taskforce to be legitimate and contribute to an understanding of the role of the Taskforce in the VCM policy arena.

The value-oriented moral legitimacy derives from the judgment about whether an activity is the right thing to do and is in line with Lindblom's (1994) definition of legitimacy as a "*status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is part*" (p. 2). Granting moral legitimacy is thus based on beliefs to what extent activities promote societal welfare, as defined by a constructed value system. Moral legitimacy can take four forms: evaluation of consequences and outputs, evaluation of techniques and procedures, evaluations of categories and structures, and the evaluation of leaders and representatives (ibid.).

The interest-based pragmatic legitimacy is based on the self-interests of an organization's most immediate audience, indicating support based on expected value to a constituent. Perceived legitimacy does not necessarily need to be based on personal interests but can also derive from larger interests. In this setting, organizations are often personified and are treated as autonomous, morally responsible, and

coherent actors who are possessed of personalities, goals, tastes, and styles. These dispositional attributions prove vital in "*extrapolating positive evaluations of specific organizational acts into generalized perceptions of organizational legitimacy*" (Suchman, 1995, p. 579).

Within the culturally focused cognitive legitimacy, Suchman distinguishes between active and passive support of an organization. This indicates that a stakeholder either affirmatively backs an organization or merely accepts it. To affirmatively back an organization, the audience derives comprehensive legitimization from meshing with "*larger belief systems and experienced reality of the audience's daily life*" (Suchman, 1995, p. 582). This form of cognitive legitimacy is described as episodic cognitive legitimacy, indicating that the stakeholder comprehends rules and finds them plausible. On the other hand, continuous cognitive legitimacy suggests taking an initiative for granted and is described as "*the most subtle and powerful source of legitimacy*" (Suchman, 1995, p. 583). This form of legitimacy indicates that the initiative has reached a state in which the audience can no longer imagine an alternative to the initiative.

The theoretical background of legitimization of private environmental governance has been used to shape the direction of this thesis. The analytical framework by Suchman serves as the analytical framework and is the foundation for the coding process to analyze the data described in the following chapter. Through applying this framework, conclusions can be drawn as to what drives or hinders stakeholders from granting legitimacy to the Taskforce, which in turn allows identifying respective implications for the VCM's governance.

3. Methodology

This chapter presents and discusses the methodological choices made for this research. It provides an explanation of the methodological background, the data selection, and the research design, which is divided into three steps.

3.1 Methodological Background

As previous sections highlighted, the research builds upon the legitimization of private environmental governance schemes within the framework of Suchman (1995). To gather and analyse the relevant data I conducted a qualitative research approach, applying a content analysis. The data for this analysis was derived from semi-structured interviews and publicly available open letters from stakeholders addressed to the Taskforce as part of a public consultation process on the first report, which took place between May 21 and June 21, 2021. The final report was published shortly after, on July 8, 2021.

Central to qualitative content analysis (QCA) is to "*distil words into less content-related categories*" (Elo & Kyngäs, 2007, p. 108) to "*interpret meaning from the content of textual data*" (Hsieh & Shannon, 2005). In this way, the researcher can gain new insights, which in the context of this study, meant illuminating the reasons amongst stakeholders to legitimize the Taskforce. The main objective of the qualitative content analysis is to develop themes on the basis of coding and to analyse respective data, whereas a theme can be described as the "*subjective meaning and cultural-contextual message of the data*" (Vaismoradi & Snelgrove, 2019, p. 2).

3.2 Data selection

To conduct the qualitative content analysis, primary data was derived from publicly available open letters and semi-structured interviews. Before delving deeper into understanding the legitimacy granted among stakeholders, I created an Excel spreadsheet of all parties involved in the Taskforce. The excel table also included information about the organization's name, the representative's name and their function on the Taskforce, the country/continent of the organization's headquarters, and the industry. Based on this information I classified nine stakeholder groups in adherence to sub-question *(1) What stakeholder groups are involved in the Taskforce?* Further, the creation of the excel table helped me track who I had already contacted and who had published an open letter.

3.2.1 Open letters

Data used for the analysis of this research was derived from the 57 open letters, written by stakeholders who gave feedback on the published report by the Taskforce in a public consultation held between the 21st of May and 21st of June 2021, shortly before the governance body was built. These open letters are publicly available on the website of the Taskforce and included letters both from representatives active in the Taskforce and other stakeholders. A detailed overview of all organizations that wrote open letters, their respective roles on the Taskforce, and the industry in which the company/organization operates is included in Appendix A. The open letters mainly addressed the stakeholder engagement within the Taskforce, its governance, the credit level market integrity, and the legal principles.

3.2.2 Semi-structured interviews

Next to the open letters, I conducted fifteen interviews with people from eight of the nine relevant stakeholder groups in the context of this study, as more thoroughly illustrated in table 4 on page 16. The aim was to gain more in-depth insights into the reasons for granting or refusing to grant legitimacy to the

Taskforce, as analysed throughout the open letters. More detailed information about the respective interviewees is displayed in Appendix B. Interviews are the most suitable unit for qualitative content analysis, as they are "*large enough to be considered as a whole and small enough to be kept in mind as a context for meaning unit during the analysis process*" (Elo & Kyngäs. 2007, p. 109). I chose a semi-structured approach for the interviews, as this allowed me to ask additional questions that occurred during the interview, which may not have been intended upfront. This approach is most suitable for exploring more detailed information about a defined phenomenon (here granted legitimacy) with reasonably focused data while also going into depth (Reed et al., 2009).

I applied a purposive sampling to prepare a short list to identify potential interviewees. This form of sampling is a non-random technique which allows the researcher to decide what people can provide required information based on their knowledge and/or experience (Etikan, 2016). As a criterion to identify respective interviewees, I chose stakeholders who are active members of the Taskforce's governance board or publicly raise concerns about the Taskforce. Through this I was able to identify stakeholders based on publicly available information.

Furthermore, I emphasized interviewing representatives from different geographic backgrounds, which proved to be challenging. Only five of the 303 active organizations are based on the African continent. I contacted all of them, but only received a response from one organization. South America is represented by seven organizations in the Taskforce, from which I wrote to those I thought might have interesting insights based on their organizational background or information shared in the open letters, however I did not receive a reply. Forty-three organizations of the organizations active in the Taskforce are based in Asia, but I often found neither a LinkedIn profile nor an email address to contact the respective person. If so, I did not receive a reply.

In addition to the individuals, I contacted based on their background, I reached out to some open letter writers whose opinions raised further questions. Five of the fifteen respondents were individuals who also wrote open letters, resulting in a total of 67 different organizations included in my analysis. The creation of the Excel file, as previously mentioned, helped in identifying those. In some cases, a snowball sampling was applied in that interviewees referred me to others who they thought could provide me with some interesting insights.
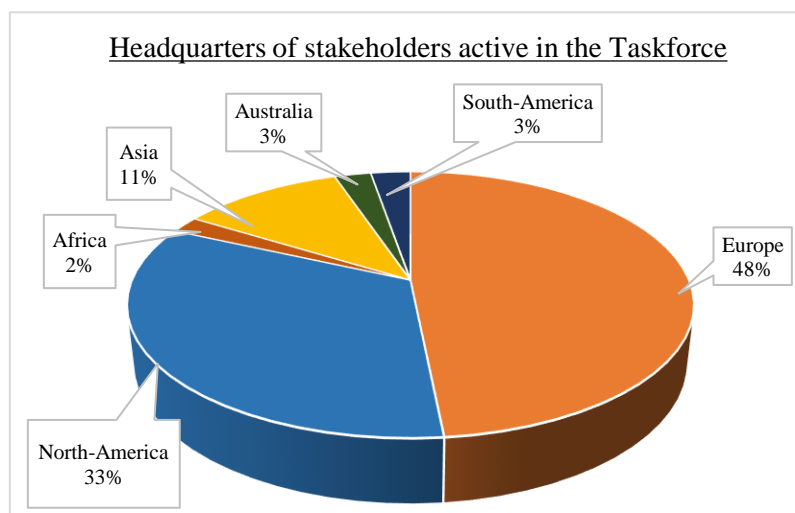
Figure 1: Headquarters of stakeholders active in the Taskforce

The response rate from European stakeholders was comparatively high, which is why 13 of the 15 organizations whose representatives I interviewed were based in Europe. However, this one-sidedness is also due to the fact that almost half of the organizations active in the Taskforce are headquartered in Europe (see figure 1). In addition, the Taskforce's founding organizations are all based in Europe and in

general European stakeholders are the major buyers of carbon credits, closely followed by North- America (Donofrio, 2019). However, the comparatively broader representation of different stakeholders in the open letters allowed me to include the views of stakeholders from other geographic regions in my analysis. Figure 2 below illustrates that the geographical representation of the stakeholders in my research sample is comparable to the entire Taskforce's representation (see figure 1) and the voluntary carbon market in general.

I contacted potential interviewees either by email or through LinkedIn. An example message is included in Appendix C. Since I obtained the contact details of potential interviewees from the Taskforce website or from interviewees familiar with the initiative, I did not need to go into detail about the background of my research to ensure that I was speaking with a knowledgeable person who was familiar with the Taskforce.
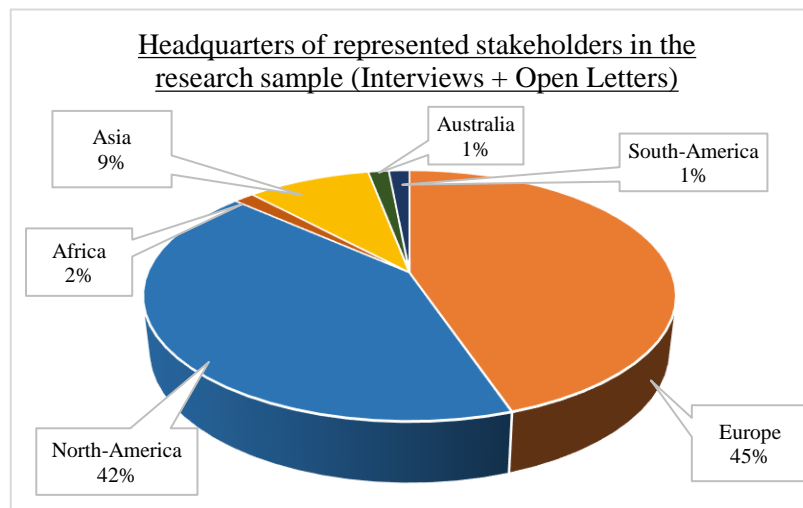
Figure 2: Headquarters of represented stakeholders in the research sample

The interview guide served as a general guideline to prepare the interview upfront and was adjusted according to the interviewee's background. I based all questions on the framework of Suchman and the respective definitions of the different forms of granted legitimacy to explore the interviewee's authentic reasons of granting legitimacy. The interview guide is included in appendix D.

3.3 Research Design

The study has a cross-sectional character, which indicates that the thesis is not designed to be longitudinal, as it takes place after the first consultation process and thus does not investigate the entire legitimization process of the IC-VCM. However, the study contributes a case study to the legitimization of private environmental governance schemes and provides interesting insights at a point in time right after the launch of the initiative. Meanwhile, in retrospect, the results will add to a clearer understanding of the legitimization process of the IC-VCM and to what extent issues raised associated with the legitimization of the Taskforce have been addressed. The research for this thesis was *carried* out in three major steps being the (1) scoping of the research (2) the coding of the data and (3) the respective analysis.

3.3.1 Scoping of the research data

The first important step in qualitative data analysis is to get familiar with the research phenomena (Vaismoradi & Snelgrove, 2019). It is of utter importance to get familiar with the research topic upfront, to ensure new insights or theories can spring from the gathered data (Polit & Beck, 2004). The general understanding was predominantly performed during the proposal phase of this thesis, as well as the writing of this documents' introduction. To get familiar with the VCM, its current governance and the goals of the Taskforce I read official documents of the Taskforce and academic and grey literature regarding respective topics.

To gain an overview and a first impression of the opinions of the stakeholders included in the research, I created an Excel file, including a summary of the content and a brief note of my impression of how the respondent or open letter writer perceived the Taskforce and the stakeholders' main reasons for supporting or opposing the Taskforce. This served as a basis, to which I repeatedly referred to in the course of the research. Further, the process of summarizing each interview and open letter allowed me to identify knowledge gaps in my understanding of the topic.

3.3.2. Coding of the data

As a next step, I coded the interviews and the open letters through the qualitative data software AT-LAS.ti. Coding allows structuring and analysing language-based data through summarizing the essential information in categories (Campbell et al., 2013). There are two main strategies for analysing data: inductive and deductive category development. A deductive approach enables the operationalization of theoretical concepts as categories, whereas an inductive style is based on open coding, which develops from the data. However, the two methods can also be combined, called a deductive-inductive procedure (Kansteiner & König, 2020). I applied a combination of a deductive and inductive approach to this research. Figure 3, based on Elo and Kyngäs (2007), captures the research process.
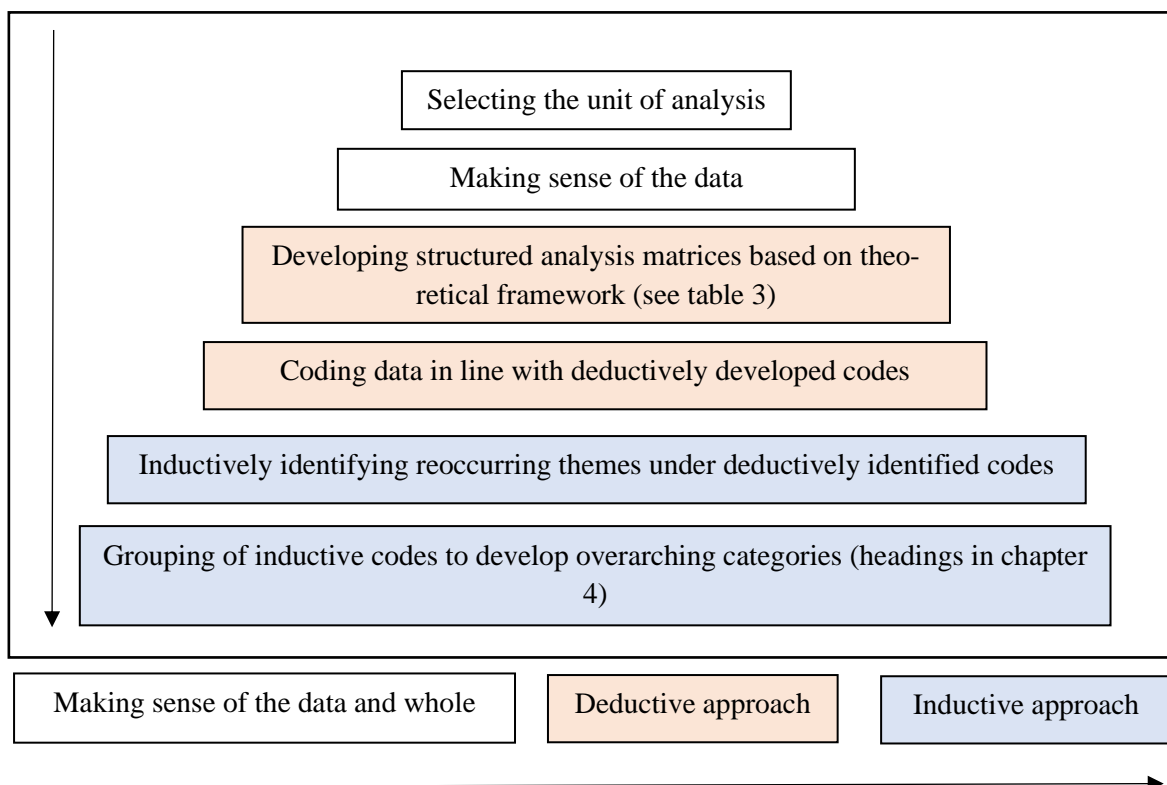
Figure 3: Mixed approach of inductive and deductive coding based on Elo and Kyngäs (2007)

After the first steps of selecting the unit of analysis and making sense of gathered data through the summaries in the Excel file, I started to deductively develop codes based on the theoretical framework by Suchman to structure the data. Based on the concepts of moral, pragmatic and cognitive legitimacy, I developed five codes and fifteen sub-codes to better categorize the statements. The sub-codes were not set too specific and left room for the following step of applying an inductive approach to further structure the data. The definitions of moral and pragmatic legitimacy in the coding process were based on Suchman's (1995) definition. Moral legitimacy was divided into two codes, as I found during coding that

some of the comments directly addressed the moral legitimacy of the Taskforce, while others referred to the VCM in general (see table 1). The code of pragmatic legitimacy referred to the personal interests of the participants in becoming active in the Taskforce and is based on Suchman's definition.

Table 1: The coding scheme based on the framework by Suchman (1995) applied to this study

Code (based on Suchman (1995), Cashore (2002) & Diez-Martin et al. (2013)	Sub-Code	Description Interviewee/author…
Moral Legitimacy to the VCM "I view the VCM as (in)appropriate because it is (not) the right thing to do!"	Support (S)	…believes in the VCM contributing to the greater good
	General (G)	…makes a general statement about the VCM
	Criticism (C)	…criticizes the VCM and potential consequences
Moral Legitimacy to the Taskforce " I view the Taskforce as (in)appropriate because it is (not) the right thing to do!" → Comments often refer to Carbon Offsetting as such (see Codes below)	Support(S)	…believes that the Taskforce's actions (1,2,3, or 4)/ are morally defensible
	General (G)	…makes a general statement about the morality of the Taskforce's activities (1,2,3, or 4)
	Criticism (C)	…doubts that the actions (1,2,3, or 4) undertaken by the Taskforce are morally defensible
Pragmatic Legitimacy "I view the Taskforce as (in) appropriate because it (does not) benefit me	Support (S)	…believes that the Taskforce's actions are beneficial to operations of own organization/ Self interests
	General (G)	…makes a general statement about how the Taskforce's impacts oneself's operations (neither negatively nor positively) or how their own operations have contributed to the Taskforce's operations
	Criticism (C)	…believes that the Taskforce's current actions are harmful to organizational operations
Granting Legitimacy to the specific recommendations	Support (S)	…agrees with proposed recommendations regarding CCPs
	General (G)	…makes a general statement about the proposed recommendations regarding CCPs
	Criticism (C)	…disagrees with proposed recommendations regarding CCPs

To further distinguish the comments, I created a separate code for the different types of offsets to better understand the arguments by stakeholders for or against the different project types (see table 2). The code description in brackets emerged from the project types the interviewees specifically referred to.

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Table 2: Coding scheme of the different offset project types

Category	Code	Sub-Code	Description
			Interviewee…
Reference to different types of offsets	Nature-based projects (Reforestation, Afforestation)	Support (S)	… refers to advantages of nature-based projects (as a carbon offset project)
		General (G)	… makes a general statement about nature-based projects
		Criticism (C)	… refers to disadvantages of nature-based projects (as a carbon offset project)
	Technology-based projects (CCS, BECCS/DACCS)	Support (S)	…refers to advantages of technical projects (as a carbon offset project)
		General (G)	… makes a general statement about technical projects
		Criticism (C)	… refers to disadvantages of technical projects (as a carbon offset project)
	Renewable Energy Projects (Solar energy, Hydropower, Wind power)	Support (S)	… refers to advantages of renewable energy projects (as a carbon offset project)
		General (G)	… makes a general statement about renewable energy projects
		Criticism (C)	… refers to disadvantages of renewable energy projects (as a carbon offset project)
	'Charismatic Projects' (Cookstoves, water purification)	Support (S)	… refers to advantages of charismatic projects (as a carbon offset project)
		General (G)	… makes a general statement about charismatic projects
		Criticism (C)	… refers to disadvantages of renewable energy projects (as a carbon offset project)

Suchman describes cognitive legitimacy as stakeholders taking an initiative for granted. However, because the Taskforce is a relatively new governing body, it is unlikely that stakeholders already take the initiative for granted, as this perception usually develops over time once an organization becomes familiar and known. However, Suchman also speaks of episodic cognitive legitimacy, to the extent that organizations are perceived as legitimate when their actions are understandable. Bernstein and Cashore (2007) describe the granting of cognitive legitimacy as the internalization of rules by those involved and the belief that doing otherwise would not lead to a better outcome. Diez-Martin et al. (2013) speak of cognitive legitimacy when an organization is perceived as solving problems in the "best possible way" (p. 1959).

In the case of the Taskforce, granting cognitive legitimacy is closely tied to legitimizing the recommendations for the core carbon principles. The coding process revealed that the definition of cognitive legitimacy, as described previously, was challenging to identify in the coding process and that granting legitimacy to CCPs was often closely linked to moral and pragmatic considerations. Therefore, cognitive legitimacy was considered in this study by grouping opinions on specific recommendations under the code "attribution of legitimacy to specific recommendations." This code is not addressed separately in this paper. Rather, the goal was to identify comments that addressed specific perceptions of the

recommendations related to CCPs for inclusion in the analysis of the overall picture of stakeholder opinion on the Taskforce's proposed actions.

While coding, I looked for words that clearly expressed the respondent/author's point of view to avoid bias and personal assumptions in this step (see table 3).

Table 3: Examples of code words for critical or supportive comments

Critical Comments:	- very/deeply concerned - there is no way (…) they can do this - it is dangerous (…) - then we got a problem, we strongly recommend against (…) - it is not appropriate and not fair (...) - I do not agree that (…) - it is tragic that (…) - we caution against (…) - it is wrong that (…) - (…) is inappropriate
Supportive Comments	- (…) is appreciated - (..) support/ we are very supportive of - We encourage the Taskforce in (..) - We welcome (…) - We fully agree (…) - (…) grateful for the work and subjectives of (…) - Meaningful work (…) - We applaud (…) - Done a great job (…)

Sometimes, however, it was more difficult to determine whether a comment was explicitly supportive or critical. The context often allowed me to allocate the quote to a category if there was no specific wording. If not, and I still considered the comment important, I marked it as "general".

Once I finished coding all interviews and open letters, I looked back at the quotes again to see if they still all made sense and changed a few accordingly. The program ATLAS.ti enabled me to keep an overview of the codes and allowed to apply multiple codes for one sentence since they sometimes overlapped.

3.3.3 Data analysis

Identifying analytical categories as they emerge from the data and developing hypotheses from the ground or research field upwards rather than defining them a priori, is also referred to as grounded theory (Pope, 2000). The quotes are reread to identify themes and categories which centre *"on particular phrases, incidents, or types of behaviour"* (Pope, 2000, p. 114).

After reading through all the codes identified through the deductive approach, I applied an inductive coding approach (data-driven) to analyse the data into more concrete categories within the created codes and to dive deeper into the content of the coded quotes. The aim of creating the categories is to reflect as many of the nuances in the data as possible instead of reducing the data to a few numerical codes. From these identified subcodes, I have attempted to develop overarching themes that are discussed in this paper under the respective main headings in relation to pragmatic and moral legitimacy. An overview of the major codes under moral and pragmatic legitimacy are included in appendices F1 and F2.

The findings based on the inductive coding regarding the moral legitimacy of the VCM as such are discussed in chapter 4.2. Moreover, I compared the identified criticism to more recent documents of the IC-VCM and its website in adherence to sub question 3, which seeks to answer how the IC-VCM reacted to concerns raised throughout the consultation process.

4. Discussion of empirical findings

This chapter presents the analysis of the study's empirical results, and is divided into five major sections adhering to the three sub-questions to ultimately answer the main research question: *How do stakeholders confer legitimacy to the Taskforce on Scaling Voluntary Carbon Markets and what are the implications for the voluntary carbon market?*

The first section seeks to provide an overview and description of the stakeholder groups referred to throughout the course of this thesis. Further, the chapter includes charts to illustrate a better understanding of the representation of each group in the research sample and to provide a first impression of the overall perception of the stakeholder groups towards the Taskforce.

The second chapter dives deeper into understanding the different motives of stakeholders granting legitimacy to the Voluntary Carbon market in general. The granted legitimacy of different project types and the Taskforce's framing of them are addressed in detail. The chapter seeks to highlight how these perceptions may influence stakeholders in granting legitimacy to the Taskforce. Last, the chapter discusses the roles stakeholders assign to the Taskforce and the granted legitimacy to its actual mandate.

Adhering to sub-question three: *How do stakeholders confer moral and pragmatic legitimacy to the Taskforce and how does the Taskforce react to it?* chapters 4.3 and 4.4 present the findings regarding moral and pragmatic legitimacy and focus on answering why stakeholders may or may not grant respective legitimacy to the Taskforce. The chapters each begin with a figure that provides an overview of the coded quotes of each form of legitimacy and a brief description of the respective key findings. Further, each section presents the discussion of three key overarching themes, which have been identified based on the inductive and deductive thematic analysis. All chapters end with the respective interim conclusion.

4.1 Overview of stakeholders in the research sample

In total the findings/analysis is based on 1048 quotes from 67 stakeholders. The stakeholders included in the research are divided into nine different groups who are all active at a different point in the lifecycle of a carbon credit. Grouping the stakeholders facilitated the understanding of what factors influence whom in granting legitimacy and why. To better understand the grouping, this section seeks to provide a definition of the stakeholder categories and examples of organizations included in the study for each classification (see table 4).

Table 4: Description of stakeholder groups

Stakeholder Group	Description
Project developers/ Suppliers	The project developers/ suppliers establish the projects on the ground through external financing. Project developers in the research sample mainly include suppliers who primarily emphasize forestry projects. Some specifically focus on REDD+, an approach developed by Parties to the UN-FCCC aiming to incentivize developing countries to reduce carbon emissions from deforestation and forest degradation (UN-REDD Programme, 2016).

Standard-setting Organizations	The Standard setting organizations certify/verify the projects based on their methodologies. The standards called 'Gold Standard' and 'Verra' account for more than three-quarters of the market share (Kreibich & Obergassel, 2019). While the Gold Standard was established by the World Wildlife Fund (WWF) (Lang, Blum & Leipod., 2019), VCS/VERAA was founded in 2007 by environmental and business leaders. These included the Climate Group (TCG), the International Emissions Trading Association (IETA), the World Business Council for Sustainable Development (WBCSD), and the World Economic Forum (WEF) (VERRA, 2021). Meanwhile, the Climate Action Reserve, another standard-setting organization with a market share of 8% (Kreibich & Obergassel, 2019), was established by the state of California (Climate Action Reserve, n.d) and the CDM under the Kyoto protocol by the United Nations. Most founding organizations of the standards, including WWF, IETA, WBCSD, and WEF, are also active in the Taskforce. All mentioned standards and the American Carbon Registry are included in the research sample.
Intermediaries	The Cambridge dictionary (2022a) defines an intermediary as "*a person or organization that makes business or financial arrangements between companies or organizations that do not deal with each other directly*". Based on this definition I identified commodity traders (Vitol), exchanges (AirCarbonExchange, European Energy Exchange, Xpansive) Market Places (Nori, NCX), and advisors (ClimateAdvisors, Anthesis, Climate A list, S&P Global Platts) as intermediaries.
Buyers	Buyers of carbon credits are mostly companies who purchase the removed tonnes in forms of carbon credits (most often to reach net-zero claims). One of the major buyer groups is oil & gas companies, but corporations from other industries are also offsetting their emissions (Donofrio, 2019). Buyers or buyer representatives in this study include TotalEnergies (but information from Open letter is very limited), and large conglomerates (Siemens & Bayer).
Financial services	The term "Financial services" covers banks, finance companies, brokers and insurance companies (Investopedia, 2021). The most important stakeholder in the Taskforce from this group is Standard Chartered. The organization is a member of the Governing Board of the Integrity Council and one of the initiators of the Taskforce. It is a U.K.-based financial company with headquarters in London and operations in many countries, particularly in Asia and Africa. Its main revenue is not generated in the UK, but in Hong Kong, South Korea, India, and other parts of Asia. The bank is one of the major banks designated as a globally systemically important financial institution by the Financial Stability Board (FSB), subjecting it to special supervision and stricter capital adequacy requirements (Standard Chartered, 2022). Further, Citi, the Asian Development Bank, Mizuhho Financial Group, Emstream, Parhelion and BlackRock are included in this category in the research sample.
NGOs	NGOs usually represent the interests of underrepresented groups or seek to safeguard nature affected through the VCM. The sample includes a wide range of NGOs, ranging from very critical NGOs not being members of the Taskforce, such as Greenpeace or the Green Finance Observatory, to NGOs that strongly support the VCM and have multiple functions within the Taskforce, such as Conservation International.
Multi-Stakeholder Groups	A multi-stakeholder group consists of various organizations/ corporations trying to reach a common goal through their cooperation. In total, nine multi-stakeholder groups are included in the research sample. The most significant one, serving as an observer, is the International Emissions Trading Association (IETA), a non-profit business organization created in June 1999 to establish a functional international framework for trading in greenhouse gas emission reductions (IETA, 2022). Many other organizations who are part of IETA are also part of the Taskforce such as banks (Standard Chartered, Citi, and Rabobank), Intermediaries (AirCarbonExchange, EEX, Trafigura, etc.), Suppliers (Ecosecurities, Wildlife Works, Allcot), Buyers (Total, British Petroleum (BP)) and the Standard-setting organization(ACR, ACT & Verra). Another interesting multi-stakeholder group is the International Swaps and Derivatives Association (ISDA), which mainly aims to work towards making "*the global derivatives markets safer and more efficient*" (ISDA, n.d, para. 1). Derivative refers to a "*type of financial contract whose value is dependent*

	on an underlying asset, group of assets, or benchmark. A derivative is set between two or more parties that can trade on an exchange or over-the-counter (OTC). These contracts can be used to trade any number of assets and carry their own risks. Prices for derivatives derive from fluctuations in the underlying asset. These financial securities are commonly used to access certain markets (here carbon markets) and may be traded to hedge against risk." (Fernando, 2021). Apart from IETA, ISDA, and the Carbon Market Institute, which have an advisory role, all other multi-stakeholder coalitions in the sample do not play an active role in the Taskforce and have either a private or political background.
Academia	The Academia stakeholder group consists of universities and research institutes that serve as observers and advisors to the VCM. The most influential organisation is the German 'Oeko-Institute', whose representative serves as an expert panel on the Integrity Council Board. In addition, the universities of Edinburgh, Yale, and UC Berkeley have served as advisory members.
Others	This group includes stakeholders who cannot be clearly assigned to any of the groups described above, such as a law firm, a renewable energy company or a fundraising organization.

Figure 4 provides an overview of the share of stakeholder groups represented in the research sample. It shows a relatively balanced representation of all groups. While most stakeholders in the sample are NGOs, only a minority was classified as academics or buyers. This underrepresentation is mainly due to the comparatively small proportion of open letters written by these stakeholders, which make up the largest part of the data pool.
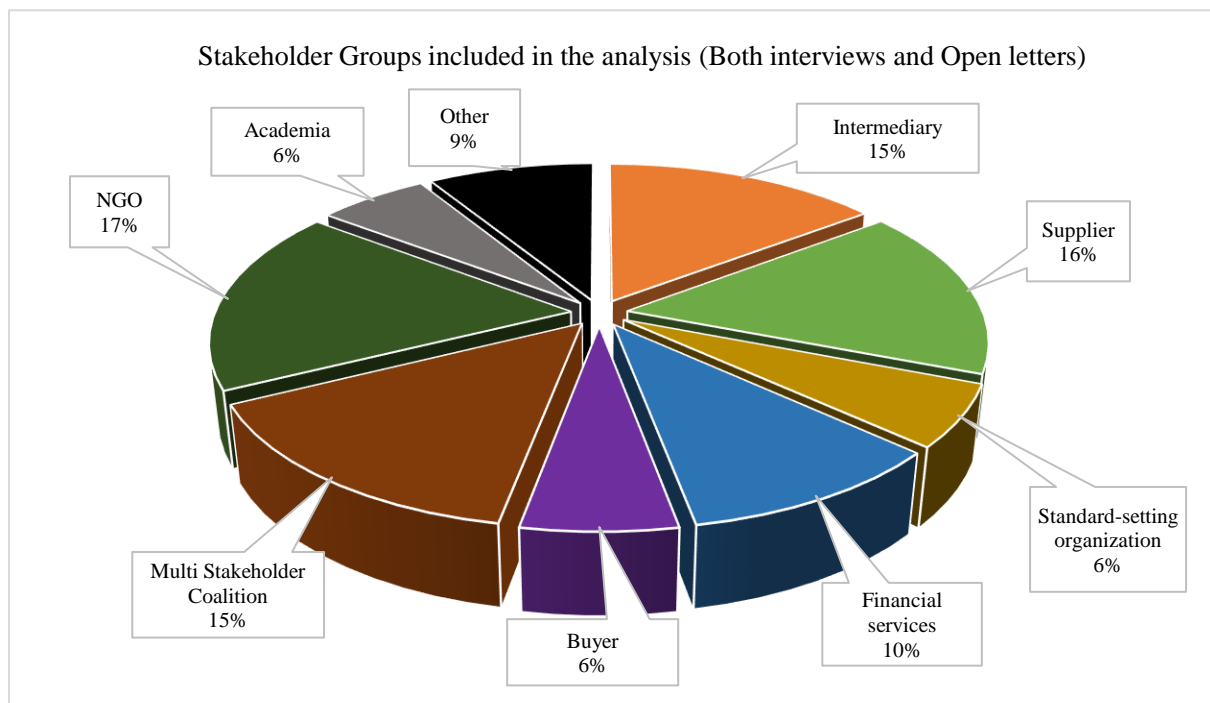
Figure 4: Overview of stakeholder groups included the research sample

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To understand tendencies amongst stakeholders in their likelihood of granting legitimacy to the Taskforce, I examined the number of organizations per stakeholder group predominantly expressing positive or negative views of the Taskforce/VCM. Figure 5 provides an overview of the results. It shows that the sample contains a balanced proportion of stakeholders who are either more supportive, neutral, or critical of the Taskforce. However, the percentage of somewhat critical stakeholders slightly outweighs the mostly supportive stakeholders. It is striking that all standard-setting organizations included in the research sample predominantly made critical comments, whereas none of the financial stakeholders did. Furthermore, it stands out that none of the academic representatives have predominantly mentioned supportive comments. Among the other groups, there are critical, neutral, and supportive stakeholders. The representation of all tendencies amongst the other stakeholder groups results from categorizations such as "Multi-Stakeholder Coalition," which cover a broader spectrum of viewpoints. The findings illustrate that granting legitimacy might partly be dependent on the respective stakeholder group a respondent is assigned to, based on shared underlying interests. This is especially the case for academics, standard-settings organizations, and financial services in this context.
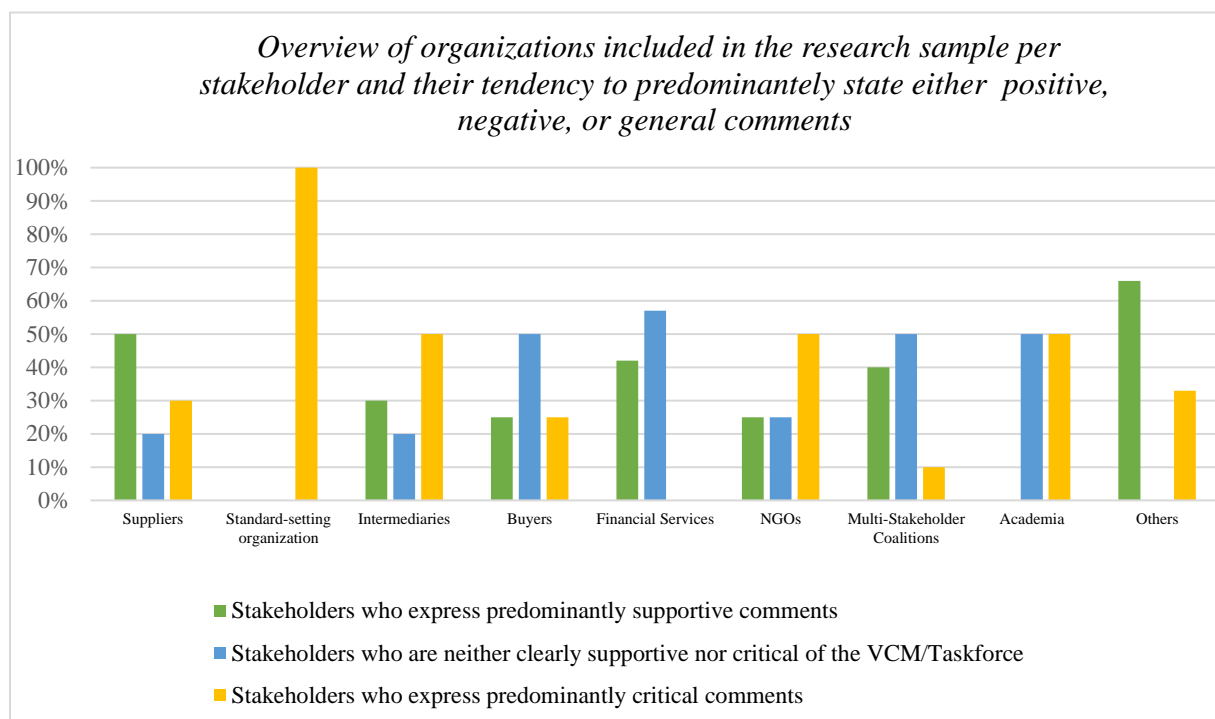
Figure 5: Overview of organizations included in the research sample per stakeholder group stating either mainly positive, negative, or general comments

However, this analysis should be interpreted with caution, as a critical stakeholder usually also refers to positive aspects of the Taskforce, or vice versa. Moreover, the analysis is partly based on very short open letters with little information, whereas interviews provided a much deeper insight. As the UN-convened Net-Zero Asset Owner Alliance (NZAOA) notes, "*the things that organizations do not comment on, do not necessarily indicate they support them*" (NZAOA, Open letter). However, since I based a large part of my research on the open letters, I relied on the assumption that identified comments represent the issues most relevant to stakeholders. Therefore, this and previous analyses nevertheless reflect a tendency. The comments considered in figure 5 are discussed in more depth in the following chapters.

4.2 General differences in stakeholder perception

In accordance with the objective of this thesis, this section seeks to provide an understanding of the different perceptions of the voluntary market discussed by the stakeholders in the study sample and their perceptions of the different carbon offset projects. These perceptions are relevant to granting legitimacy to the Taskforce because its initial goal is to scale the market. Thus, if stakeholders do not grant legitimacy to voluntary markets and offset projects, they are unlikely to grant legitimacy to the Taskforce's targets. Stakeholders were not specifically asked to provide their general opinion of the VCM in the open letters, yet many began their open letters with referring to their general perception.

4.2.1 Perceptions of the VCM

Adhering to sub-question two *(2) How do stakeholders' perceptions of the VCM and the various carbon offset projects influence them in their legitimization of the Taskforce?* I identified three major reasons for organizations to grant legitimacy to the VCM and the Taskforce's respective response. These include the source of channelling finance to projects that would otherwise not have been funded, the market's relevance in achieving international climate targets, and its potential to foster innovation.

The most frequently mentioned comment in favour of the VCM expressed by various stakeholder groups, but especially NGOs and suppliers, was that the VCM is vital as it channels funding to climate-related mitigation projects. Based on the stakeholder's background, different types of projects from avoided deforestation projects, over women-led projects to clean-cooking projects were specifically mentioned in this regard. Other stakeholders keep it more general and refer to the markets' potential of enabling "*good finance to good things*" (Interview Children's Investment Fund, Interview) or its contribution "*to unlock investment in climate*" (AirCarbon Exchange, Open letter). Others are more general and highlight the VCM's role of "*providing finance to protect nature*" (Everland, Open letter) or the VCM being "*the only way to move billions of investments towards developing countries*" (Vitol, Interview). The focus on the global South is also emphasized in the preface of the first Taskforce report, in which it states that "*the scaling up of the markets has the further potential to help support financial flows to the Global South*" (TSVCM, 2021a, p. 4). In the foreword of the Taskforce`s first report, Bill Gates, who is actively involved in the public representation of the Taskforce, highlights that the market can bring "*much-needed funding to countries in emerging markets, help protect biodiversity, and positively impact communities around the world*" (TSVCM, 2021a, p. 7).

The second most frequent comment about the benefits of the voluntary market relates to its importance for achieving international climate targets. This was often mentioned concurrently with the role of the market to channel financing. Stakeholders from all nine identified stakeholder groups have commented on the importance of the VCM in reaching the climate goals set in Paris. This is also highlighted by the Taskforce, stating that its goal is to "*scale an effective and efficient voluntary carbon market to help meet the goals of the Paris Agreement*" (TSVCM, 2021a, p. 25). On the contrary, a few very critical stakeholders included in the research sample highlight that the VCM does not accelerate but delay climate actions, as it solely provides a "*social license for economic growth maximization to continue*" and aims to minimize the cost of compliance for private corporations (Green Finance Observatory, non-member, Open letter). Another NGO highlights that "*offsetting at best simply displaces – and not reduces – emissions*" (Reclaim Finance Amazon Watch, non-member, Open letter). In contrast, the non-governmental organization "Conservation International", a founding sponsor of the Taskforce, member of the Consultation Group and board member of the Integrity Council, is convinced that Voluntary markets can play a critical role "*in mobilizing the capital and innovation needed to increase collective speed and climate ambition*" (Open letter).

Third, stakeholders commented on the VCM's role of stimulating innovation. The framing of the VCM accelerating innovation was clearly expressed in the words of the global marketplace Xpansiv and the project developer Natural Capital Partners in their open letters:

> "*The need for continued innovation within the voluntary carbon market will remain as the world seeks to bring more activities within the global climate governance system.*"
> Xpansiv

> "*The VCM should be recognized and promoted for its capacity to innovate, test and ready new approaches that can increase the reach and effectiveness of the commodity market that is at the center of the Taskforce's purpose.*"
> Natural Capital Partners.

The perception of the VCM as a frontrunner to innovation is also highlighted by the Taskforce itself, especially in the first reports' foreword and its executive summary. It is stated that new technologies in the market today like Bio-Energy with Carbon Capture Storage (BECCS) and Direct Air Capture (DACCS) are critical for providing the removal required to reach global net-zero, but are too expensive today and will remain unaffordable if no sufficient investments are made to drive down costs. The comments by the stakeholders in the research sample highlight that the VCM can foster innovation in general at the project level and that the VCM is a great example of an "*innovative financial market*" which can provide the global economy with the needed resources to help address climate-related risks (Futures Industry Association, Open letter).

Yet, some of the stakeholders who refer to at least one of these three major supportive comments also point out problems the VCM is facing. Critique amongst stakeholders in the research sample points to accounting problems in countries with bribery, political volatility, and lack of safeguards, which may even lead to human rights violations in countries where the projects take place. Buyers point to the complexity of the standards and the uncertainty as to whether the projects they finance will be properly implemented. Project developers emphasize the high level of bureaucracy and the large number of regulations on the market, sometimes making it difficult to implement projects. Various stakeholders also point out that it is problematic that the price of a carbon credit does not necessarily reflect its quality and that the lack of transparency in price distribution makes it particularly difficult for buyers to determine the quality of a carbon credit. Two interviewees emphasized that today's market, with its many small-scale project developers and the associated high bureaucratic effort through consultation and support, delays urgently needed climate protection measures and results in inefficient market development.

Further, it is striking that project developers, do not make any negative comments at all in regard to the VCM (see figure 6). Moreover, none of the standard-setting organizations included in the research sample made any critical comments towards the VCM as such, but rather were critical of Taskforce, being the reason for them predominantly expressing critical comments (see figure 5). Nevertheless, there are differences in perceptions of critical NGOs. The most critical nongovernmental organizations in the sample, as measured by the absolute number of critical comments (Greenpeace, Reclaim Finance Amazon Watch, Green Finance Observatory), are generally opposed to carbon offsets and thus are unlikely to ever grant legitimacy to the Taskforce and VCM because of their goal of increasing the market size. Other NGOs, who are also generally rather critical state that while they support exploring ways to increase climate integrity, they are afraid the Taskforce might be scaling something that is not robust and will neither benefit people nor the climate. The Coalition for Rainforest Nations states that although

they applaud the efforts of the Taskforce in framing the critical issues around creating a VCM that "*helps the world get to net-zero",* scaling should not be the main priority (Open letter).

Figure 6: Comments made by stakeholders in regards to the VCM in general

Comments regarding the perception of the VCM per stakeholder group

Legend: Suppliers, Standard-setting organization, Intermediaries, Buyers, Financial Services, NGOs, Multi-Stakeholder Coalitions, Academia, Others
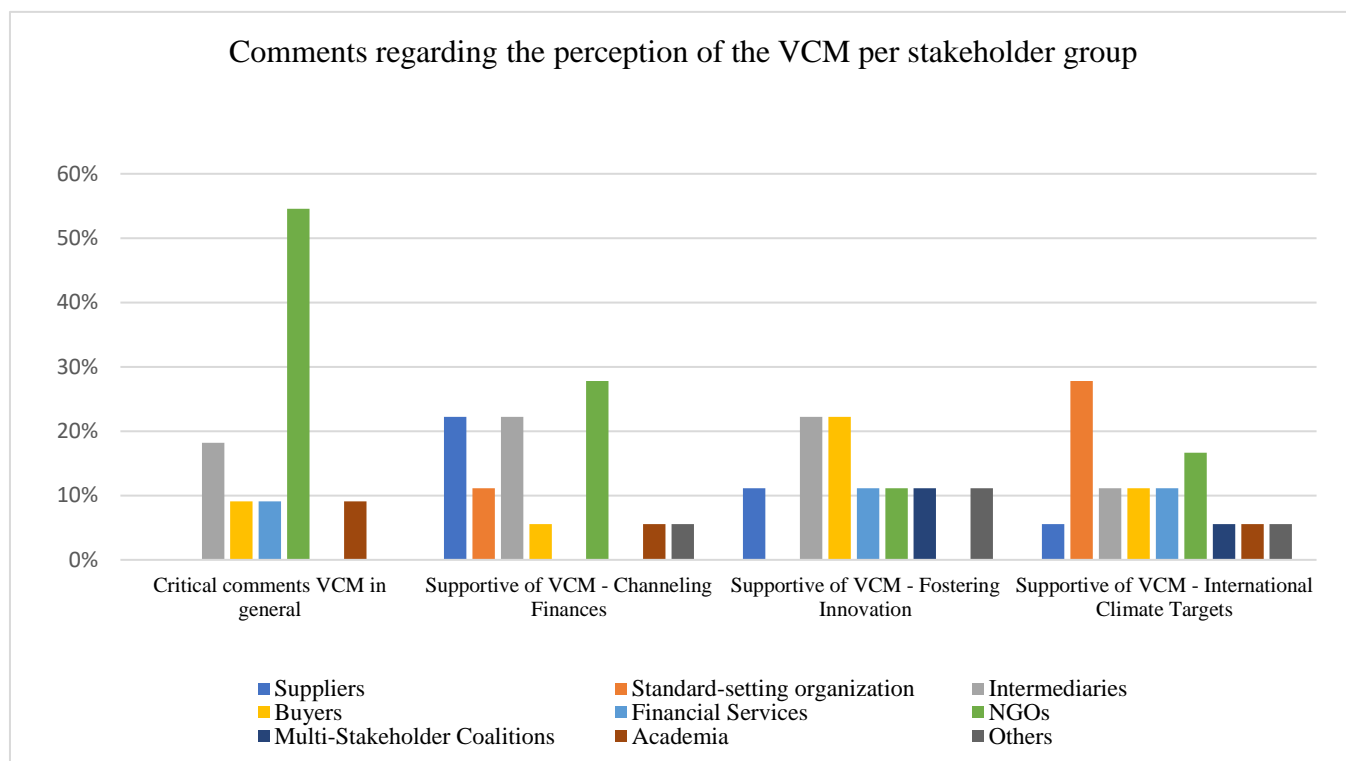
Yet, the number of these very critical NGOs is limited to a few in the research sample. Moreover, even Greenpeace, which is often referred to as one of the most critical stakeholders of the VCM, stated in an interview that "*the principles are a good starting point if the Taskforce can eventually establish their practicability, they will do well for any voluntary carbon market*." Other NGOs are more expectant of the Taskforce, such as the organisation SouthSouthNorth, an NGO based in South-Africa, which states that the consequences of the VCM for Africa sometimes have "*perverse consequences",* but that a boutique carbon credit defined by the Taskforce could attract higher prices, enhance developmental activities, and contribute to alleviating poverty (Interview).

Moreover, there are stakeholders who criticise the VCM as such, but still generally believe the market is valuable due to its ability to channel financing, contribute to reaching international climate targets and fostering innovation. To highlight its awareness of problems the VCM is facing, the Taskforce has transitioned into the "Integrity Council for the Voluntary Carbon Market", which no longer has the word "scale" in its name and adjusted its strategy to achieving "*responsible growth*" of the Voluntary Carbon Market (IC-VCM, 2022b, para. 3).

4.2.2 Perceptions of carbon offset project types

The general perception of the VCM influences the stakeholder's view of the different offset project and thus their legitimization of the Taskforce. The two main perspectives identified on the potential of the voluntary market include creating co-benefits in the Global South and fostering innovation, both of which are reflected in different project types in the VCM. Perceiving the VCM's major aim as channelling finances to the global South is strongly related to natural climate solutions projects, as these usually have high co-benefits for nature and society in countries where the projects take place (TSVCM, 2021a).

Further, projects such as cooking-stoves are also popular due to their co-benefits to the communities using these. Highlighting the VCM's potential to foster innovation is more closely related to projects removing carbon dioxide from the atmosphere through technology-based removal techniques, storing carbon permanently (CCS). Carbon Dioxide capture and storage is distinguished into bioenergy with carbon capture and storage (BECCS) and direct air capture and storage (DACCS) (Campo & Dutton, 2021).

Figure 7 illustrates a frequently used approach to provide an overview of existing project types, which is to distinguish between emission reduction (e.g., reforestation, afforestation, soil enhancement, renewable energy or cleaner cookstoves) and carbon removal (afforestation, soil carbon enhancement, ecosystem restoration, CCS, enhanced weathering etc.) (see figure 7). Further this overview distinguishes between project types short-lived and long-lived storage of carbon. Overall, the long-lived storage projects imply technology-based projects whereas the short-lived storage projects are more directly related to nature-based solutions.
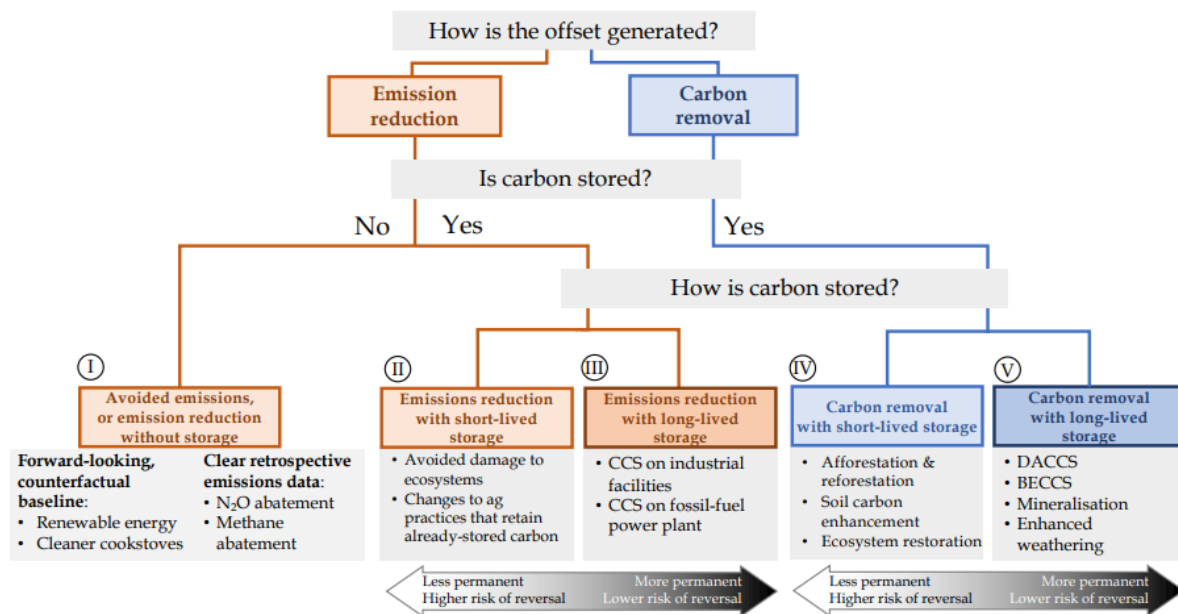
Figure 7: Taxonomy of carbon offsets adopted from Allen et al. (2020, p. 7)

In its final report, the Taskforce highlights that all project types, including the avoidance of GHG emissions, as well as projects sequestering or removing carbon through nature or technology, need financing (TSVCM, 2021a). However, in the Taskforce`s report, it is particularly emphasized that in the long term "*a shift towards removals including technology-based removal with permanent storage*" will be needed (TVCSM, 2021a, p. 8). Yet, this fundamental shift from projects with short-lived storage toward carbon projects with long-lived storage is also supported by other initiatives such as the Oxford Principles for Net Zero Aligned Carbon Offsetting, the SBTi Net-Zero Standard, and the Institutional Investors Group on Climate Change (Donofrio et al., 2021). The Oxford Offsetting Principles aim to outline four principles how offsetting should be approached to "*ensure it helps achieve a net zero society*" (Allen et al., 2020, p. 1). These principles specifically emphasize the shift to carbon removal offsetting, stating that "*users of offsets should increase the portion of their offsets that come from carbon removals*" and that "*creating demand for carbon removal offsets today will send the necessary market signal to increase*

supply" (Allen et al., 2020, p. 1). Further they emphasize a shift to long-lived storage, which are primarily technology-based removal projects (see figure 7) and state that it is critical to improve these technologies now. These statements let assume that these stakeholders welcome the Taskforce's aims and targets and grant them legitimacy. The following sections will dive deeper into the differently generated offset project types, illustrated in figure 7. The sections seek to highlight the Taskforce's stance towards these to gain a better understanding of how this might influence stakeholders in granting legitimacy to the Taskforce.

4.2.2.1 Carbon removal and emission reduction projects with long-lived storage

Many stakeholders in the research sample believe that carbon removal technologies will play a decisive role in the future, and that they are essential to neutralize residual, hard-to-abate emissions and to remove historic emissions from the atmosphere. Compared to the short-lived storage projects these credits are more permanent and have a lower risk of reversal (Allen et al., 2020). All these offset types are technology-oriented, a concrete overview of credits included in these categories is provided in figure 7. Especially for technology-oriented companies, the purchase of emission certificates from CCS projects could be attractive, as the innovative, technological approach fits their own business model (Siemens Interview). However, these technologies are very expensive today (Interview Ecosecurities), which is why they play a minor role in today's voluntary carbon market. Figure 8 provides an overview of the project types dominating the offset market between 2019 and 2021. Here it is noticeable that carbon removal projects with long-lived storage are not even listed. The authors creating the bar chart state that expensive Carbon Capture, Utilisation and Storage projects are not included because they have received little data on these transactions, instead Forestry and Land Use project dominate volumes in removal projects (Bindman, 2021).

Forests and renewables dominate the offset market
Voluntary carbon market size in MtCO2e by project category, 2019-2021
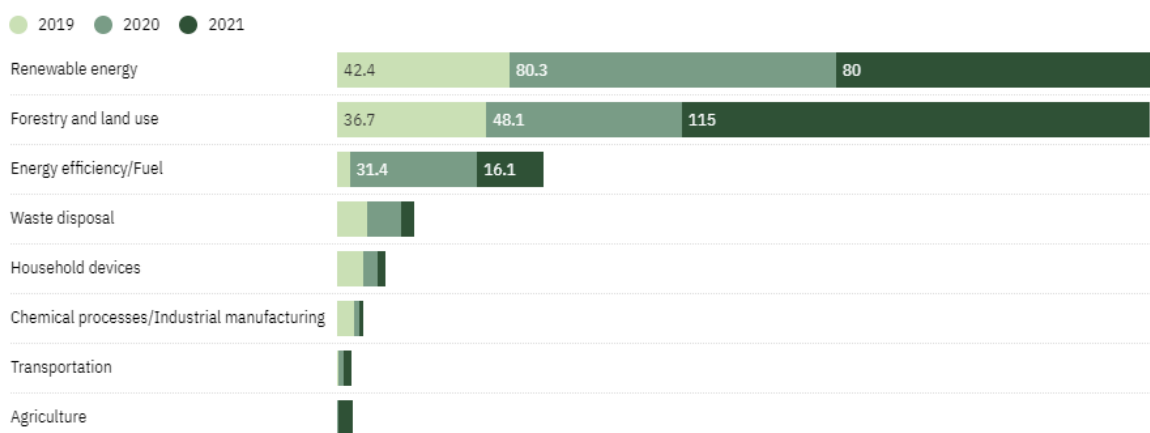
Figure 8: Voluntary market size in MtCO2e by project category, 2019- 2021 adopted from Bindman (2021) based on Ecosystem Marketplace (2021)

For the given reasons, initiatives have arisen with the aim to making these technologies cheaper and to push them forward. It was against this background that I came across the CCS+ initiative when I read the open letter from the oil &gas corporation TotalEnergies, a member of the Taskforce, in which the company asks the Taskforce to support the "CCS+" initiative. The initiative has the objective to "*unlock and scale-up CCS-related climate action in carbon markets, with an initial focus on project-based methodologies for the Voluntary Carbon Market and Article 6*" (CCS+ Initiative, 2021, para 1.). According to the initiative, CCS in its various forms represents "*key technology solutions for achieving both*

permanent emission reductions and carbon removals" (CCS+ Initiative, 2021, para 1.). The verified carbon standard (Verra) has already accepted the concept note of the initiative to begin developing a methodology (CCS+ Initiative, 2021). Verra is also part of the governing board of the Taskforce, and a closer look reveals that there is a large overlap between the companies/organisations active in the Taskforce and the CCS+ initiative (see table 5).

Table 5: Overview of overlapping organizations in the Taskforce and CCS+ Initiative

Company/ Organization	Function in the Taskforce/ CCS+ Initiative
British Petroleum (BP)	Member of the Taskforce + Represented in the Governing Board of the IC-VCM / Partner
Carbon Engineering	Consultative Group Member/ Partner
Climate Partner	Consultation Group member/ Partner
Climeworks	Consultation Group member/ Partner
Drax	Consultation Group member/ Partner
Environmental Defense Fund	Consultative Group Member + + Represented in the Governing Board of the IC-VCM /Advisory Group
International Emissions Trading Organization (IETA)	Observer/Advisory Group
Inpex	Consultation Group member/ Partner
International Carbon Reduction and Offset Alliance (ICROA)	Consultative Group Member/Advisory Group
Macquaire	Member of the Taskforce/ Partner
Mitsubishi Corporation	Consultative Group Member/ Partner
Negative Emissions Platform	Consultative Group Member/ Advisory Group
Oil and Gas Climate Initiative (OGCI)	Consultative Group Member/Advisory Group
Oxy Low Carbon Ventures	Consultative Group Member/Partner
Perspectives Climate Group	Consultative Group Member/Partner
South Pole	Member of the Taskforce/ Partner
Total Energies	Member of the Taskforce/Partner
World Business Council for sustainable Development (WBCSD)	Consultative Group Member + Represented in the Governing Board of the IC-VCM/Advisory Group

The significant overlap between the initiatives illustrates that there is a group represented in the Taskforce with a major focus to increase the implementation of CCS technologies within the Voluntary Carbon Market. This overlap and the request of TotalEnergies to the Taskforce to support the initiative lets assume that these stakeholders will be more likely to grant (pragmatic) legitimacy to the Taskforce if the Core Carbon Principles (CCPs) accept the methodologies developed by the CCS+ initiative. This example demonstrates how other inatives make use of the Taskforce to legitimize their own endeavours, illustrating the shift from carbon reduction to carbon removal projects in the VCM, through a potential association of different initiatives.

The CCS+ initiative is likely to hope for the support of the Taskforce primarily because of its endorsement of carbon credits from projects involving long-term storage. In the first report, Bill Gates, who is actively involved in the Taskforce wrote a foreword in which he specifically refers to the need for new technologies including better carbon removal technologies, and low-carbon fuels, which the carbon credit market can help make more affordable. He even appeals to companies, urging them to

invest "*a percentage of corporate offsets in climate technologies relevant to their value chain and Scope 3 emissions footprint, as well as in the emerging climate innovations that can dramatically reduce emissions across the economy*" (TSVCM, 2021a, p. 7). Meanwhile, Bil Winters, CEO of Standard Chartered, a multinational banking, and financial services company, and part of the senior advisory council of the Taskforce, states that it is "*critical for the VCM to help support the rise of frontier technologies*" (World Economic Forum, 36:45). It appears that the Taskforce's recommendations are in favour of negative emission technologies, understood as "*large-scale and intentional technological interventions into the environment in an attempt to mitigate or reverse climate change*" (Sikka, 2012, p. 163). In the preface of the first report, it also states that the VCM can play a critical role in "*scaling down cost curves for emerging climate technologies, bringing these technologies to market earlier, and allowing them to be used in direct decarbonisation effort*" (TSVCM, 2021a, p. 7). This framing is also recognizable throughout their public reports in some of the recommended actions:

Recommended Action 3:

"*The Taskforce calls for the rapid development of new carbon credit methodologies, both for reduction climate technologies and for technology-based removals. As we move into phase two of the Taskforce, work can begin on what is needed.*" (TSVCM, 2021a, p.10).

Recommended action 11:

"*Other ideas could include providing support to new technologies through the development of a central fund*" (TSVCM, 2021b, p.10).

While this framing speaks to some, it might make others more sceptical and hinder them from granting legitimacy to the Taskforce. In general, opponents of negative emissions technologies (NET) argue that promising technical breakthroughs might increase the temptation to procrastinate a change in (energy) consumption behaviour and highlight the uncertainty about the impact of applying these technologies at a large scale (Lin, 2013; Scott, 2018). This has also been mentioned by two non-members of the Taskforce, who highlighted that Carbon Dioxide Removal (CDR) technologies are at risk to look like a magical solution while often remaining untested and therefore are at risk not contributing to the required speed and scale of climate action. Another NGO criticized that in theory, technological innovation could complement the need to curb our emissions, whereas in practice, they are most often presented as an alternative to it. Here the author of the open letter gives the examples of sustainable aviation fuel being presented as an alternative to limit flying, and carbon capture and storage as an alternative to "*curbing dirty activities*" (Green Finance Observatory). Furthermore, opponents in the literature argue that NETs might lead to the unjust distribution of risks (Anderson & Peters, 2016), as developing countries are especially vulnerable and often lack adaptive capacities to cope with the potential effects of novel technologies (Biermann & Möller, 2019). Biermann and Möller (2019) found that the involvement of developing countries in the debate is still low and that their concerns remain insufficiently considered in political and scientific assessment reports. However, the stakeholders who criticize these types of offset projects are not directly criticizing the Taskforce in its approach to emphasize these project types, but rather express concerns about these projects in general. Thus, it is unclear to what extent this perception will influence them in granting legitimacy to the Taskforce.

In addition to criticizing NETS as such, others view the Taskforce's proposed carbon removal projects with long-term storage as less legitimate because they oppose their use as carbon offsets. This has been discussed by one interviewee, being a strong advocate of standardising the market and allowing larger volumes of credits to be traded on the exchange. He believes standardizing credits is the only way to

really make a positive contribution to climate protection through the voluntary market, since this allows trading larger volumes. Therefore, he welcomes the Taskforce's mandate to scale the market, but believes the massive scale up cannot be achieved through expensive technology-based removal credits, as costs would be too high. During the interview he referred to discussions of the Taskforce as a member and especially criticized the stakeholders who advocated technical carbon removal projects:

> "The world is emitting forty gigatons a year and we need to get down to eight. And for the last eight, we can use removal to get to zero. But we need to abate 30- 35 gigatons of carbon not to remove it. And you guys have four quarters of 80% of the job and you want to neglect it. Are you out of your mind? Actually, this is criminal. You're indenturing the human species here with your stance. You are just focusing on the most expensive credit. So, my stance was to leave that to billionaires like Bill Gates, they can invest in this to feel good. Wonderful. They can promote new technologies. I think we need these investments, but it is not the area on which the vast majority of people will focus."

4.2.2.2 Carbon removal and emissions reduction projects with short-lived storage

Compared to credits generated having long-lived storages, short-lived offset types are more closely related to the nature-based approaches with SDG co-benefits, but are often criticized for their lack of permanence and their risk of reversal. Stakeholders primarily granting legitimacy to nature-based solution approaches not only highlight the projects' positive impact on the environment and local people, but also emphasize their easy implementation, low costs, and immediate effect. Indeed, the Taskforce also focuses on carbon credits with short-lived storage. In its first report, it states that while financial flows will have to shift towards technology-based removals with long-term storage, projects focussing on avoided nature loss will still be required "*for decades to come*" (TSVCM, 2021a, p. 64). Yet nature-based sinks must be maintained but will reach its ceiling on potential, which is why there is a need for "*additional tech-based removal*" (p. 65).

Next to reaching the limits of their potential, these project types are widely criticised, also amongst organizations in the research sample. Many also seem to be in a dichotomy, recognizing the "*need and potential of nature-based solutions*" (Open letter) while also being aware that they can be overestimated, leading to over-crediting, and the problem of permanence of forest projects. The NGO `Compensate` refers to the problem that "*projects often select a favourable reference area that is exposed to more deforestation, due to easy access to roads and high population density, compared to the other area*" (Compensate, Open letter). This leads to an overestimation of the project's climate benefit and over-crediting. Several stakeholders highlight that forestry projects are extremely complicated in the context of carbon accounting as reforestation cannot guarantee that the carbon removed will not be reintroduced into the atmosphere. This uncertainty also leads to investors facing risks when financially supporting these projects. In the research sample, this was also highlighted by buyers questioning the trustworthiness of forestry projects, as it is difficult to ensure that the trees planted will not be cut down, and the risk of bad publicity if this should apply is very high. Further, the critics refer to cases of human rights abuses, conflicts over land use, and risks of "green" land grabbing. Yet, many stakeholders such as the world's largest asset manager, BlackRock, believes that these risks can be decreased when the market is properly designed and can even have additional benefits relating to the protection of ecosystems and the livelihood of local communities. On the other hand, some stakeholders, such as Greenpeace and the Green Finance Observatory, strong opponents of any form of reforestation projects, go so far as to argue that reforestation methods should not be included in the Taskforce's Core Carbon Principles at all.

However, the Taskforce has decided to not exclude any methodology, which is one of the major reasons for these NGOs not granting legitimacy to the Taskforce.

Another issue, which was often controversially discussed amongst stakeholders in the context of nature-based solutions are REDD+ projects. REDD+ stands for '*Reducing Emissions from Deforestation and Degradation*' and was launched by the UNFCCC in 2007 (Duchelle, Simonet, Sunderlin & Wunder, 2018). It is a policy instrument aiming to both mitigate climate change and achieve poverty reduction in tropical countries (Westholm & Arora-Jonsson, 2015). As of early 2018, more than 350 localized REDD+ projects were being implemented across the tropics (Duchelle et al., 2018). Several stakeholders (Everland, Wildlife Works, Compensate, Open letters and Interview Standard Chartered and Coalition for Negative Emissions) in the research sample refer to it is a proven mechanism to address the inter-twined climate and biodiversity crisis. Suppliers of reforestation projects state that these projects have a strong methodology since NGOs and donors are unlikely to fund these projects outside of the VCM. However, REDD+ projects are also widely criticised. Studies underline the challenges REDD+ is facing and highlight some of its programs perpetuating gendered divisions of labour (Westholm & Arora-Jonsson, 2015), failing to resolve tenure issues (Sunderlin et al., 2014) and incorporating political notions of justice into the projects, leading to messiness within governance systems (Myers et al. 2018; West, Börner, Sills & Kontoleon, 2020). Duchelle et al. (2018) consider one of the major problems is that the majority of the projects are outgrowths of integrated conservation projects and therefore barely apply the local conditions set at the core of the REDD+ mechanisms. In addition, REDD+ projects often lack adequate coordination due to a failure to identify key issues at several levels (Korhonen-Kurki et al., 2016), and Mulyaani and Jepson (2013) describe the REDD+ mechanism as a tool "*for developed countries to gain competitive economic advantage*" (p. 278).

This criticism leads to some organizations not granting legitimacy to the mechanism. The interviewee from the standard-setting organization Gold Standard states that "*REDD+ is its own crazy world, that we do not touch because we think it is rubbish* (Interview)". For the given reason the organisation would have wished the Taskforce to exclude the REDD+ methodologies accepted under the core carbon principles. Since this is not the case, the Gold Standard might be less likely to grant the Taskforce legitimacy in this regard compared to other standard-setting organizations. The strong representation of "*people in the Taskforce who see these nature-based solutions as THE solution*" might become conflictual since all "*the criteria that are restrictive are viewed critically*" (Oekoinstitute Interview). However, criteria need to be established because projects focussing on "*avoiding deforestation simply have massive methodological problems and integrity is very difficult to guarantee*" (Oekoinstitute, Interview).

4.2.2.3 Avoided emissions projects

Next to carbon removal and emissions reduction projects with short- and long-lived storage, there are projects referred to as avoided emissions projects. The Taskforce defines these projects as having the major objective to "*reduce emissions from current sources, which do not have the financial incentive or regulatory requirement to decarbonize*" (TSVCM, 2021a, p. 8). Common projects include "*setting up clean cookstoves, capturing methane, changing industrial processes to emit less GHGs, and funding the transition to renewable energy in areas where it is not yet competitive or mandated*" (TSVCM, 2021a, p. 8). Compared to the previous projects, these were not extensively discussed among stakeholders in the research sample. Yet, identified comments mainly related to Cookstove projects and renewable energy projects.

While Gold Standard highlights that renewable energy projects were "*perfectly legitimate*" in the past, they are now "*a bad source of carbon finance*" (Interview), since the market needs to move along. The interviewee from Greenpeace South-East Asia states that renewable energy projects are the only project he would certainly support, but that he is also not sure of the current market situation and whether enough other financial sources for these projects have already developed. Yet, ensuring additionality of this project type, meaning make sure that the money is aimed at projects that would not have happened otherwise, is very challenging. The CCPs will show how the Taskforce is approaching this, based on which Greenpeace will decide whether it considers this as legitimate. Anyhow, renewable energy projects still account for the largest share of projects between 2019 and 2021 (see figure 8).

Cookstove projects were also frequently discussed. One of the interviewed project developers highlighted that although these projects might methodologically be questionable, since its effectiveness is based solely on assumptions, it is very popular among buyers due to them being very charismatic. Cooking stove projects, as well as other 'community-based projects', such as water purification, and isolated communities using solar cook systems provide a good story to companies purchasing these offset credits.

4.2.3 Interim results

Altogether, the findings presented in this chapter reveal different opinions represented in the research sample regarding the VCM and the various offset types. This leads to assumptions of how stakeholders' perception of these points might influence granting legitimacy to the Taskforce.

First, the results emphasize that stakeholders generally grant legitimacy to the VCM due to three major reasons; being its role in enhancing innovation, the channelling of finances, and its potential to contribute to reaching set climate targets. The analysis showed that the Taskforce highlights all three reasons in its official documents. Therefore, a wide range of stakeholders, with different reasons for supporting the VCM as such, will find their interests reflected in the Taskforce.

Stakeholders critical of the VCM and the carbon credits 'quality, point to problems hindering the market to achieve high climate or environmental integrity. Especially forestry projects are repeatedly criticised. A few stakeholders explicitly wished the Taskforce to exclude these project types, more specifically REDD+ projects from methodologies accepted under the CCPs. Greenpeace mainly criticizes the fact that forestry-related projects have been accepted by the Taskforce, pointing to the methodological problems and negative consequences of these projects. However, the Taskforce is not planning to consider any project type as not being suitable for the VCM. The Taskforce's decision to scale credits for a project source that these stakeholders do not support and repeatedly criticize is most likely a factor not to grant the Taskforce legitimacy. Less fundamental criticism was directed towards carbon removal projects with long-lived storages being supported by the Taskforce. Altogether these findings indicate a shift toward more quality in offset projects in the VCM. Technology-based projects present fewer challenges in their integrity and are also less criticized for that reason. Thereby the findings emphasizing the shift towards carbon removal offsetting projects with long-term storage is based upon a general request for more quality of carbon credits. Moreover, the emphasis on these project types is perceptible throughout a broader audience within the VCM.

However, almost none of the stakeholders included in the research sample are exclusively optimistic about the market, and overall seem to be thoroughly aware of problems it faces. Stakeholders expressing solely critical comments of the voluntary market, without emphasizing its potential benefits are limited to a few. Yet, these NGOs are very unlikely to grant legitimacy to the Taskforce in any case. Although

the Taskforce aims to increase the integrity of carbon credits, the fact that it is trying to grow the market will most likely cause critics to persist in their critical viewpoint.

Altogether this chapter highlighted that in general, stakeholders are partly making the degree of legitimacy they grant to the Taskforce dependent on their belief in the voluntary carbon market, its initial goals and respective project types. The chapter demonstrated that the Taskforce's proposed shift to a VCM primarily emphasizing the realization of emission removal projects with long-term storage is supported or at least not refused by a large audience. The findings illustrate other initiatives in the carbon offset landscape promoting a shift to carbon removal offsetting with a focus on technology-based solutions, asking the Taskforce for support. This indicates that the Taskforce is seen as a potential body to legitimize the scale up of novel technologies. Furthermore, those who primarily highlight the importance of the VCM in supporting projects with co-benefits for the global south barely argue against carbon removal projects with long-lived storage. Only a few tend not to agree, based mainly on their overall critical perception of the VCM. Other stakeholders do believe that carbon capture technologies themselves are legitimate, but should not be funded through carbon offsets, arguing that this would not support an expansion of the market due to the high price of these credits. Yet, these stakeholders are in the minority.

4.3 Moral Legitimacy

This chapter provides an overview of identified key topics under Moral Legitimacy concerning the Taskforce in particular. Suchman (1995) described moral legitimacy as an evaluator defining an activity as "*the right thing to do*." Moral legitimacy concerns the evaluation of outputs and consequences, techniques and procedures, categories and structures and the perception of leaders and representatives (Suchman, 1995). With this definition in mind and in adherence to research question three, the section introduces three critical topics identified in the empirical research under moral legitimacy. These include the Taskforce's ambitions, a debate about the functioning of the governance body, and a discussion about the different identified opinions about the board's composition amongst stakeholders in the research sample and the Taskforce's reactions towards these. An overview of the identified codes under supportive, general and critical comments regarding moral legitimacy and how these combined led to the key topics discussed in this chapter are included in Appendix E1. The section starts with a short introduction to the quantitative overview of the research results and ends with the interim results.

4.3.1   Introduction to Research Results regarding Moral Legitimacy

Figure 9 illustrates the comments I identified regarding moral legitimacy in relation to the Taskforce and shows that supportive, general, and critical comments originate from all nine stakeholder groups. Supportive comments refer to perceiving the Taskforce as 'the right thing to do', while critical comments highlighted the skepticism towards the Taskforce being a just body to govern the VCM. While supportive and critical comments demonstrate that stakeholders have already formed an opinion, the general comments predominantly relate to key points that stakeholders believe are important to confer the Taskforce legitimacy in the future. This indicates that the process of legitimization is not yet undertaken and emphasizes what stakeholders consider important for legitimizing the Taskforce once the governance body operates and CCPs are officially launched.
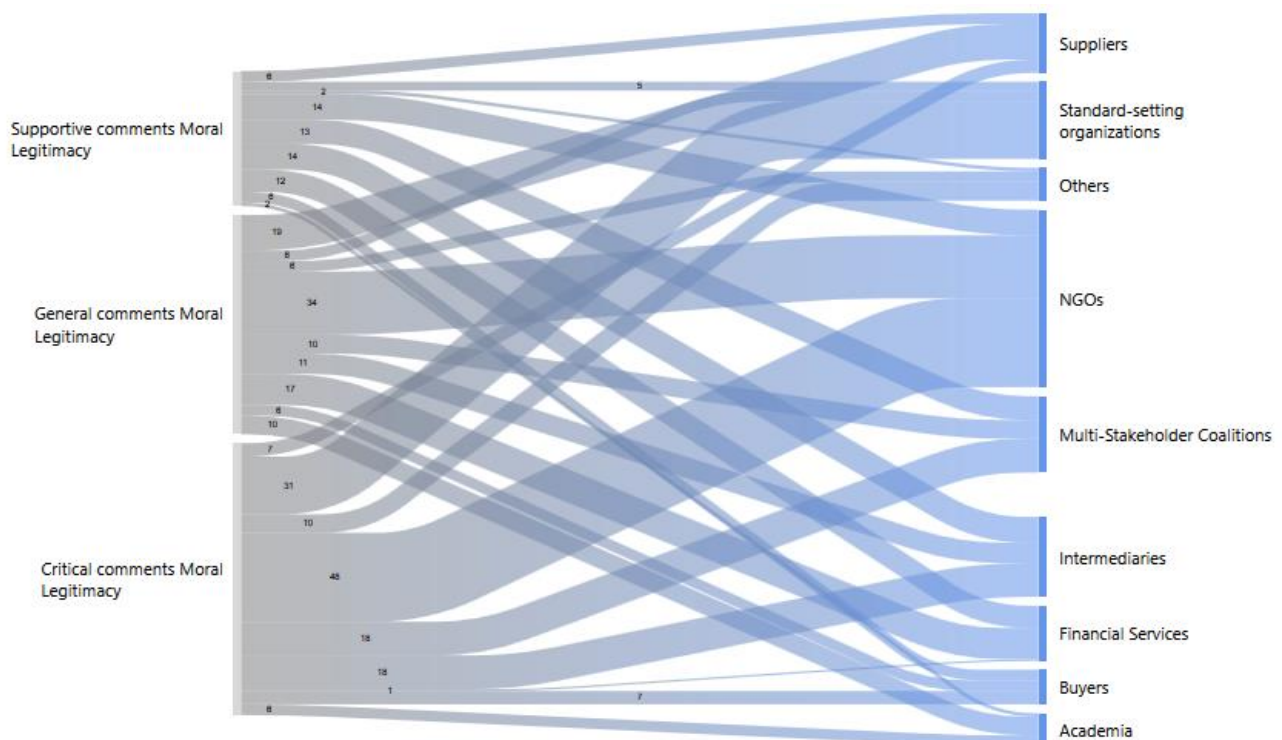
Figure 9: Quantitative results of coded quotes on the moral legitimacy

Figure 9 draws attention to the following:

First, the findings indicate that the critical and general comments made by stakeholders in the research sample outweigh the supportive ones.

Second, all stakeholder groups made a significant amount of general comments, indicating they are not yet decisive of whether to confer the Taskforce legitimacy. Comments identified as general are formulated in a neutral manner and as recommendations for the Taskforce to consider after the first consultation process. Comments are formulated as "shall", "we expect" and "it will be important", indicating they will only grant moral legitimacy if these expectations are met. Moreover, comments referring to the need to acquire acceptance due to the Taskforce's self-regulatory character were identified as "general".

Third, NGOs and Standard-setting organizations are the groups most critical of moral aspects of the VCM and Taskforce among the stakeholder groups. However, while some NGOs criticize the VCM as such, standard-setting organization have solely critically commented on the Taskforce. They often do not ascribe moral legitimacy to the activities and approaches of the Taskforce. Their main arguments concern the internal processes, which they do not regard as morally defensible. This is discussed in more detail in section 4.3.3.

4.3.2 The ambition of the Taskforce

The acceptance amongst stakeholders of the Taskforce`s mandate is a crucial factor in conferring legitimacy to the Taskforce, as it concerns the Taskforce's main activities and respective outputs and consequences (Suchman, 1995). The initial Taskforce's mandate is to "*scale an effective and efficient voluntary carbon market to help meet the goals of the Paris Agreement*" (TSVCM, 2021a). The transition from the Kyoto Protocol to the Paris Agreement era marked a fundamental shift in the global governance of greenhouse gas emissions and the future role of the VCM, with the requirement for all countries to set so-called "nationally determined contributions" (NDCs). These NDCs embody efforts by countries to reduce their national emissions and to adapt to climatic impacts accordingly.

Under article 6 in the Paris Agreement, it had not been clearly defined for a long time whether voluntary carbon market projects should be allowed to contribute to the NDCs of respective countries (Environmental Finance, 2021). In this context, a critical issue is whether and how to avoid "double counting" of emissions reductions. Double counting indicates that "*a single greenhouse gas emission reduction or removal is used more than once to demonstrate compliance with mitigation targets*" (Climate Focus, 2015, p. 1). This can result in a decrease in environmental integrity and an overestimation of mitigation results. Thus, three models emerged as potentially viable options in the Paris era, avoiding double counting: the "NDC credit,", the "non-NDC credit," and the "contribution credit," (Fearnehough et al., 2020). The latter indicates that the buyer company does not claim to be carbon neutral or to have financed "extra" reductions. Instead, the corporation claims need "*to have supported the host country in its efforts towards meeting the Paris Agreement goals*" (Carbon Market Watch, 2020, p. 9).

Although the Taskforce itself highlights the importance of adjusting its actions to the targets set in international negotiations and decisions made at COP26 (TSVCM, 2021b), stakeholders emphasize the Taskforce seeming to "*decline to discuss its relationship to the Paris Agreement*" (Gold Standard, Open letter) and express concerns about the "*Taskforce to ignore the debates regarding claims and double counting of emission reduction outcomes risks undermining the overall credibility of their work*" and

creating *"confusion as to what a high-quality credit truly is"* (Carbon Market Watch, Open letter). Some NGOS are disappointed by the Taskforce highlighting that it is not its task to actively engage in discussions about the rules in relation to carbon markets and argue that through this the Taskforce leaves these critical questions to those who "*financially benefit from allowing double counting"* (Coalition for Rainforest Nations, Open letter).

NGOs criticizing the Taskforce for not engaging in the discussion and leaving this to those financially benefitting from double counting implies two things. On the one hand, it emphasizes how these NGOs are disappointed and sceptical of the goals the Taskforce truly pursues by not actively trying to prevent double counting. On the other hand, it also specifies how they grant the Taskforce legitimacy in contributing to making decisions that they consider fair when engaging in the debate. However, the Taskforce did not engage actively in the discussion in the end. Yet, to ensure corresponding alignment with the Paris Agreement and to respond to critics the Taskforce is planning to adjust a third-party effectiveness review which will take place after three years to assess the advancement of the body in fulfilling its mandate and the success of the VCM in contributing to climate action and reaching the goals of the Paris agreement. This evaluation will be "*the first one in a series of period stock takes that the governance body will undergo every 3 years*" (TSVCM, 2021c, p. 11).

Although these critical viewpoints persist, more than 80% of stakeholders participating in the consultation process of the Taskforce agree with the Taskforce's mandate (TSVCM, 2021c). The majority agrees with the approach of the Taskforce to provide a blueprint that provides both infrastructure and confidence to scale the market. Yet, some disagree with the dual approach of the Taskforce to ensure integrity of the market while also increasing demand. The largest standard-setting organization Verra states that they are fully supportive of the Taskforce's efforts to scale the VCM and support its aim to ensure integrity of the market. However, the author of the open letter emphasizes, that the Taskforce should focus on solely ensuring integrity to avoid a potential conflict with ensuring supply. Overseeing a market and fostering growth are two potentially conflicting objectives, eventually resulting in a weak oversight (Green Finance Observatory, Open letter). The Gold Standard, the second largest standard setter, highlights that the CCPs have the potential to detect emerging standards of poor quality, but as long as the market does not recognise and define the applications of the governance body and how they relate to the Paris Agreement and science-based targets, the mandate is "*not sufficient*" (Gold Standard, Interview). NGOs particularly emphasize the risk of scaling problems the market is currently facing, described in the previous chapter.

Especially NGOs are concerned that the Taskforce's mandate and its ambitions are too low to improve the status quo of the voluntary market. Stakeholders emphasized that while the CCPs have the right objectives, they are merely repeating what has been discussed over the last 15 to 20 years. One interviewee stated that this is why Greta Thunberg would most likely describe the initiative as "*blah blah blah* (Children's Investment Fund, Interview)". Many also criticized that the Taskforce should pay more attention to not re-invent the wheel when commenting on proposed recommendations in relation to the CCP. Respectively, the Taskforce's mandate now includes the aim to help coordinate and manage interlinkages between individual bodies.

Some NGOs highlight that the Taskforce's ambitions occasionally are even below those of the existing standards, which they describe as morally indefensible. Gold Standard and the NGO Compensate highlights that if the bar is set too low, and credits with no climate impact beyond the business-as-usual scenario are sold and claimed for net-zero targets, this is not only "unethical" but also might exacerbate climate change or even result in net positive emissions if no counterbalance to the emissions of offsetting

companies is created. For example, the Taskforce's position to 'do no net harm' should be an "*absolute rock bottom*" rather than a quality standard that the market aims to rise to (WOCAN, Open letter). Stakeholders criticize in a very detailed manner how they would like the Taskforce to revise its recommendations to go beyond current practices. The interviewee from the Gold Standard further highlights that part of the credits currently in the market certified by the big standards are a legacy, not meeting all of the current CCPs, forcing the standard-setters to be more consistent in the future. However, he does not think that this will change the quality plan, but simply provide a more common language amongst standard-setting organizations, leading to the Taskforce's targets not being "*very ambitious*" (Gold Standard, Interview).

These arguments have led Greenpeace to conclude that the Taskforce primarily targets making it easier and cheaper for companies to offset their emissions. Instead, they would have wanted to see a clear purpose to "*change the economy and change the way businesses conduct their activities to stand up against the continuous extraction and sale of fossil fuels*" (Greenpeace, Interview). In addition, they would have liked the Taskforce to be more explicit about which companies are eligible to use offsets because now it seems like the Taskforce wants "*anything and everything to be eligible*" (Greenpeace, Interview). NGOs stress that while they welcome the Taskforce's recognition that compensation only plays a complementary role, they would have liked to see binding measures ensuring that offsets are only used when decarbonization measures have been taken.

To address the doubts regarding the missing eligibility criteria for buyers of carbon credits, the Taskforce recommended to launch an independent body, which is how the Voluntary Carbon Market Initiative (VCMI) came into being (Children's Investment Fund, Interview). The Taskforce argued that the development of criteria should rather be done by independent stakeholders. The aim of the VCMI is to „*fill critical gaps in VCMs' governance infrastructure by developing clear, practical, and robust claims guidance, with consideration for eventual regulation and country input, while addressing equity and access issues*" (VCMI, 2021, p. 2). Further, they intend to answer questions regarding the scope and purpose of claims by non-state actors to precisely look at how claims should be defined.

There are now very lively conversations about how these two initiatives can work together, but the interviewee from the Children's Investment Fund (CIF) highlighted that it is crucial for the VCMI to be seen as an independent body. They want to ensure not to be swiped by corporate interests since many NGOs have concerns about the Taskforce, but not about the VCMI. However, both initiatives seem to try their best to coordinate their work with each other. A potential cooperation would probably increase the legitimacy granted by Greenpeace and other NGOs towards the Taskforce in fulfilling its public purpose through ensuring that the purchase of carbon credits is not stopping companies from reducing their own emissions. On the other hand, some argue that shifting responsibility to the Voluntary Carbon Market Initiative (VCMI) was a missed opportunity for the demand side to transparently disclose their preferences on requirements for net-zero claims and the role of carbon offsets, since they are the ones being most impacted by the standard-setting.

Either way, interviewees active on the Taskforce's board claim that the overarching goal of the initiative is to ensure that companies cannot call themselves carbon neutral until they have demonstrably adopted a credible NetZero pathway, set interim targets, and use carbon credits only as a last resort. A board member of the IC-VCM highlighted that it is essential to consider the integrity of the participants because a lot of the developers in the past have had dubious track records. It should be ensured that anybody who develops a carbon project in the name of the CCPs is going to go beyond "do no harm" and does something positive for the local communities. The Taskforce's members seem to have become

aware of the need to go beyond net harm and ensure emission reductions within the company preceded carbon offsetting. To this end it is striking that the IC-VCM adjusted its mandate to defining a roadmap for the "*responsible growth*" of the Voluntary Carbon Market (IC-VCM, 2022b, para. 3).

4.3.3 Perception of the functioning of the governance body and the consultation process

This section discusses the perception of the functioning of the governance body and the consultation process, which is related to Suchman`s definition of moral legitimacy in the sense that he describes this type of legitimacy also taking the form of an evaluation of techniques and procedures (Suchman, 1995). I identified comments from all stakeholder groups in this regard concerning the board's high costs, the critique of unequal consideration of stakeholder opinions in the consultation process, the Taskforce's response to feedback, a lack of transparency in the governance process, and the Taskforce's approach to allow founding sponsors to be board members.

A common concern is the high cost of the governing body. The proposed $10 million annual budget is described as excessive (AirCarbon Exchange, Open letter), with some even arguing that the money could be better spent elsewhere to combat climate change (Carbon Market Watch, Greenpeace, Open letters). Even the standard-setting organization Verra highlights that the requested funding is too high and should be reduced by shortening the setup phase of the governing body through becoming independent from any entity sooner. Meanwhile, Verra says the Taskforce should also pay attention to not getting to conclusions too quickly to avoid lousy decision-making, which could eventually be "*detrimental to the market and climate action as a whole* (Open letter)." This highlights stakeholders' concerns that the Taskforce will become an inefficient, bloated, and bureaucratic administrative body that they will be less likely to view as legitimate if costs do not decrease and the decision-making process does not improve.

Another general critique is that the Taskforce has not taken the opinions of all stakeholders into account to the same extent. One interviewee had the feeling that fundamental issues had been agreed upon from the beginning and that it was predominately a figurative matter of bringing the stakeholders together. Although he generally believed that McKinsey did a good job facilitating the process, one could ask whether this "*was a true reflection of the average of the forum*" (Vitol, Interview). He concludes that the results reflect the opinion of the majority, but the opinions of the minorities could have been taken more into account. On the other hand, the author of the open letter from Yale highlights that considering the opinion of minorities led to postponing the decision-making processes on guardrails and resulted in a delay of progress. The choice to postpone the decision-making and leave it to the governing board was disappointing for many but an existential relief for others. He is worried for the future of the governance body not to be able to "*appropriately balance those views going forward for the good of the planet and not any individual's or entity's future welfare* (Yale, Open letter)."

Furthermore, some stakeholders highlighted that they did not feel heard throughout the consultation process. The certifying NGO, American Carbon Registry (ACR), points out that the Taskforce's proposed responses were published without considering input from all relevant stakeholders or the consensus of the Credit Integrity Working Group. Another interviewee, who was also part of the working groups within the Taskforce, summarized it as having felt that the way the process was handled meant that they were listening but not hearing what was being said. In the most extreme case, this can lead to stakeholders not perceiving the Taskforce as carrying any "legal validity" to them. One example is the Coalition for Rainforest Nations, which criticizes its lack of consultation in the governance process and

therefore states that the Taskforce's standards do not carry any "*legal validity on their countries*" (Open letter). As a comparison, they refer to the Paris Agreement, in which they had the opportunity to be actively involved in the governance, measurement, and verification process. Although they might be an influential actor, they do not have the power to decide to which extent the Taskforce will be legally valid. Yet, their radical view might influence others in their perception of the initiative.

Another repeatedly mentioned critic was the lack of transparency about the process to establish the board. IETA emphasizes the unclarity about the "*rollout of the governance body*" (Open letter), arguing that it remains unclear how the Taskforce process will act on its ambition to become more inclusive of actors in the global South. Furthermore, one interviewee stated that he thinks Verra nominated themselves and was voted in for the practitioners group, which he think is a massive conflict of interests. Another interviewee emphasized that the voting process of the representation in the board has not been fair in general (Interview). Although this has been the only commented by a few, such statements raise questions about the actual transparency of the Taskforce's voting mechanisms and the process leading to the current board.

Lastly, stakeholders criticized the fact that founding sponsors are also allowed to be board members. In the current board composition, nine out of the 13 founding sponsors (see figure 10) take on a role in the Governing Body. Figure 10 shows all founding sponsors, with the board members being circled in red.

Figure 10: Founders of the Integrity Council for the Voluntary Carbon Market, adopted from the IC-VCM website

Several stakeholders from different backgrounds state that by allowing sponsors to be represented in the board, the Taskforce is not being secure from financial interests. In this context, IETA highlights the importance of the Taskforce to elaborate on the concept of "founding sponsors" to clarify that it does not require financial contributions, since this results in the public impression that it is a "*pay to play*" organisation (IETA, Open letter). In fact, after the consultation process the Taskforce states in its official documents that "*Founding Sponsors and the Executive Secretariat Host may contribute to funding in cash or kind, but this is not mandatory*" (TSVCM 2021c, p. 10). Further they emphasize that "*donors will be recognized for their contribution but will not obtain any rights or decision power associated with their funding*" (ibid., p. 10). In fact, it is sufficient that Board members from supportive organisations devote their time to the role. However, ACR is concerned that founding sponsor representatives might not meet the same qualifications as other board members and question whether they would act as individuals or represent the views of their organizations.

Altogether this example poses the question of whether stakeholders criticizing the founding sponsors being board members remain suspicious even after the clarification of their role by the Taskforce. Since moral legitimacy is based on personal judgment of what is the right thing to do, the question is whether

critical stakeholders will remain sceptical of the Taskforce's approach, questioning whether extensive financial contributions will indeed not lead to advantages for respective organizations. Another open question is why the Taskforce did not clarify the role of founding sponsors in the board up from the beginning, amplifying the perception of an unfair governance processes as indicated by stakeholders presented in the previous paragraph. This section emphasizes how much granting moral legitimacy to the governance procedure depends on individual experiences throughout the entire governance process. Moreover, the results suggest that moral legitimacy based on the perception of the consultation process is difficult to regain in retrospect once trust has been lost.

4.3.4 Board Composition

Moreover, moral legitimacy is partly based on the perception of leaders and representatives (Suchman, 1995). In this study, I identified numerous comments on the composition of the board and the various organizations involved in the consultation process. The key topics include the representation of the global South on the governing board, the Taskforce's approach to building public support by highlighting the support of their mission by naming the entire organizations, and the active participation of oil and gas companies and industry coalitions.

The most mentioned concern was the underrepresentation of the global South in the governance body. The VCM is based on the principle that the global North has a responsibility towards the global South, since its prosperity is rooted in industrial development, which is responsible for today's emissions and thus the acceleration of climate change. Countries in the global South are growing societies with enormous energy needs, which will need to be managed in a climate-neutral, decarbonized way to accomplish international climate targets. To achieve this, technology, know-how and capital transfer to the global South are needed (Foundation Development and Climate Alliance).

However, project developers regularly face problems in implementing projects, especially in some regions in Africa. The regulatory environments are often challenging, and buyers are reluctant to support nature-based projects in certain regions in Africa because it is almost impossible to ensure that unstable political and economic circumstances will not negatively impact projects through illegal deforestation or bribery. For the given reasons it is essential that the global South is represented accordingly to ensure that "*the countries that are expected to generate most of the offsets used in the market have a voice in its governance*" (Coalition for Rainforest Nations, Open letter). Moreover, representatives from academia and multi-stakeholder coalitions state that a lack of input from the global South to the Taskforce could be perceived as "*neocolonialism with a group of NGOs and financial institutions from the North dictating to the Global South how it should act* (Coalition for Rainforest Nations, Open letter).

Although Taskforce representatives publicly emphasize the importance of including stakeholders from the Global South, figure 11 illustrates that organizations from the Global North serving as members of the IC-VCM prevail. The description "International" in figure 11 refers to a representative of the United Nations and the former chair of the Clean Development Mechanism Executive Board. The pie chart also includes the technical experts serving as advisors to the Taskforce, and therefore includes a total of 25 stakeholders.

One of the Taskforce's founders, Mark Carney, has even confirmed the underrepresentation of the global South in an interview, stating that "*there is an overrepresentation of the developed market, but we have a good representation of the market in Indonesia, China and Latin America, but not enough*" (World Economic Forum, 24:30). To increasingly represent both sides of the market in the implementation phase, the decision to include three representatives of indigenous communities was made after the first consultation process and thus was not known at the time the open letters were written. Since no detailed information about these three persons has been published yet, it is unclear whether they might increase the share of representatives of the global South. However, even if so, the global North would still be the most represented region.
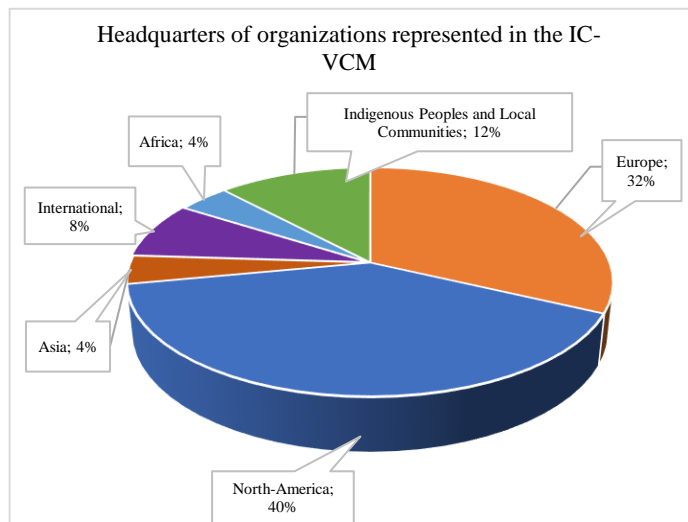
Figure 11: Overview HQ of companies/organizations in the board of the IC-VCM

The decision to include local community representatives might have been a reaction to the critique of groups such as the "Kaska Dena," nomadic people in British Columbia (Kaska Dena Council, 2022). In their open letter, they stated that Indigenous peoples should have the right to participate in decisions made regarding their lands, territories, and resources. One interviewee, actively involved in the IC-VCM, explained that these groups' active involvement is one reason he perceives the current panel as more legitimate. Although he is aware that many stakeholders are critical of this and think it is just tokenism, he stresses that he knows one of the candidates for the board position and firmly believes that "*he will argue well and make his case and gain respect* (Standard Chartered, Interview)". If he is at risk of not being taken seriously, his "*army of followers will make a lot of noise* (Standard Chartered).*"* On the other hand, Greenpeace highlights that there is absolutely no way that three representatives can adequately speak for the thousands of indigenous people around the world. This illustrates how the Taskforce`s response to the feedback after the first consultation process is perceived differently.

Another example of the different perceptions of the Taskforce's actions is that some criticize the uneven distribution between the Global North and South, while others are impressed by the large number of member institutions and believe the initiative is well positioned to scale the market. Some value the representation of experts in the Taskforce and appreciate "*the broad spectrum of world experts* (Emstream, Open letter)" and the "*large number of private sector stakeholders from across the value chain*" (ISDA, Open letter) coming together. The global marketplace for managing and transacting an array of environmental market commodities, "Xpansive," states that they appreciate the Taskforce acting *"as a high integrity screen to drive best practices while inviting and recognizing the diverse mix of approaches to create carbon units* (Open letter)." This illustrates the appreciation by some of the efforts of the Taskforce to set up a diverse board. One interviewee specifically highlighted the challenge (also for the VCMI) for organizations to set up diverse boards, since organizations tend to get the usual suspects from the global North who are prone to be the most vocal and visible (Interview CIF).

Next to a fair geographical representation, stakeholders consider it important that board members are competent and consequently have the necessary knowledge regarding current developments in

international environmental policy, complex governance systems and are disinterested in the market as such. Moreover, the NGO WOCAN wishes the governance body to include new voices beyond the usual suspects, bringing "*different and fresh perspectives to the table*" (WOCAN). To achieve an equitable distribution of seats on the Board, the Asian Development Bank proposes to distribute them "*according to the regional share of CCP providers as well as buyers in the global VCM*"(Open letter) to ensure that the Board represents most market participants and the growing size of the VCM. Judging by this recommendation, the current board would sufficiently represent the buyers, but the supply side, particularly South America and Africa, would not be adequately represented. Yet, to demonstrate public endorsement, the Taskforce prioritized naming organizations rather than individuals in listing who supports its mission. In this context one interviewee stated:

> "*You are being invited in your personal capacity, but then when it comes to saying how many people have signed up on this, they are using the entire organization's name. They self-endorsed their role in doing that, and they co-opted the branding of the 400 organizations to justify their support* (Interview)"

On the most recent website of the IC-VCM, it states that the three market participants on the governing board were "*chosen via vote by the 250+ organizations that participated in the Member consultation Group for the Taskforce of Scaling the Voluntary Carbon Market, acting in their personal capacity*" (IC-VCM, 2022, March). While the Taskforce still legitimizes the three representatives through the large number of organizations having participated in the decision-making process, it is striking that they added members participating "*in their personal capacity*", which might be a response to the critique of the Taskforce championing the organization rather than the individual as mentioned in section 4.3.5. This illustrates how the Taskforce seeks to attract a broad range of stakeholders from a variety of industries to ensure it speaks up to a large audience. Stakeholders are expected to be more likely to grant legitimacy to the Taskforce if organizations representing their interests had been involved in the Taskforce as well.

Moreover, next to naming entire organizations, the findings illustrated how the wording "member" by the Taskforce might be misleading. The Cambridge dictionary defines a 'member' as a "*company or individual that belongs to a group or organization*" (Cambridge Dictionary, 2022b). This definition illustrates how using the word member gives the impression that the recommendations of the Taskforce are automatically supported by its members. However, most of the interviewees, officially being members have also expressed themselves quite critically about the Taskforce. One interviewee even stated: "*It is a bit strange that they call it member because I felt more like I was an observer*" (Interview).

Another common critique towards the composition of the governance body was the involvement of private actors, highlighting that only a truly independent governance body can have credibility and legitimacy in regulating the VCM (Carbon Market Watch, Compensate, Open letters). The NGO 'Carbon Market Watch' expresses concerns of the high representation of actors primarily being interested in the scale of the market rather than its quality. They generally think a broad representation of the market is valuable but argue that industry associations such as IETA and ICROA should not play a role in the governance body. In the end these organizations solely served as Consultants and Observers to the Taskforce but not as active members of the IC-VCM.

Yet, the general decision to have active market participants on the governing board has been reinforced by the majority during the consultation process. Initially, the Taskforce proposed only allowing independent board members, including buyers, investors, and non-profit standard setters to be on the board if they had not been employed in the market two years prior to taking on the role. However, the results

of the Taskforce's survey indicated that the majority of stakeholders had voted to allow market participants to be active in the Taskforce's board if certain guardrails would be put in place to avoid conflicts of interests. Based on this, the decision was made to loosen the rule for buyers/investors and non-profit standard-setters from not being off the market for at least two years to not being currently employed in the sector. The analysis of the open letters showed that this was primarily supported by active market participants' stakeholders themselves, including standard-setting organizations, the financial industry, buyers, private multi-stakeholder coalitions, and exchange platforms. Standard-setting organizations American Carbon Registry and the Climate Action Reserve seem to exclusively support current market participants being on the board to ensure lessons learned from decades will be considered. The major concern of active market participants voting to include representatives in the board is that "*both buying and selling parties in voluntary carbon markets are being heard*" (NZAOA, Open letter). This illustrates how closely personal interests are related to the perception of the Taskforce's recommendations and governance.

Stakeholders critical of any form of active market participation are primarily organizations that have already been identified as highly skeptical of granting moral legitimacy to the Taskforce and the VCM in general. These include organizations such as the Carbon Market Watch, the Green Finance Observatory, Compensate, or the Coalition for Rainforest Nations. They welcomed the Taskforce's recommendation to not allow the representation of active market participants on the board. The Coalition for Rainforest Nations "*applauds the efforts of the TSVCM to avoid conflicts of interest in its governance body*" (Open letter). Others even go as far to argue that only stakeholders who do not have any commercial interests should be allowed to participate, such as climate researchers (Compensate, Open letter). However, stakeholders who are not as critical overall, such as the investment manager BlackRock also believe it demonstrates the Taskforce's priority towards objectivity and independence from the commercial interests of any market participant.

Some did not criticize the membership of market participants in the initiative in general, but particularly considered the active membership of the British oil and gas company British Petroleum (BP) in the IC-VCM to be unethical. One interviewee stated that BP being a board member is "*the single biggest problem of the Taskforce*" and was one of the major initial motivations to get involved in the Taskforce. The interviewee was mainly critizising that the Taskforce is exactly "*doing what Greenpeace said that they would do by not putting any safeguards in place* (Interview)" . What bothered the interviewee most, is the fact that BP does not have a science-based target, even though the Taskforce stated in its first report that the underlying principle for a company to offset is to have a science-aligned target.

Mentioning BP not having science-based targets is rooted in the underlying critique that BP relies its main business model on the exploitation of fossil fuels and lacks a convincing climate strategy. The interviewee would have rather seen more sustainable companies representing buyers, with a proper climate strategy and a separate team working on climate-related themes. However, consumer-facing goods increasingly set science-based targets and move away from offsetting according to the interviewee and thus have not shown interest in the Taskforce, as they do not engage heavily in the offset market (Gold Standard, Interview). Still, individual brands within large conglomerates progressively engage in carbon markets to have brand equity. These brands aim to speak to customers through net-zero claims and carbon offsets, while the oil & gas industry tends to reach out to investors and regulators through carbon offsetting which he thinks "*casts an ugly shadow on the market*" and is thus problematic to represent buyers through BP (Interview).

4.3.5 Interim results

This chapter has presented several factors that influence how stakeholders grant moral legitimacy to the Taskforce and illustrated how the Taskforce reacted to it. Overall, the comments are based on stakeholders' beliefs about what is right or wrong about the Taskforce in terms of promoting societal and environmental well-being.

First, the results illustrate that the vast majority of stakeholders included in the research sample generally agree with the Taskforce's mandate to grow the market while improving its integrity. However, a few disagree with the Taskforce's dual approach, arguing that one precludes the other. A recurring concern is also the lack of an active participation in discussions about the future of the VCM in light of the Paris Agreement. NGOs are disappointed by the lack of involvement, leaving the discussion to those who benefit financially from double counting. This illustrates the importance stakeholders place on private initiatives to align with legally binding international agreements. Further it assumes that a more active participation in the Paris Agreement debate would have increased the perceived moral legitimacy of the initiative by stakeholders. In response to this critique, the Taskforce proposed the introduction of a third-party effectiveness review, taking place after three years to assess the advancement of the body in fulfilling its mandate and the success of the VCM in contributing to climate action and reaching the goals of the Paris agreement.

Moreover, stakeholders believe the Taskforce must not merely replicate the work of existing initiatives but develop CCPs that bring a fresh perspective and contribute positively to the effectiveness and integrity of the market. If this is not fulfilled, stakeholders will be unlikely to perceive the CCPs as a valid contribution to the current market. If the Taskforce's targets are set too low and serve only as a tool to accelerate compensation measures, this could even exacerbate climate change and dramatically downgrade the perception of the Taskforce. In this context, many stakeholders believe it is essential for the Taskforce to determine which companies are eligible to purchase CCPs. Working closely with the VCMI could play a critical role in enhancing the perception amongst those questioning the Taskforce's efforts to ensure that decarbonization actions have been taken before offsets come into play, something that particularly non-governmental organizations are demanding. To address the replication of existing work and the criticism of lacking eligibility criteria for companies purchasing carbon offsets, the IC-VCM adjusted its mandate accordingly. Now, it includes the aim to help coordinate and manage interlinkages between existing bodies and changed its objective from simply scaling the market to defining a roadmap for responsible growth.

Other reasons stakeholders do not concede moral legitimacy include the high cost of the governing body and the fact that funding sponsors are also allowed to be board members as this might result in a pay to play principle. Therefore, the Taskforce is perceived by some as a massive bureaucratic, capitalist body that drives little change. Upon these remarks the Taskforce clarified that no financial support is required from founding sponsors being on the board. However, this raises the question of the extent to which granting moral legitimacy to the governing body can be obtained in retrospect, since it is primarily based on fundamental beliefs and judgments about what is right or wrong, which are difficult to alter once doubts have arisen. This is also reflected in many highlighting that they did not feel seriously involved in the governance process. The case of the Coalition for Rainforest Nations showed that not feeling properly included in the process can eventually lead to stakeholders not seeing the Taskforce's decisions as legally valid.

The chapter also highlighted the different perspectives on the decision-making processes. Although some comments also showed that the Taskforce was open to feedback, negative remarks predominated. While one respondent highlighted that more consideration could have been given to the opinions of a minority, other stakeholders stated that considering all doubts led to a delay in the decision-making process. This example illustrates that there will always be criticism and that compromise between stakeholders will be required to achieve desirable results.

Stakeholders are also reluctant to grant moral legitimacy because of the composition of the Taskforce's Board. I identified many comments addressing the underrepresentation of the Global South in the Taskforce. Although Taskforce representatives themselves recognized the imbalance between the Global South and the North, it persists today. In response, three indigenous peoples were added to the panel, which some see as a good move and others as critical. Ultimately, it is one step to ensure that the Taskforce is not labelled as an initiative embedded in neo-colonialism, as some argue it is at risk being perceived that way.

Moreover, some stakeholders criticised the active participation of industry coalitions such as IETA in the governance process and oil & gas giant BP. Yet, the Taskforce legitimizes the general decision to include market participants on the board through the consultation process in which it addressed this question in a survey. The majority voted for stakeholders being on the board with the only guardrail that respective stakeholders are currently not employed. Stakeholders criticize the inclusion of oil & gas companies exactly replicating what opponents such as Greenpeace have criticized upfront. Including pioneering companies in sustainability would likely have enhanced perceptions of legitimacy among a broader range of stakeholders. On the other hand, oil and gas companies are primary consumers of voluntary credits, which legitimizes their active participation to some degree. However, the Taskforce could have set a tone for a more thoughtful and sustainable voluntary market by having a different representative of buyers.

4.4 Pragmatic Legitimacy

This chapter introduces the key themes identified in line with pragmatic legitimacy. This form of legitimacy is based on the impact an organization expects the Taskforce to have on its own operations and thus represents the self-interests of stakeholders included in the research sample.

Much of what stakeholders say may be based on self-interest, as everything one says is pragmatic in the broadest sense. To better narrow the results, I defined pragmatic legitimacy in my research as a statement by the author/respondent about how the actions of the Taskforce might affect their activities or how they use the Taskforce as a platform to emphasise their personal ideal of the voluntary carbon market.

Based on this definition I identified three major topics under pragmatic legitimacy, including the different motivations for stakeholders to becoming active in the Taskforce in the first place, the Taskforce's recommendations being perceived as an additional burden to the operations, and the potential risk of the Taskforce becoming insignificant. An overview of the identified codes under supportive, general, and critical comments regarding pragmatic legitimacy and how these combined led to the key topics discussed in this chapter are included in Appendix F2. The chapter starts with a short introduction to the quantitative overview of the research results and continues with the qualitative analysis of the identified overarching themes and finishes with the interim results.

4.4.1 Introduction to Research Results regarding Pragmatic Legitimacy

Compared to moral legitimacy, the number of critical comments does not outweigh the supportive and general ones. Instead, most comments related to how the Taskforce's actions were beneficial to the organization's work, or how stakeholders perceived the Taskforce as a valuable platform to emphasize personal visions of the market. Figure 12 draws attention to the following:

First, suppliers commented most, illustrating how they are the group most influenced by the Taskforce's decisions in their daily operations. Interestingly, they account for most of both the supportive and critical comments. The critical comments from project developers relate primarily to concerns that the Taskforce's proposed requirements will increase bureaucracy and potentially make it more difficult to implement projects. On the other hand, suppliers tend to grant pragmatic legitimacy since they support the Taskforce in creating the necessary infrastructure to increase demand, which is highly supported by the suppliers themselves, as it contributes to expanding their own activities. Others emphasize that they want to take advantage of the opportunity to join the Taskforce to help shape the market in terms of desired expectations or to generally stay abreast of developments in carbon markets, which was also mentioned by representatives from six other stakeholder groups. Intermediaries and NGOs closely followed in their frequency of making supportive pragmatic comments.

Second, it is noticeable that the academic institutions made almost no comments in relation to personal interests. This is not surprising, since they are not directly involved in the VCM, but rather act as observers and advisors, which is why they also do not have any expectations of how the Taskforce might influence their daily operations. However, one interviewee emphasized that the scientists who are active in the Taskforce are mainly "*hoping to get some contracts from the big banks*" (interview) to get research funded. However, there were no additional indications of this in the further course of the research.

Third, the standard-setting organizations barely made any supportive comments, but primarily emphasized how the recommendations by the Taskforce might negatively affect their activities. They mainly point out that much of the proposed work has already been done by other institutions or themselves.

Many comments also refer to their concerns that proposed guidelines might add work to their daily operations, making it more difficult to implement projects.

Within the three codes of pragmatic legitimacy, the data were grouped into themes. From these various subcodes, I identified the above-mentioned three overarching themes which are discussed in the following. A detailed overview of the coding process is included in Appendix E2.
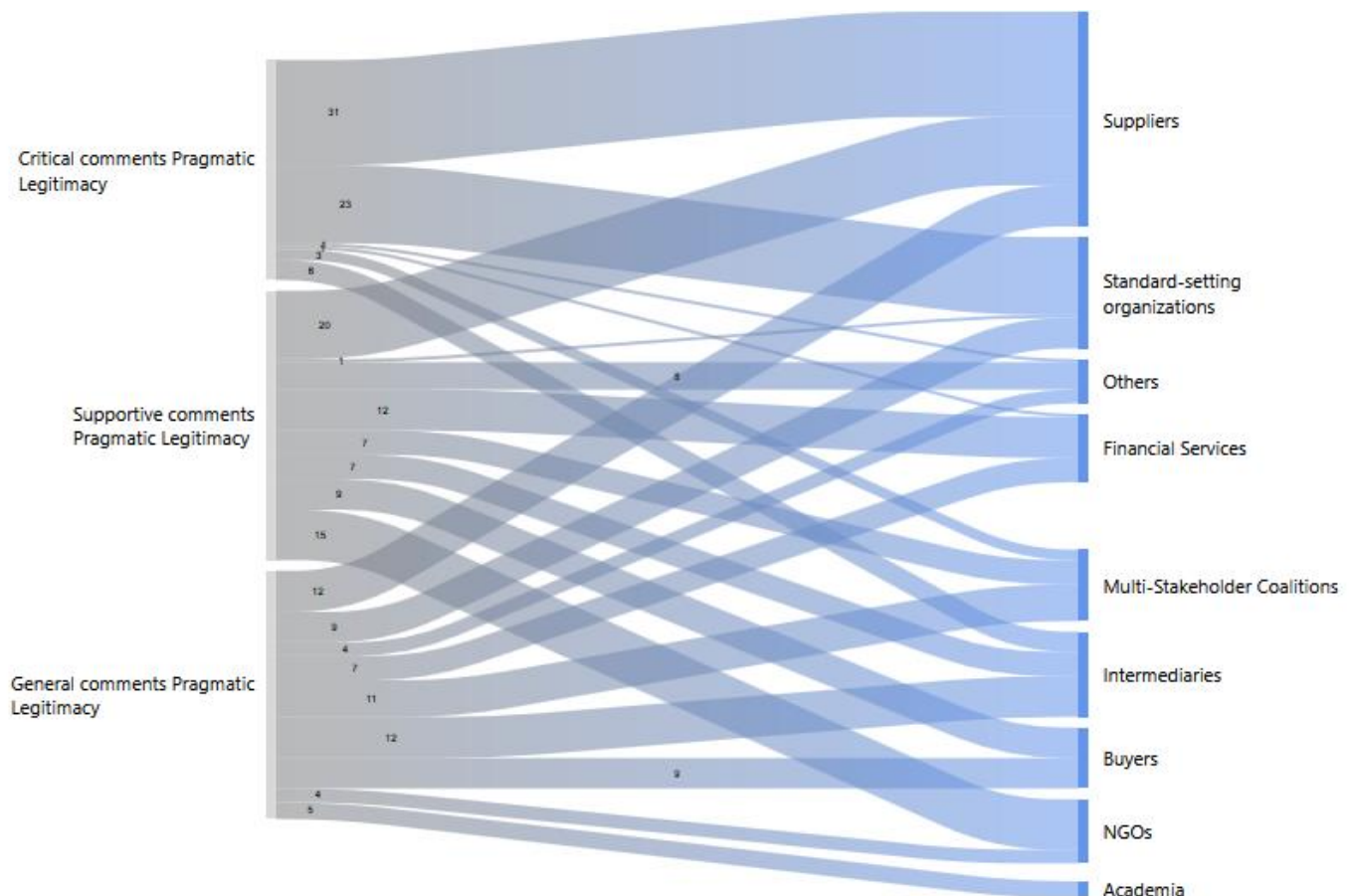
Figure 12: Quantitative results of coded quotes on pragmatic legitimacy

4.4.2 Motivation for companies/organizations to become active in the Taskforce

The study identified different motives for the various players to get involved in the Taskforce. The preceding analysis has already provided indications that some seem to get involved to represent their perceptions of the voluntary market and the respective offset projects in the Taskforce and take moral stands to ensure that viewpoints they consider most important are addressed appropriately in the Core Carbon Principles. However, this chapter seeks to provide a more detailed analysis of what stakeholders pursue through an active participation and how this influences them in granting pragmatic legitimacy. The identified drivers include wanting to have an active voice in shaping the future of the VCM, staying abreast of market developments, supporting the Taskforce as the initiative represents organizational goals, and hoping to receive direct support from the Taskforce. These key topics adhere to Suchman's definition of influence legitimacy under pragmatic legitimacy. He defines this sub-form of pragmatic legitimacy as constituents supporting the organization not because they believe that it "*provides specific*

favourable exchanges, but rather because they see it as being responsive to their larger interests" (Suchman, 1995, p. 578). All these arguments are addressed in more detail below.

One of the most frequently cited comments among stakeholders about why they became active in the Taskforce was their aim to be able to actively shape the future of the VCM. Hamilton et al. (2008) looked at why companies get involved in voluntary carbon markets and found amongst other reasons that they aim to gain carbon market experience to "*increase authority and influence in policy discussions about climate change and GHG regulations*" (p. 2). In terms of the Taskforce, this is reflected in stakeholders wanting to engage in a discussion about the future of the voluntary carbon offset market and to have a say in what high-quality credits should look like. The representative of the conglomerate Siemens highlights that being a member offered them the opportunity to provide input on what market players interested in buying offsets need (Interview). Moreover, comments in this regard were also mentioned by suppliers, NGOs, financial institutions, multi-stakeholder alliances, intermediaries, and "others."

NGOs mainly use the opportunity to actively participate in the Taskforce to highlight their different areas of priority within the market, including women's rights, clean cooking as an offset type, and the desire to introduce high-quality offsets in Africa. Especially for smaller NGOs, the Taskforce can provide a chance to make their voice heard. One interviewee highlighted that this is a unique opportunity because if they "*were on their own, trying to shout from the outside, no one would be listening* (SouthSouthNorth, Interview)." Further the interviewee states that he would rather use the opportunity to "*be in the henhouse with the fox*," indicating working together with big polluters on truly achieving a change of mindset, than standing outside "*trying to throw rocks at the foxes*", as Greenpeace does (Interview). These findings suggest that some grant the Taskforce pragmatic legitimacy because it serves as a platform that allows them to participate in discussions about the carbon offset market and express their own ideas about what the voluntary market should look like in the future. It also shows that the extent of possible influence depends partly on one's willingness to work with other actors who may have fundamentally different objectives than oneself.

Another reason for stakeholders to become active was to stay informed about developments in the VCM. The interviewee from Siemens stressed that active participation in such initiatives is crucial for companies to learn more and better understand the market, as buying carbon credits comes with a high reputational risk. Some project developers stressed that the Taskforce provides a unique opportunity to stay abreast of the latest developments, network, and make a name for themselves. Another interviewee emphasized that it was generally interesting to be part of the initiative to "*see where it goes*" (HFW interview). These findings illustrate that some grant the Taskforce pragmatic legitimacy as they perceive it as a source of information on market developments, playing an important role itself in shaping the market.

In addition, stakeholders frequently mention that they support the Taskforce and have become active because it reflects their ideas about what the market should look like in the future. Comments revolved around two main areas addressed by the Taskforce including building necessary infrastructure and homogenizing and standardizing the market to strengthen carbon credits' reliability and transparency. First, stakeholders granting pragmatic legitimacy to the Taskforce's goal of building the necessary infrastructure to drive demand predominantly include suppliers, intermediaries, and financial services industry representatives. Project developer Ecosecurities highlights that if the carbon market is going to grow 54-fold by 2030, it will need much more robust and powerful infrastructure to enable the demand side to trade more carbon. The Taskforce could play a vital role in this.

According to another supplier, a massive scale-up can only be achieved if project developers play increasingly minor roles. Interestingly, he questioned his role in the market, stating that the importance of the advisory services results in a time-consuming and inefficient process that could be improved if buyers purchased a bundled product available on the exchange market. Although he believes it is desirable for companies to show interest into more detailed background information of a carbon credit they are buying, this will hinder trading in larger quantities. For this to happen, however, buyers must be confident that the credits they buy will deliver what they promise (Vitol, Interview). Global asset manager BlackRock highlights that having the Taskforce establish a set of minimum criteria for credits will contribute to the validity of the market and encourage participation (Open Letter).

Altogether a large number of stakeholders appreciates the desired aim of the Taskforce to build an infrastructure through homogenization and standardization of carbon credits as it will increase reliability, transparency, and trust in carbon credits. This is mainly highlighted by active market participants stating that the CCP label can build confidence in carbon accounting and the quality of offsets amongst buyers (Emstream, Open letter). The conglomerate Bayer also appreciates the development of a transparent, high-quality market for voluntary carbon credits through the Taskforce, making it easier for them to identify good quality (Bayer, Open letter). These examples illustrate how stakeholders grant pragmatic legitimacy because the Taskforce`s actions are beneficial to their operations.

Another reason for stakeholders to grant pragmatic legitimacy to the Taskforce is its potential positive impact on the derivatives market. As a reminder, derivatives are a "*type of financial contract whose value is dependent on an underlying asset, group of assets, or benchmark. A derivative is set between two or more parties that can trade on an exchange or over-the-counter (OTC). These financial securities are commonly used to access certain markets (here carbon markets) and may be traded to hedge against risk*" (Fernando, 2021). The International Swaps and Derivatives Association (ISDA) supports the aim of the Taskforce to scale the market and to increase transparency since "*a strong and transparent primary voluntary carbon market is an essential foundation for the development of the related derivatives markets*" (Open letter). This illustrates the scope of the Taskforce's impact on other markets and the extent to which it is therefore of interest to stakeholders operating in those markets.

Lastly, a few also hope to receive direct support from the Taskforce through actively participating in the consultation process. In the research sample, the Kaska Dena nomadic people in British Columbia, state that they hope the Taskforce is going *to assist the Kaska in moving forward on what they see is their contribution to the global initiative to tackle the climate crisis*" (Open letter). More specifically, they want the Taskforce to assist them in solving the issue of additionality and the problem that the government of British Columbia has "*no mechanism to deal with the Kaska in a voluntary carbon market*" (Open letter). Meanwhile, the project developer Wildlife Works requests the Taskforce to help depoliticize the conversation about REDD+ projects and defer it to expert circles (Wildlife Works). This suggests that there are also interest groups that are active in the Taskforce because they hope for direct support from the initiative. These groups will tend to grant pragmatic legitimacy as soon as they feel that their demands are taken seriously by the initiative.

4.4.3 The Taskforce's recommendations as an additional administrative burden

Comments indicating that the Taskforce's recommendation might adversely influence one's operations are predominantly posed by suppliers and standard-setting organizations. These findings are reflected in Suchman's sub-form of pragmatic legitimacy, which he refers to as 'exchange legitimacy'. This form

indicates the support, and in this case refusal, of an organization due to the "*expected value*" of the Taskforce's recommendations (Suchmann, 1995, p. 578).

Identified comments in the research sample largely relate to the possibility that the Taskforce will create additional administrative burdens that result in more constraints and less freedom in the stakeholder's decision making. More specifically, suppliers mention the problem of a potential increase in costs of developing projects through the Taskforce's recommendations, due to an amplified requirement of visits and verifications (Interview). One interviewee further highlights that the Taskforce also discussed requiring project developers to report on project activities every six months, which in some cases could even lead to some projects no longer being feasible due to excessive costs and efforts. The project developer "Everland" is worried that the proposed layer of 'certifying the certifier' will result in higher transaction costs, highlighting that the Taskforce should pay closer attention to practical processes that do not "*unnecessarily drive-up costs*" (Everland, Open letter).

Next to the risk of an increase in costs, suppliers and standard-setting organizations are worried that the recommendations by the Taskforce result in over-regulation and new barriers that could undermine the growth of the VCM, slow innovation and even lead to a delay in climate mitigation work (Permian Global, Open letter). The supplier ALLCOT criticizes the proposal to require third parties to develop the emissions levels against which emission reductions or removals of a mitigation activity are determined, as this is not in line with how the methodologies are developed and applied and would increase complexity and would most likely not even be workable in the real world. Instead, this is already "*vetted by the high-quality standards*", and "*this oversight should remain with the standards*" with the stipulation that the standards follow the criteria as stated by the Taskforce when applying labels related to the CCPs (Open letter). The American Carbon Registry highlights that requiring forestry projects to have baselines set by external parties will add cost and time to implementing these projects while not enhancing the projects' integrity.

Figure 13 illustrates that additionality in general was the recommendation that the fewest stakeholders fully agreed with and the one with the largest number of responses combined either somewhat or strongly disagreeing. Within additionality, a highly controversial topic is financial additionality, which
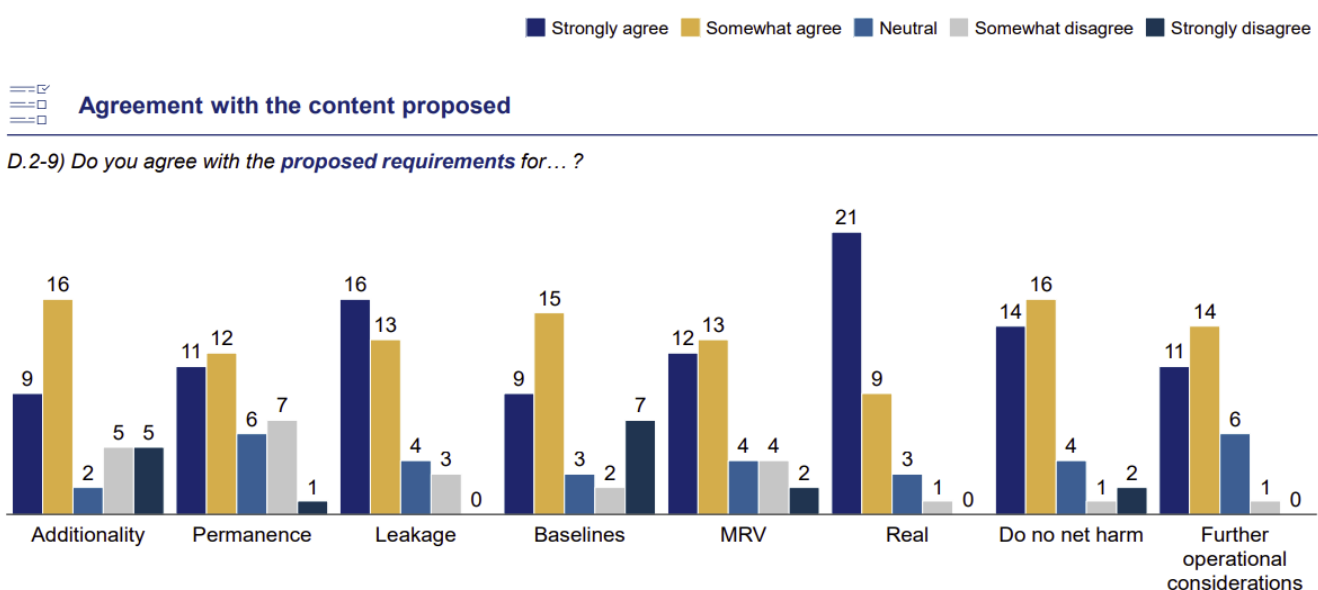

Figure 13: Results Public Change Log adopted from TSVCM (2021c, p. 49)

refers to the question whether a project would have been financially feasible without the funding through the voluntary market (Probst et al.,2021; McFarland, 2011).

Financial additionality was controversially discussed, due its subjective character as it is difficult to determine due to matters of "*confidentiality, proprietary internal business decisions, and the potential of arbitrary metrics*" (McFarland, 2011, p. 39). According to the Climate Action Reserve, the implementation of this recommendation adds a "*significant administrative burden for no tangible environmental benefit, thereby making participation in carbon markets even more inaccessible for critical projects*" (Climate Action Reserve, Open letter). The project developers ALLCOT and Everland further highlight that the requirement for financial additionality might result in undermining the VCM's potential to foster innovation, through creating barriers to channelling finance to new technologies. The standard-setting organization Verra also states that "*applying a one-size fits-all rule to this complicated question also risks undermining the VCM's ability to foster innovations, such as by providing early finance to new technologies*" (Open letter). This argument has also been applied by multistakeholder coalitions, intermediaries, and financial actors. Another comment illustrating this stems from the renewable energy company Drax, which stated that the "*TSVCM needs to be careful to ensure that the additionality rules do not impose requirements that deter market entry for projects that are clearly providing and delivering carbon removals* (Open letter)". Therefore, they advocate for an additionality test for credits from removal projects that is structured in a way that does not prevent projects that are initially wholly or partly governments supported from qualifying.

Stakeholders argue that this would ensure that capital flow is only allocated to projects that would not be viable without financing through the voluntary market and to avoid those credits contributing to the profitability or return of exiting projects (BlackRock, Open letter). Some even go as far as to state that not requiring financial additionality "*will put profit before climate and people's best interest, opening doors to carbon colonialism*" (Compensate, Open letter). Only 22% believe that all CCP methodologies should include financial additionality (TSVCM 2021c, p. 38).

This example illustrates how the reasons to grant legitimacy to the VCM, introduced in section 4.1, impact the perceptions of more specific recommendations in the context of CCP methodologies. Proponents, base their argument on the general criticism of carbon offsets that allow companies to buy their way out of fundamental internal climate action. In the case of opposing financial additionality, the stakeholder's argumentation is closely related to perceptions of the VCM's ability to drive innovation and support technology-based carbon credits. Stakeholders justify their opposition to financial additionality by arguing that the requirement would slow innovation.

Next to the example of financial additionality, the majority of standard setting organizations generally expresses critique towards the requirements resulting in a new standard. The American Carbon Registry illustrates this by stating that they would like the Taskforce to include existing offset standards, crediting bodies, and associated offsets with strong track records which are already recognized for ensuring quality. They highlight that if the governance body fails to do so and establishes a system that results in most existing high-quality credits not meeting the CCPs, the governance body may quickly lose relevancy. These comments clarify that stakeholders fear that the Taskforce's proposed recommendations will lead to the development of a new standard, further complicate the existing market, make it increasingly challenging to develop and certify projects, and ultimately weaken their independent decision-making authority.

Unlike the so-far mentioned comments, the Gold Standard seems to be somewhat worried that the CCPs are almost certainly going to "*be below the bar they set,"* and diminish the standards' high efforts to consider SDG co-benefits in their projects. Therefore, they appreciate that rating systems are playing an increasingly important role in the Taskforce, as they result in people being able to choose based on an independent rating what offset to buy. These ratings will enable buyers to better understand the differences amongst the standard-setting organizations and their methodologies and allow the Gold Standard to emphasize its focus on SDG co-benefits. However, one interviewee highlighted that although Gold Standard's methodologies are quite good, one should keep in mind that "*not everything they do is necessarily golden*" (Interview). Another interviewee highlighted that he thinks that the Gold Standard has "*done a very good marketing job over the years and they have chosen well into their name and gold standard people just assume it is the highest quality*" (Interview).

Nevertheless, the introduction of meta standards will bring more transparency, enabling buyers to decide what they consider most important and to what extend standard meet certain criteria. One of the ratings that will most likely play a role in the Taskforce is the Carbon Credit Quality Initiative (CCQI). The Environmental Defense Fund, the WWF, and the Oekoinstitute (all Advisory Board members to the Taskforce) introduced this initiative with the aim to evaluate the different methodologies of the existing standards by scoring them reaching from 1-5. As a member of the expert panel to the governing board of the integrity council and one of the primary authors of the paper by the CCQI, the interviewee from the Oekoinstitute stated that he will consider the findings in his recommendations to the Taskforce (Interview). This suggests that the introduction of the CCPS does not mean that additional efforts by standards organizations beyond the CCPs will be neglected. This is primarily beneficial for the standard-setting organizations whose methodologies are not holistically reflected in the CCPS.

4.4.4 The risk of the Taskforce becoming insignificant

The results also indicate that some stakeholders consider the Taskforce to be irrelevant to their organization. This finding is also in line with Suchman's definition of 'exchange legitimacy' in that support for an organizational policy is based on its expected value. Yet, in this case the organizational policies are not supported, as they are perceived as being insignificant to respective constituents. These statements were labeled "general" because perceiving the Taskforce as insignificant does not indicate that stakeholders expect to be positively nor negatively impacted by its proposed recommendations or actions. Representatives from different stakeholder groups commented on this, including project developers, standard-setting organizations, buyers, multi-stakeholder coalition, intermediaries, academia, and 'others'.

As described in section 4.4.3, most project developers expect the Taskforce's recommendations to add an administrative burden to their daily work and worry that the interests of the supply side are not going to be adequately represented in the Taskforce. However, the research sample also included one project developer who clearly stated not to expect the Taskforce to impact their daily work significantly. He emphasized, *"(...) it's not like we're now thinking: Oh no, the Core Carbon Principles! On the contrary, I think they were chosen to be a hurdle most project developers can overcome, so I don't think they will have much impact*" (interview). This example illustrates how differently stakeholders perceive the expected impacts of the CCPS within the same stakeholder group. A closer look at the two interviewees suggests that personal perceptions of the consultation process may have mainly influenced this perception of the CCPs. The more critical stakeholder was much more engaged in the consultation process and was more explicitly aware of potential impacts the CCPs might have on their operations than the other

interviewee. However, at this point, both statements are only assumptions based on perceptions of the Taskforce.

The extent to which suppliers must adapt their projects to ensure that they meet the CCP criteria also depends on the portfolio of carbon offset projects. Especially projects to avoid deforestation pose massive methodological problems and integrity challenges, according to the interviewee from the Oeko-Institute. Overall, Taskforce members controversially discuss the offset types, particularly forestry projects. Project developers who already have comparatively demanding criteria for projects are therefore likely to feel less constrained by the Taskforce than those who have rather low requirements and therefore see the Taskforce as comparatively insignificant.

The standard-setting organizations also commented on the Taskforce being at risk of becoming insignificant. The Gold Standard interviewee stresses that the Taskforce's goals are in danger of "*not making much of a difference (*Interview*).*" Meanwhile, the American Carbon Registry emphasizes that the Taskforce may not be able to drive fundamental change if credit providers and/or buyers are unwilling to pay for additional work required. Therefore, the Taskforce must attempt to develop a system that ensures that the majority of existing high-quality credits already meet CCP's. This again illustrates how stakeholders from the same stakeholder group perceive the potential of the Taskforce very differently. While the Gold Standard seems confident that the CCPs will not have a major impact on its own standards, the American Carbon Registry indirectly highlights its doubts that the Taskforce's recommendations will pose a threat to its operations and drive-up costs, arguing that the Taskforce risks becoming irrelevant if most existing credits are not accepted under the CCP methodologies.

In addition, the results show that the Taskforce's goals, namely standardization and the creation of CCPs, are of particular interest to companies that already buy carbon credits on a large scale or plan to do so soon. For businesses only purchasing a limited amount of carbon credits, buying credits to sell their story to their customers is often more interesting. Buyers also often want to better understand what type of project they are supporting by purchasing carbon credits, which becomes less relevant in a standardized market. According to the interviewee from Siemens, standardized credits will more likely be attractive to companies buying offsets in the order of multi-megatons. For corporations only purchasing a small number of offsets, the Taskforce's further developments are not very interesting, as strategies are "*going in a different direction*" (Interview Siemens).

Another interviewee representing buyers' interests in the energy sector in Germany stated that the Taskforce is not of utmost relevance since its staffing is very American and not European enough to be of great interest to companies/ organizations in Europe (BDEW, Interview). Although they appreciated being active in the Taskforce to strengthen their position and learn more about international developments in carbon markets, the Sustainable Carbon Cycles initiative launched by the EU is more interesting to them. This initiative was launched in December 2021 and sets out an "*action plan on how to develop sustainable solutions to increase carbon removals*" (European Commission, 2021, para. 4). Like the Taskforce, the Sustainable Carbon Cycles initiative aims to scale up carbon removals and enhance the robustness of markets and the regulatory use of carbon certificates by improving the monitoring, reporting, and verification of carbon removals. By the end of 2022, the commission aims to propose a regulatory EU framework for the certification of carbon credits with a focus on carbon farming and sustainable industrial carbon. Their main goals are to enable every land manager by 2028 to have access to verified emission and removal data and annually remove 5Mt of C2 from the atmosphere to permanently store it through technological solutions by 2028. This does not only indicate another initiative supporting the shift within the VCM to long-term storage credits, but it also illustrates that granting

pragmatic legitimacy partly depends on the geographical background of main actors in private governance initiatives.

Ultimately, this example illustrates that granting pragmatic legitimacy also depends on the emergence of alternative initiatives that respective stakeholders might deem more appropriate to achieve the goals they consider most important. Initiatives mentioned in previous sections, such as the CCS+ or the VCMI, might also contribute to the Taskforce's decreasing significance. Yet, a cooperation of new emerging initiatives would decrease this risk and potentially result in a more successful, comprehensive governance of the VCM. This led the Taskforce to plan forming a coordination group of all the initiatives active in the VCM to align to *"avoid double work, share progress, expertise and experiences"* (TSVCM, 2021c, p. 5).

Further, the results illustrate examples from stakeholders within the study sample demonstrating how their personal experiences during the consultation process led them to perceive the Taskforce as irrelevant to their current situation. One example of this is an interviewee who highlighted that the vast number of people being active in the consultation process made him skeptical. While the core of the Taskforce consisted of 40 members, this number quickly grew to 400. This was the point where he was "*not supportive of the idea to be one out of 400*" (Interview, Anonymous). The interviewee from the Gold Standard explained how the "*huge bloat of governance*" seems to be a trend, which is also observable in the VCMI (Interview). He also states that the Taskforce asked for too much time to contribute without being paid. Another respondent mentioned this as well, criticizing the Taskforce for requiring participants to work unpaid for one day per week. Since he felt like he was not getting anything out of the Taskforce, and he was the one constantly contributing, he stopped *"wasting his time"* (Interview, Anonymous). Another example for this is the coalition of rainforest nations, also discussed in section 4.3.3, in which the organization highlights that they had not been consulted in any part of the governance processes, which is why the CCPs do not carry any legal validity in their countries and are therefore insignificant to them. This illustrates how stakeholders tend to lose interest in a private governance body once they do not feel their contributions are valued, resulting in considering the Taskforce insignificant.

Finally, the results imply that some stakeholders do not see the Taskforce as adding value to the current market from their own perspective and therefore consider it insignificant. One interviewee working in carbon credit trading states that the Taskforce does not deliver anything the market currently lacks (S&P Global Plats, Interview). Another interviewee involved in carbon credit trading even said that CCPs are solely a thought construct for which there is not yet a market, emphasizing that they do not care about CCPs "*as long as there is a market where we buy or sell*" (Vitol, Interview). Moreover, some stakeholders tend not to grant pragmatic legitimacy to the Taskforce as they strongly believe in another solution than the CCPs to solve recent problems faced by the VCM. An example of this is the machine learning company Pachama, which is focused on leveraging data, artificial intelligence, and automation to protect ecosystems, restore forests, and improve carbon markets (Pachama, 2022). The author of the open letter highlighted that the only "*real solution comes with better technology*" as several other initiatives have previously attempted to summarize or simplify existing forest offset standards with no discernible impact on the market. These examples illustrate how the day-to-day experiences and activities within the VCM influence stakeholders' perceptions of the importance of the Taskforce, possibly leading to perceptions of insignificance.

4.4.5 Interim Results

This chapter presented the factors that influence stakeholders in granting pragmatic legitimacy to the Taskforce. The findings illustrate how stakeholders perceive the Taskforce as beneficial or detrimental to their activities.

First, this chapter identifies several reasons for stakeholders to become involved in the Taskforce. One of the most frequently mentioned comments was the desire to have an active say in how the market should develop by participating in discussion groups and openly expressing one's point of view in the public consultation process. Through active participation, buyers provided input on demand-side needs in the VCM, while NGOs were primarily interested in highlighting projects, they felt needed more attention in the VCM. To emphasize these project types, they used the Taskforce as a platform to share their concerns and wishes for the future of the VCM. Further, stakeholders indicated they were interested in being active in the Taskforce to stay ahead of the latest developments in the market.

Further, granting pragmatic legitimacy to the Taskforce is primarily based on representatives' expectations that its activities will benefit their operations. This is predominantly mentioned by VCM advocates, who support the Taskforce's primary goals of creating a more robust infrastructure by standardizing credits to increase the reliability and transparency of carbon credits. Further, the results identify two examples of how some stakeholders target the Taskforce because they hope it will directly assist their problems. Yet, the chapter also points out that some stakeholders do not think the Taskforce can add value to the current VCM and therefore see its objectives as insignificant. This perception is based on the belief in other solutions to increase integrity and scale of the market, such as a technological approach to enhance the estimation of baselines, additionality, leakage, and permanence, instead of setting more requirements in the form of a new standard. Altogether, this illustrates how some see potential benefits for their own operations reflected in the Taskforce's mandate, while others do not believe the Taskforce in general can enhance the current VCM. This once more illustrates how not only conferring moral but also pragmatic legitimacy is largely dependent on the perception of the Taskforce's mandate.

Moreover, the section demonstrates that suppliers and standardization organizations are the stakeholder groups predominantly refusing to grant pragmatic legitimacy, as they fear the recommendations proposed by the Taskforce to adversely affect their daily operations, making it more complicated to implement projects on the ground. They fear an increase in costs due to the proposed regulations, which would create further barriers to project development and ultimately undermine the growth of the VCM that the Taskforce initially set out to contribute to. Many also refer to how the increase in heavy regulations through the Taskforce's recommendations could hinder innovation, linking back to the perception of the VCM fostering innovation discussed in chapter 4.2. Yet, the research results also indicate how one project provider does not believe that the principles proposed by the Taskforce will impact their operations negatively. Amongst the standard setting organizations, the Gold Standard is the only one not highlighting the additional administrative burden but emphasizing the risk of the CCPs to undermine its efforts to go beyond minimum requirements. Therefore, they welcome the introduction of a rating system that provides an overview of the differences between the standards to highlight efforts to achieve additional benefits that might otherwise be disregarded if CCPs are made the minimum standard.

Next, this chapter outlines why stakeholders believe the Taskforce is at risk of being irrelevant to their operations. For buyers the Taskforce is predominantly of relevance if they aim to purchase large quantities. In contrast, buyers only interested in small amounts do not strongly show fundamental interests in scaling the market and standardizing contracts to make trading carbon credits more efficient. This explains why BP is on the governing board, representing the interests of buyers. Other reasons for not granting the Taskforce pragmatic legitimacy are the emergence of other initiatives that stakeholders

consider more relevant to their operations. A broad range of initiatives with similar goals might decrease the Taskforce's relevancy. As a response to this risk, the Taskforce highlighted the importance of the cooperation of different organizations in its second report.

Moreover, some stakeholders were disappointed by the consultation process and felt that their opinions were not adequately considered, which has also been discussed previously under moral legitimacy. Some even cited this as a reason for not granting the Taskforce pragmatic legitimacy, stating that the Taskforce is irrelevant to their activities because their opinions were not taken into account in the decision-making process. This illustrates how closely conferring moral and pragmatic legitimacy is interlinked.

Overall, the results shed light on how personal interests influence the legitimization of the Taskforce. Since the initial goal of the Taskforce is to scale the voluntary market, providers must be able to implement CCPs on the ground to make a difference. Comments from providers and standards organizations about a potential administrative burden have created a dilemma for the Taskforce. If project developers' criticisms that some of the recommendations are nearly impossible to implement in practice prove true, it would be more challenging for the Taskforce to achieve its initial goal of scaling the market. On the other hand, the Taskforce's aim is to improve the integrity and quality of the market, which might require stricter requirements for methodologies. This relates back to the Taskforce's mandate, discussed in chapter 4.2.3, which illustrates stakeholders criticizing the Taskforce's dual approach of both aiming to increase integrity and scale the market.

The final version of the CCPs will show the extent to which the Taskforce will succeed in developing requirements that challenge standards but also enable providers to qualify for CCPs while increasing supply. If the IC-VCM's requirements are set too low, the governing body risks creating a 'race to the bottom' because existing standard-setting organizations already have higher requirements, making projects more expensive than required under the CCPs. Ultimately, this demonstrates that the Taskforce must constantly weigh which interests it deems most important and maintain a degree of pragmatic legitimacy with all stakeholders in order to achieve its goals.

5. Discussion

The chapter seeks to summarize and contextualize the findings adhering to the research question "*How do stakeholders confer legitimacy to the Taskforce on Scaling Voluntary Carbon Markets and what are the implications for the voluntary carbon market?*" To elaborate on the results in relation to the research question, the legitimization of private environmental governance schemes and the implications for the VCM`s governance are discussed separately. Further, the chapter includes a reflection of the theory applied in the research and, lastly, examines the research process and potential limitations.

5.1. The legitimization of private environmental governance schemes

In its efforts to balance moral and pragmatic interests, the Taskforce strives to be granted cognitive legitimacy, which is described by Suchman (1995) as the most subtle and powerful source of legitimacy. Suchman (1995) distinguishes between granting episodic and continual cognitive legitimacy to an organization. Episodic cognitive legitimacy is described as stakeholders comprehending the rules of an initiative and perceiving them plausible and predictable. Based on this definition, the empirical research findings indicate that whether stakeholders grant episodic cognitive legitimacy to the Taskforce largely depends on the reasons indicating whether they grant moral and pragmatic legitimacy. In turn, moral and pragmatic reasons are largely influenced by the stakeholder's general perception of the VCM and respective project types. Thus, the degree to which a stakeholder perceives the Core Carbon Principles as plausible, and respectively grants them episodically cognitive legitimacy largely depends on the degree they grant moral and pragmatic legitimacy to the initiative and the VCM as such.

A more consistent form of cognitive legitimacy is granting an organization continual cognitive legitimacy, also referred to as taking an organization for granted and perceiving it as inevitable and permanent (Suchman, 1995). Thereby, this form of legitimacy is a more lasting form of support and usually develops over time. The empirical findings only allow a glance into the future, as the development of the IC-VCM is also greatly dependent on external factors, such as the further development of the interrelation of voluntary and compliance carbon markets, and the developments of other initiatives with similar goals, discussed more in depth in 5.2. Figure 14 provides an overview of the findings presented in chapter 4, and how the different reasons to grant legitimacy to the Taskforce relate to each other, as discussed in the preceding paragraphs.

General perceptions of the VCM

a) Channeling Finance (to the global South)
b) Fostering Innovation (Focus on Negative Emission Technologies)
c) Contribution to reaching climate targets set in Paris

a) Accounting problems in countries with bribery, political volatility, and lack of safeguards → human rights violations in host countries
b) Temptation to procrastinate a change in consumption behavior
c) Questionable methodologies regarding additionality and integrity
d) Complexity of the standards and uncertainty as to whether projects are properly implemented.
e) A license for economic growth
f) High level of bureaucracy and many regulations on the market
g) Price of a carbon credit does not necessarily reflect its quality and lack of transparency in price distribution makes it particularly difficult for buyers to determine the quality of a carbon credit

Perception influences support/criticism of carbon offset types

1. Emissions reductions/ removal with short-lived storage (see a/c/a/c/d/e)

2. Emissions reductions/ removal with lived storage (see b/c/b/e)

3. Avoided emissions or emission reductions without storage (see c/c/e)

Moral Legitimacy

"I view the Taskforce as (in)appropriate because it is (not) the right thing to do!"

- Perception of Taskforce's ambition
- Costs of governance body/ Founding sponsors as board members
- Feeling heard in the governance process/ Transparency throughout the consultation process
- Perception of representation of the global South and the demand side/ private actors on the board
- Perception of the number of organizations active in the governance process

Pragmatic Legitimacy

"I view the Taskforce as (in) appropriate because it (does not) benefit me"

- Possibility to represent perceptions of the VCM/ project types and increase authority/ influence in policy discussions
- Stay informed about developments in the VCM
- Taskforce enforces own interests: Builds infrastructure to increase demand, strengthens CCP reliability/transparency & standardizes and homogenizes the market
- Perception of the impact of CCPs own operations:
  - Resulting in additional administrative work, making it more expensive/ more challenging to implement projects
  - Being below own standards potentially results in devaluation → Emphasis on rating systems
- Interesting to companies purchasing large quantities, rather insignificant to others
- Other reasons for insignificance: High representation of American stakeholders, not feeling heard/unimportant, the Taskforce does not add value to the market

Cognitive Legitimacy
" I have internalized the recommendations of the Taskforce and I would (not) think to act otherwise "
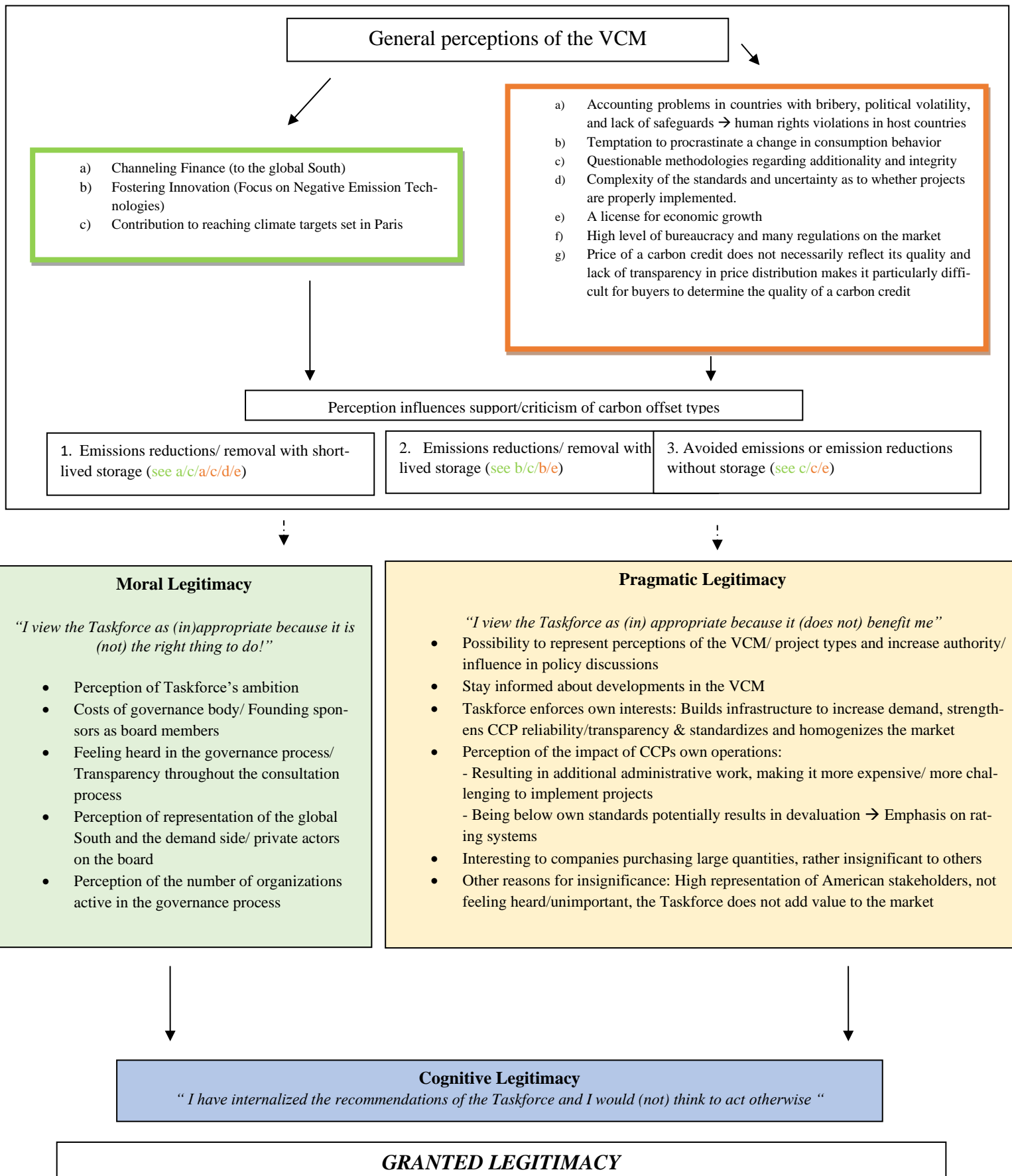
GRANTED LEGITIMACY

Figure 14: Overview of research results presented in chapter 4

Concerns raised in terms of both moral and pragmatic legitimacy, as described in the previous chapters, imply that it is even more important for the Taskforce to implement a successful stakeholder management, as this is the primary manner for initiatives to be granted legitimacy (Claasen & Roloff, 2012). The process of organizations seeking legitimacy is often a procedure of actively pursuing legitimation, in which an organization must either meet the substantive needs of various audiences, offer decision-making access, or do both to actively achieve being perceived legitimate (Suchman, 1995). For the Taskforce, a successful stakeholder management is of importance to get into an exchange with suppliers and standard-setting organizations who are hesitant in granting pragmatic legitimacy to the Taskforce, and to address stakeholder concerns when it comes to the moral legitimacy of the Taskforce, mainly posed by NGOs.

As described by Mobus (2005), organizational values show through verbal accounts and actions in response to events and are thus subject to constant constituent scrutiny. In this context, examples throughout the research have shown how the Taskforce adjusted its organizational activities based on the consultation process to achieve being conferred legitimacy (see table 6).

Table 6: Response by the Taskforce to reasons preventing stakeholders from granting legitimacy

Critique	Adjustment/ Response of the Taskforce
Predominant focus on scaling the market	The Taskforce omitted the term "scale" in the name of the IC-VCM and now states the initiative seeks to achieve "*responsible growth*" of the market (IC-VCM, 2022a, para. 1.). In addition, some interviewees indicated that, following the consultation process, they observed a shift in thinking among key representatives within the Taskforce, not perceiving the scaling of the market as the main objective anymore.
Lack of reference to the Paris Agreement	The Taskforce plans to adjust a third-party effectiveness review which will take place after three years to assess the advancement of the body in fulfilling its mandate and the success of the VCM in contributing to climate action and reaching the goals of the Paris agreement. This evaluation will be "*the first one in a series of period stock takes that the governance body will undergo every 3 years*" (TSVCM, 2021c, p. 11).
Lack of expertise in governance board on critical terms	Introduction of a more precise definition of offsetting and an improved understanding of the market in general through a more knowledgeable governance board (Interview). Yet, the evaluation of the governance boards' expertise is very subjective.
Lack of representation from the global South	Introduction of three representatives of indigenous people in the governance board.
Overrepresentation of demand side	The Taskforce addressed this as a democratic question in its public consultation process, resulting in a majority voting for active market participants being on the board (with the only guardrail to currently not being employed). Through this the Taskforce can legitimize the high representation of the demand side on the board.

Emergence and existence of many other initiatives in the VCM posing a risk for the Taskforce of becoming insignificant	As a response the Taskforce proposed a coordination group of all the initiatives active in the VCM to align to *"avoid double work, share progress, expertise and experiences"* (TSVCM, 2021c, p. 5).
Unclarity about role of founding sponsors	The Taskforce used the consultation process to provide more information about their role in the governance board to reassure the critics that founding sponsors are not required to financially support the initiative
The Taskforce backs up its decisions by mentioning all organizations involved in the consultation process on its website, which leads to the wrong assumption that the entire organizations back up their decisions, although only representatives had been involved in the process	On the website of the ICVCM it now states that market representatives had been "Chosen via vote by the 250+ organizations that participated in the Member Consultation Group for the Taskforce for Scaling the Voluntary Carbon Market, **acting in their personal capacity**." (IC-VCM, 2022)

Table 6 illustrates how the Taskforce has adjusted some wording, clarified issues upon request, and adjusted the composition of the governing board. Yet the core of the main criticisms remains unaddressed: the North remains predominantly represented, BP is still a board member, founding sponsors remain on the board, and the growth of the market is still a critical objective. Similarly, the initial lack of involvement in discussions about linking the VCM to the Paris Agreement during the Glasgow negotiations, and the first impressions of the lack of expertise on the governance board, and the absence of representatives from countries most affected by projects under the VCM cannot really be made up for in hindsight. Even if the Taskforce responds to posed criticism, this does not change the fact that it did not do so in advance and undermines stakeholders' concerns about the private nature of the initiative and its intentions of primarily scaling the market.

The general distrust of the private nature of the Taskforce is expressed primarily by NGOs. Although most NGOs included in this research sample are primarily critical of the Taskforce, particularly concerning moral legitimacy, some large NGOs that are also board members are thoroughly supportive of the Taskforce's goals. These organizations, such as Conservation International, can help ensure that the Taskforce is viewed as morally legitimate by a broader public. Moreover, the number of thoroughly critical NGOs that also criticize the market as such, and therefore will most likely never grant legitimacy to the Taskforce, is limited to a few. Nevertheless, the support of organizations such as Greenpeace would lead to a further improvement in the perception of the Taskforce. The research results show that Greenpeace is waiting for the publication of the CCPs to ultimately decide to what extent they grant legitimacy to the Taskforce, while BP as a board member and the inclusion of forestry projects remains their primary concern and reinforces their distrust of the IC-VCM as a governing body.

Overall, the legitimization process of the Taskforce is a constant need to balance between moral and pragmatic legitimacy. Schleifer and Bloomfield (2015) emphasize the challenge "*to navigate the precarious waters*" between these two forms of legitimacy, "*as straying too far in one direction risks losing the audience in the othe*r" (p. 2). An example of this dilemma is the inclusion of the REDD+ methodologies in the CCPs. Some stakeholders within the research sample have expressed concerns about REDD+ methodologies and therefore wished the Taskforce to exclude the methodology from CCPs because these projects often pose methodological challenges, lead to human rights violations and

bribery. On the other hand, supporters of REDD+ emphasized the importance to include the methodology and support moving these projects forward. It is not possible to consider both the desires of those with moral reasons to oppose the inclusion of REDD+ and the interests of those with pragmatic reasons to advance REDD+ activities, as they contradict each other. Thus, pursuing the interests of the opponents of REDD+ would have potentially resulted in project suppliers and standard-setters not granting the Taskforce pragmatic legitimacy, because this would have excluded one of the major project types of their portfolios. In the most extreme case, this would result in the supply side deeming the CCPs inapplicable, thus rendering the initiative invalid. On the other hand, including the REDD+ methodologies would result in some civil organizations being more skeptical. Both decisions could lead to losing an audience and having severe consequences for the perception and effectiveness of the IC-VCM.

However, in terms of the composition of the governing body, the Taskforce could have established a more diverse governing body upfront. By choosing a representative of buyers other than BP, the initiative would not have risked losing the target group of active market participants in general. Instead, the risk would potentially have been losing the support of major oil and gas companies, as they are expected to be more likely to grant legitimacy to the Carbon Core Principles if a representative of their interests is also on the board. Since oil and gas companies are one of the largest buyers of carbon credits, they are one of the most important stakeholders for the Taskforce, and therefore important for its pragmatic legitimization process.

5.2 The implications for the VCM's governance

In adherence to the main research question, the final discussion ultimately seeks to address the implications for the governance of the VCM. Three key points stand out and are discussed in the following.

First, the results suggest that stakeholders emphasize the need for an oversight body to monitor the market but, in some cases, are hesitant to change their practices and hand over some of their responsibilities to the Taskforce. Standard-setting organizations are reluctant to grant pragmatic legitimacy to the Taskforce, fearing that the Taskforce will not conduct a rational and effective evaluation process to add real value but instead contribute to further market fragmentation. This indicates that the CCPs will only be conferred pragmatic legitimacy from existing standards if the Taskforce succeeds in acting as a lever to ensure that the work of qualified entities is accepted, leaving most of the responsibility to existing standard-setting organizations. In addition, a large proportion of suppliers fear an increase in costs and disagree with some recommendations, as they expect them to lead to additional administrative burdens. The hesitance to grant pragmatic legitimacy due to more work suggests that CCP requirements may be increasing the quality of carbon credits, but this cannot be explored in detail with the methodology used in this paper. Thus, it is also possible that the recommendations merely increase costs and lead to a higher administrative burden without improving quality. Ultimately, analysing the extent to which CCPs increase the quality of carbon credits would require a separate analysis. However, the results are an indication that such an analysis would be worthwhile given the concerns raised. Overall, the results show that the Taskforce has limited ability to intervene in the market due to these concerns. Further it raises the question to what extent the introduction of a new standard is truly the best approach to address problems the market is currently facing, or whether other approaches would be more successful.

Second, many welcomed the fact that the Taskforce provided a unique opportunity to bring together stakeholders from a wide range of backgrounds to discuss the future of the VCM. Especially small NGOs emphasized the opportunity to engage with large financial institutions and multinational corporations on this topic. Yet, the inclusion of a broad range of stakeholders in the Taskforce did not convince

critical NGOs that its primary goal is to improve the integrity of the VCM. Some remained sceptical about the Taskforce not establishing eligibility criteria for buyers and thus not actively contributing to avoiding companies purchasing cheap, low-integrity carbon credits. Rather than addressing this issue, the Taskforce decided to create a separate initiative to establish buyer eligibility criteria, arguing that a private initiative should not be responsible for imposing measures that affect itself. Instead, an independent entity, the VCMI, was established. Due to its greater distance from the private sector, the VCMI is more broadly supported by civil society. Thus, a collaboration between the VCMI and the IC-VCM would be an excellent example of a broadly legitimized cooperation between a civil society-led initiative and a market-driven initiative merging into a governing body acting in the interest of both parties to increase the integrity of the market.

Third, the stakeholder arguments on the CCP recommendations and the general perceptions of the VCM suggest that the Taskforce's focus is increasingly on projects to procure credits with long-term storage. Although nature-based solutions continue to play an important role in the VCM and the Taskforce, a closer look at the Taskforce reports suggests a shift toward more technology-focused projects. In addition, the results show that criticism of these carbon credits tends to be limited within the study sample, while massive methodological problems are repeatedly pointed out for forestry projects. Overall, this suggests the aim of a governance toward high-quality credits, as technology-based projects pose fewer quality and integrity challenges than credits sourced from nature-based solutions. In addition, the Taskforce's recommendations have been criticized by suppliers, arguing they will hinder the promotion of innovation in VCM and the development of new technologies. However, these types of credits are generally quite expensive today. Therefore, the Taskforce aims to help make high-quality credits of this type more affordable. The analysis has shown that this perception is legitimized by various other initiatives being active in the Taskforce, seeking to contribute to increasing the quality of carbon credits through accelerating the deployment of long-term storage credits (see Table 7).

Overall, it is striking that all the initiatives refer to 'long-term' or 'permanent' storage. This definition does not automatically exclude afforestation or reforestation projects. However, it is much more challenging to ensure permanence for these projects than it is for technological projects. Therefore, due to its mandate to enhance the quality of carbon credits, the Taskforce is focusing on expanding technology-based projects and developing methods for nature-based solutions that ensure permanent storage. The active participation in the Taskforce of the initiatives mentioned in the table indicates that these initiatives are legitimizing this shift.

The rise of competing schemes can challenge initiatives on both pragmatic and moral grounds, "*leading to a deterioration of its legitimacy and eventual loss of support from both industry and civil society*" (Schleifer & Bloomfield, 2015, p. 15). The Sustainable Carbon Cycles initiatives poses a threat to the Taskforce's legitimization by having very similar goals and being supported by the European Union. However, the sustainable carbon cycles initiative was only explicitly mentioned by one stakeholder, leaving it open to what extent the initiative truly poses a risk to the existence of the Taskforce.

Table 6: Response by the Taskforce to reasons preventing stakeholders from granting legitimacy

Table 7: Initiatives supporting a shift towards credits generated through long-term carbon storage projects, active in the Taskforce

Initiative	Shift towards credits generated from long-term carbon storage	Relation to the Taskforce
Institutional Investors Group on Climate Change (IIGCC)	The IIGCC is a European membership body for collaborations amongst investors on climate change. To achieve a net zero goal, the initiative has established a public commitment for asset owners. In this it states that the institution commits to only invest in **long-term carbon removals** when no technologically or financially viable alternatives are available to eliminate emissions, consistent with their fiduciary obligations. If using offsets, the IIGCC proposes to invest in long-term carbon removal, where there are no technologically and/or financially viable alternatives to eliminate emissions (IIGCC, 2021).	Member of the Consultative Group to the Taskforce
SBTi Net-Zero Standard	The SBTI Net-Zero Standard was established due to the pressing need for a common understanding of "net-zero" in a corporate context. It is argued that "*business leaders need a robust, science-based framework for setting net-zero targets. Otherwise, they risk continuing to invest in business models that are inconsistent with the goals of the Paris Agreement.*" (SBTI, 2021, p. 4). As soon as the net-zero target date is reached, companies must neutralize any residual emissions by **permanently** removing carbon from the atmosphere. As examples of projects permanently storing carbon, the SBTI refers to DAC and BECCS. Yet they also mention improved soil and forest management and land restorations as well as biogenic carbon removals.	SBTi was an advisory board member to the Taskforce
Sustainable Carbon Cycles Initiative	The initiative, launched by the European Commission, aims to develop sustainable solutions to increase carbon removals to achieve net zero by 2050. Amongst others, the goals are to increase the amount of CO2 being **permanently** stored and removed from the atmosphere through technological solutions.	Potential competing initiative
Sustainable Markets Initiative	The initiative's mission is to "*build a coordinated global effort to enable the private sector to accelerate the transition to a sustainable future*" (Sustainable Market's Initiative, n.d.). The initiative launched a Taskforce with the goal of "*improving the understanding of CCUS technologies, accelerating their deployment and the development of demand for carbon dioxide abatement*" (Sustainable Market's Initiative, n.d.). Amongst others, members include Shell and BP.	Advisory Board Member and Consultation Group Member
The CCS+ Initiative	The aim of the initiative is to unlock and **scale-up CCS-related climate action** in carbon markets, with an initial focus on project-based methodologies for the Voluntary Carbon Market (Krey, 2021).	Request to the Taskforce to support/legitimize the initiative by TotalEnergies, large overlap of stakeholders (see table 8)

| *The Oxford Principles for Net Zero Aligned Carbon Offsetting* | The Oxford Principles for Net Zero Aligned Carbon Offsetting (the "Oxford Offsetting Principles") aim to outline how offsetting needs to be approached to ensure it helps achieve a net zero society. In relation to the shift towards credits generated from long-term carbon storage, they state that "*short-lived storage offsets help buy time to reduce emissions and invest in **long-lived storage**, but they are not a long-term solution for achieving balance between sinks and sources. It is therefore critical that investment in scaling and improving the technologies that enable long-lived storage begins now. Creating demand for long-lived offsets today sends a signal to the market to grow the supply of such offsets.*" (Allen et al, 2021, p. 2) | Two representatives of Oxford university, who were partly involved in the development of the principles served as members of the consultation group and as advisory board members |

Helping to reduce scepticism about short-term storage projects by establishing a minimum standard that reduces the reputational risk to buyers from purchasing low integrity certificates would be a milestone for the VCM. However, this will not be easy to achieve, as the analysis shows that proponents of nature-based projects are often critical of more stringent requirements. Overall, it is likely that nature-based solutions will continue to play an important role, primarily because they are much cheaper than novel technology projects. Moreover, proponents emphasize that, in addition to simply reducing carbon emissions, they play an essential role in delivering additional benefits to society and the environment (see Figure 15).

Throughout the research it was also mentioned by respective stakeholders that especially Africa has not yet benefitted from the VCM and the potential of respective SDG co-benefits. Overall, the VCM so far has fallen short in many places on the continent due to high scepticism amongst buyers. The representation of African NGOs offers the opportunity to initiate a discussion about the role of the continent. However, with the dominance of the Global North's prescriptions, it is questionable how interests will translate in this regard. Yet, interviews with other members of the governance body also pointed to cooperation with African states to increase the impact of projects.

Ultimately, the Taskforce merely provides the guardrails for the type of project and can influence steering it in one direction, while leaving it up to the buyer what type of project to support financially. Overall, it will also depend on how important buyers consider other co-benefits, some of which are lost in technological long-term storage projects solely focussing on the reduction of carbon emissions (see figure 15).
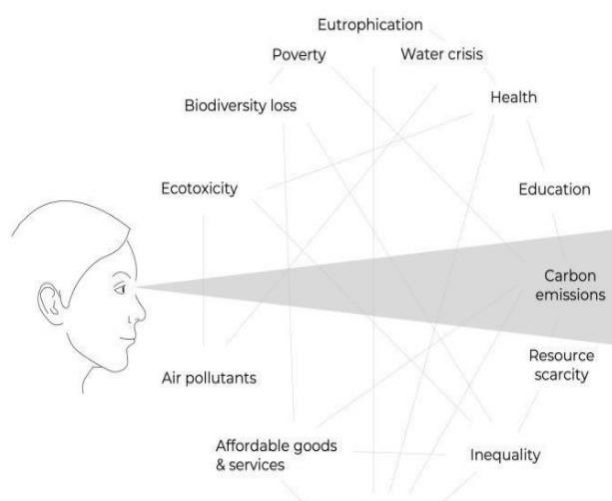

Figure 15: Co-benefits to carbon emission reduction retrieved from Consulting Global Sustainability by Konietzko, J.(2022)

5.3 Reflection on theory

As a well-recognized framework related to organizational legitimacy, the use of Suchman's (1995) framework in this thesis helped to create an understanding of stakeholder interests and concerns about the Taskforce. Because of the design of this study and the focus on the legitimacy process, the framework drew attention to controversial issues and the Taskforce's response to them. While the scope of this study limits the generalizability of the findings in this thesis, Suchman's application of the framework and subsequent understanding of the granted legitimacy of the voluntary carbon market still allowed for contextualization within a broader understanding of organizational legitimacy. Without this theoretical underpinning, it would not have been possible to fully consider all of the various factors that influence granting legitimacy based on textual information. Moreover, the application of Suchman's framework shows that it can be used to shed light on the process of legitimization and determine the response of an initiative to criticism directed at it.

However, the framework also posed some challenges regarding the methods used. Particularly, comments referring to pragmatic interests were sometimes difficult to ascertain, relying on assumptions about whether comments stem from personal interests. In addition, cognitive legitimacy was challenging to assess in the context of this study, given the novel character of the research objective. For this reason, it was adapted to the research purpose and does not contribute significantly to the original understanding of cognitive legitimacy by Suchman.

Furthermore, the framework focuses solely on the legitimacy attributions of the various stakeholders and disregards the importance of power and urgency of each stakeholder, which Mitchell, Agle & Wood (1997) describe as critical to identifying qualitative classes of stakeholders. The importance of considering other stakeholder attributes stems from the results indicating the differences in legitimacy attribution within stakeholder groups and the mix of highly critical and highly supportive stakeholders. Therefore, an examination of the power and urgency of each stakeholder would be necessary to better understand to what extent their opinions influence the ultimate legitimacy of the initiative. This would be a logical next step in the research but is beyond the scope of what is possible in this study.

5.4 Reflection on research process and potential limitations

The study has some limitations in terms of its scope and methodology, which should be considered when determining its contribution to the broader scholarly literature. Although qualitative methods allow the researcher to gain an in-depth response to problems and detailed, rich answers, they only allow limited generalizability (Bryman, 2016).

Moreover, a limit to the generalizability of the empirical findings is the number of organizations included per stakeholder group. The nine stakeholder groups largely consist of less than ten organizations, which makes a generalization of the viewpoints in the stakeholder groups difficult. Nonetheless, the results give an indication of what these stakeholders consider important for granting legitimacy to the Taskforce. At times it was noticeable that certain groups were consistent in expressing similar opinions or in making no statements at all on certain topics. Thus, the research design of the division into these nine groups supported these findings.

Further, the information on which the empirical findings is based stems primarily from the open letters written in response to the Taskforce`s request for feedback, which stakeholders may have preferably used to suggest improvements rather than applaud specific recommendations. Claasen and Roloff, (2012) also highlight that asking about an organization's legitimacy is an invitation to evaluate the

reasons for why it may not be legitimate. The empirical results have a slight tendency towards critical viewpoints of the Taskforce's proposed recommendations and governance body. However, the results also emphasized positive perceptions. In the interviews, emphasis was placed on giving organisations the opportunity to highlight their support for the Taskforce by formulating the questions accordingly and attention was paid to not only interview stakeholders I expected to be predominantly critical of the Taskforce. The research design and the respective coding also specifically highlighted the identification of supportive comments. This resulted in a balanced ratio of positive and negative comments considering the described preconditions.

While the interviews allowed to dive deeper into statements made, the identification of comments through the open letters is based solely on the texts, some of which are very short. In this regard, the UN Convened Net Zero Asset Owner Alliance states when "*organizations do not comment on it does not necessarily mean that they support them*" (Open letter). At the same time, just because organizations do not mention certain things, it does not mean they do not support them either. Therefore, the research assumes that stakeholders mention the concerns they consider most important in the open letters, while the concerns they do not mention tend to play a secondary role for them and are therefore not fundamental to the analysis.

In order to improve this study, it would have been beneficial to conduct a second interview with all interviewees after the coding process. This would have allowed diving deeper into the identified codes after the analysis and to ensure that all interviewees expressed their opinions on all identified concerns regarding the CCPs and the governance body. However, due to the limited time frame, this was out of scope for this thesis. Therefore, as described in the previous paragraph regarding the open letters, the analysis is based on the assumption that interviewees mentioned the most important reasons to grant or to deny granting legitimacy to the Taskforce throughout the first interview.

6. Conclusion and recommendations

In this study, I make two contributions, one at the theoretical level regarding granting organizational legitimacy to private environmental governance schemes and another at the level of the legitimization process of the Taskforce on Scaling Voluntary Carbon Markets and its indications for the governance of the Voluntary Carbon market.

At the theoretical level, I examined how stakeholders' reasons for granting moral and pragmatic legitimacy to private environmental governance schemes influence their perception of the proposed recommendations by these initiatives and thus their likelihood of conferring cognitive legitimacy, the most subtle form of legitimacy. This study suggests that episodic legitimacy, indicating that stakeholders comprehend rules and find them plausible, can eventually be achieved through successful stakeholder management. Through public consultation processes, these initiatives can respond to doubts and attempt to adjust their rulemaking accordingly to influence being conferred episodic cognitive legitimacy. In contrast, continuous cognitive legitimacy, which indicates that an initiative is taken for granted, is more difficult to achieve because it also depends on external conditions and develops over time. In the case of the Taskforce, these external developments include the decisions made regarding article 6 and the launch of other initiatives with similar goals.

The results at the level of the Taskforce indicate reasons why stakeholders grant or refuse to confer legitimacy to the initiative and illustrated how this is partly dependent on the general perception of the market. Although the Taskforce aims to improve integrity, its goal of scaling the market has led skeptical stakeholders to remain wary of the initiative. However, the number of stakeholders included in the research sample who are thoroughly critical of the VCM is limited to a few NGOs. The major reasons identified amongst the stakeholders in the research sample to grant legitimacy to the market include the channeling of finances to projects that reduce or remove carbon from the atmosphere, the VCM's potential for innovation and the market's contribution to reaching international climate targets. These views are closely related to the perceptions of the different carbon offset projects. The results indicate that forestry projects are often criticized, with a few stakeholders thus even explicitly wishing the Taskforce to exclude REDD+ projects in the methodologies accepted under the CCPs. Yet, this illustrates how granting legitimacy to the Taskforce largely depends on voters' general perceptions of the market and the project types and thus influences their opinions about proposed rules.

Regarding conferring moral legitimacy, stakeholders predominantly addressed the Taskforce's board composition, commented on the consultation and governance process, and discussed the initiative's ambition. The reoccurring concern of the underrepresentation of the Global South on the initiative's governing body illustrates that stakeholders are increasingly demanding the active participation of those groups most affected by the governance of the VCM on the ground. In addition, the active involvement of companies from sectors whose business models are highly dependent on fossil fuels in private environmental governance schemes led to skepticism among civil society. Yet, others emphasize the opportunity to engage with large polluters and highlight the importance of respective companies in engaging in environmental governance. In the case study of the Taskforce, some stakeholders emphasize that they value the opportunity to engage with the oil and gas industry in the governance board since the industry is, after all, one of the primary buyers of carbon credits and thus very relevant for the initiative in its legitimization process. However, others mention this as the primary reason not to confer moral legitimacy to the Taskforce. This illustrates the extent to which the opinions of the actors in the study sample differ.

In terms of pragmatic legitimacy, stakeholders predominantly discussed their motivation to become active in the Taskforce, emphasized how rules might pose additional administrative burden to their operations and addressed various reasons for the Taskforce to be at the risk of becoming insignificant. The analysis revealed that standard-setting organizations are concerned that the Taskforce will replicate existing work, resulting in further fragmentation of the market. Meanwhile, suppliers raise concerns about the recommendations potentially increasing costs and making developing projects more challenging. Thus, private environmental governance schemes must continuously balance pragmatic and moral interests to convince both civil societies of their objectives, benefiting the society and the environment while also appeal those it seeks to govern. They need to find a middle ground that ensures they do not lose a target audience by putting too much emphasis on one group's interests. Further, the research indicates that the emergence of similar initiatives makes it essential for private environmental governance systems in complex governance landscapes to emphasize how their work can benefit constituents and engage with them more extensively.

The Taskforce engaged with its audience through a public consultation process, and the research revealed how the initiative reacted to concerns raised. In response to raised concerns, the initiative adjusted some details and clarified requests by stakeholders in its second report. The results revealed that although the Taskforce reacted, the initiative continues to prioritize goals and procedures agreed upon the beginning. Concerning the detailed recommendations of the Core Carbon Principles, it remains to be seen to what extent the Taskforce will reply to concerns raised. Yet, the effectiveness of these recommendations will largely depend on the extent to which standard-setting organizations and suppliers will be willing to adjust to the CCPs. The results have shown that these stakeholder groups often seem hesitant to change their practices and hand over some of their responsibilities to the Taskforce. Thus, it is critical for the Taskforce to engage with these groups to be able to achieve its dual goal of scaling the market and increasing its integrity-

Lastly, the research aimed to investigate the implications of the legitimization process for the market's future. The results reveal that the Taskforce aims to increase environmental integrity both through tightening the requirements for credits from nature-based solutions and accelerating the offer of credits from technology-based removal projects. The analysis indicates that there is a large group of stakeholders and representatives of various initiatives with similar goals represented in the Taskforce who support the acceleration of long-term based credits and thus legitimize the Taskforce's endeavor. A successful legitimization of the Taskforce would pose an opportunity to increase the environmental integrity of carbon credits through both approaches. However, this can only be achieved if the Core Carbon Principles are above the requirements of the existing standard-setting organizations. Otherwise, the CCPs might even risk a "race to the bottom" because current standards organizations are already requesting higher requirements, making projects more expensive than under CCPs and thus making meeting the more stringent requirements less attractive. Moreover, for the CCPs to be effective, the Taskforce needs to succeed in reducing hesitance amongst standard-setting organizations to hand over some of their responsibilities to the Taskforce and convince suppliers of the CCPs' effectiveness.

Beyond the recommendations drawn in this thesis, future studies should investigate how the first impression regarding legitimization persists and to what extent private governance schemes can influence the process by adjusting rules and procedures in line with respective feedback. This would lead to an increased theoretical understanding of how initiatives can contribute to being considered legitimate themselves and what factors make the legitimization of initiatives fail. Moreover, the open question remains to what extent thoroughly critical stakeholders questioning the VCM as such even pose a risk to the Taskforce's perceived legitimacy. Investigating the power relations and the urgency of critical

stakeholders to explore their influence on the legitimization process has been out of the scope of this paper but represents an interesting avenue for future research and should be considered in comparable studies. Lastly, this thesis aims to echo broader calls in the field of research in the VCM on the extent to which initiatives accelerate a shift to projects sourcing credits from long-term storage and the role of the private sector in this. This could illuminate to what extent buyers are interested in these project forms and what role the IC-VCM plays in this context.

Altogether, this study can assist stakeholders in gaining a better understanding of the Taskforce's role in the VCM through the different perceptions and thus the relevance of the initiative to their operations. Further, it can help policymakers make predictions of the VCM's future more concrete and assist them in making decisions on developing projects for the VCM in the future. Finally, practitioners should further investigate through the support of data the extent to which the Taskforce's CCP requirements are improving the quality of carbon credits and communicate this transparently. This recommendation is based on concerns expressed by stakeholders about the unsatisfying ambitions of the Taskforce and the doubts about CCPs leading to an administrative burden that does not contribute to improving market integrity. Through continuous assessment based on transparent data and stakeholder exchanges on the ability of the CCPs to improve environmental integrity, the principles should be regularly adjusted to ensure they are genuinely contributing to reducing global GHG emissions and are thus considered legitimate.

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8. Appendices

Appendix A: Background information Open letters

Company/Organization	Position in Taskforce	Industry	Headquarter
Air Carbon Exchange	Consultative group	Environmental Platform	Asia
ALLCOT	Consultative group	Project Developer	Europe
American Carbon Registry & ART	Member/Consultative Group	Carbon Registry	North America
Anthesis	Consultative group	Consultancy	Europe
Asian Development Bank	Consultative Group	Financial Services	Asia
Bayer	/	Multinational Corporation	Europe
BDEW	Consultative group	Political Organization	Europe
Berkeley University	Consultative group	Academia	North America
BlackRock	Member	Financial Services	North America
Brazilian Tree Industry	/	Association	South America
Carbon A List	Consultative group	Consultancy	North America
Carbon Market Institute	Consultative group	Environmental Services	Australia
Carbon Market Watch	/	Public Policy	Europe
Citi	Consultative group	Financial Services	North America
Clean Cooking Alliance	/	Alliance	North America
Climate Action Reserve	Consultative group	Carbon Registry	North America
Climate Advisers & Finance for Biodiversity	Board member of Governing Board of Integrity Council	Environmental Services	Europe
CLP	Consultative group	Energy	Asia
Coalition for Negative Emissions	/	Alliance	/
Coalition for Rainforest Nations	/	Intergovernmental Organization	North America
Compensate	/	Non-profit	Europe
Conservation International	Advisory Board Member/Consultative Group	Non-profit	North America
Drax	Consultative group	Energy	Europe
Ecosystem Marketplace	Founding Sponsor & Consultative Group	Information Services	North America
EEX	Consultative group	Stock Exchange	Europe

Emstream	Consultative group	Broking	Europe
Everland	/	Project Developer	North America
Foundation Development and Climate	Consultative group	Fundraising	Europe
Futures Industry Association	/	Trade Association	North America
Gold Standard	Member of the Taskforce	Certification	Europe
Green Finance Observatory	/	NGO	Europe
Green Water Cools	/	Platform	Europe
Greenpeace	/	Non-profit	Europe
IATP	/	Research	North America
IETA	Observer	Association	Europe
ISDA	Consultative group	Financial Services	North America
Joint MDB Working Group on Article 6	/	/	/
Kaska Dena Council	/	Indigenous people	North America
Mitsui	Consultative group	Academia	Asia
Mizuho	Consultative group	Financial Services	Asia
National Futures Association	/	Financial Services	North America
Natural Capital Partners	/	Environmental Services	Europe
NCX	/	Forest Carbon Market Place	North America
Nori	/	Technology services/Start-Up	North America
NZAOA	/	Alliance	/
Pachama	/	Environmental Services	South America
Parhelion	Consultative group	Insurance	Europe
Permian Global	Observer	Association	Europe
Reclaim Finance/ Amazon Watch	/	NGO	North America
TotalEnergies	Member of Taskforce	Oil & Energy	Europe
University of Edinburgh	Consultative group	Academia	Europe
Verra	(Board) Member, Consultative Group	Certification	North America
Wildlife Works	Consultative group	Project Developer	North America
Will Solutions	/	Environmental Services	North America
WOCAN	/	NGO	North America
Xpansiv	Consultative group, Member	Information Services	North America
Yale	Advisory Board Member	Academia	North America

Appendix B: Background Information Interviews

Organization	Stakeholder Group	Position in Task-force	Continent of origin of organization
BDEW	Buyer	Consultative Group member to Taskforce	Europe
Children's Investment Fund	NGO	Board member of Governing Board of Integrity Council	Europe
Climate Advisers	Intermediary	Board member of Governing Board of Integrity Council	Europe
Ecosecurities	Supplier	Consultative Group Member to Taskforce	Europe
Anonymous[1]	Project Supplier	Member of Taskforce	Europe
Foundation Development and Climate Alliance	Others	Consultative Group Member to Taskforce	Europe
Greenpeace	NGO	Critics	Europe/ Interviewee was based in South-East Asia
Gold Standard	Standard-setting organization	Member of Taskforce	Europe
HFW	Others	Member of Taskforce	Europe
Oekoinstitut	Academia	Expert Panel to Governing Board of Integrity Council	Europe
Siemens	Buyer	Member of Taskforce	Europe
SouthSouthNorth	NGO	Board member of Governing Board of Integrity Council	Africa
S&P Global Plats	Intermediary	Member of the Task-force	North America
Standard Chartered	Financial Services	Board member of Governing Board of Integrity Council	Europe
Vitol	Intermediary	Member of Taskforce	Europe

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1 This interviewee explicitly mentioned that he does not want the organization to be referred to

Appendix C: Example Interview Invitation

Dear …,

My name is Marit Achenbach, and I am studying 'Climate Studies' with a focus on environmental policy at Wageningen University in the Netherlands. I am currently writing my Master's thesis on the Taskforce on Scaling Voluntary Carbon Markets, and I am looking for experts to collect data for my research. In the process, I came across you.

On the official website of the Taskforce, I saw that you represent xx as an xx. I would be pleased to have the opportunity to have a chat with you about your views on Carbon Offsetting, Negative Emission Technologies, and the Taskforce as such.

Talking to you would allow me to gain helpful insights for my Master's thesis!
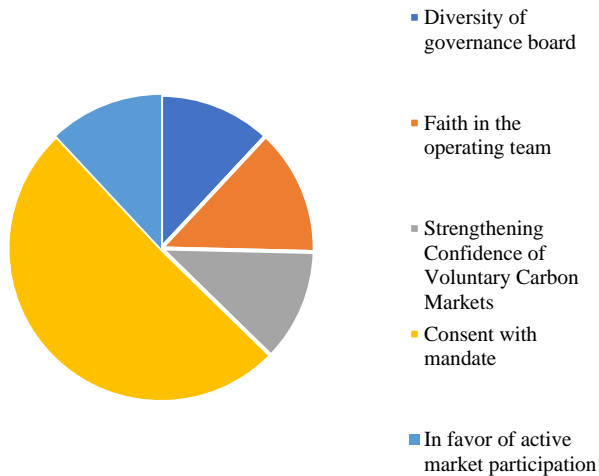
I look forward to hearing from you!

Best regards,

Marit Achenbach

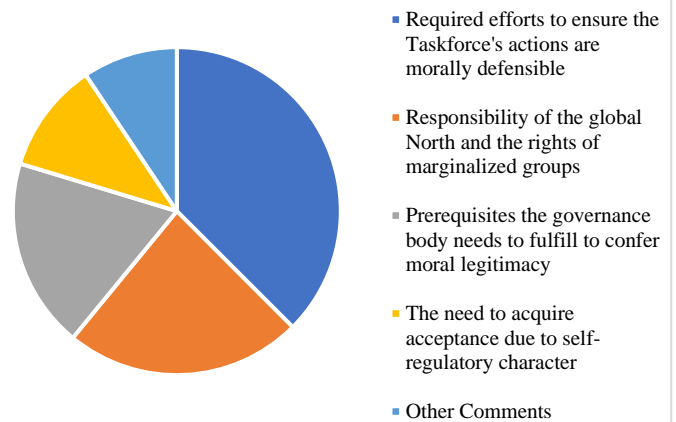Appendix D: Interview guide for the researcher

Intro

- Thank him/her for his/her time
- Ask permission to record the interview for research purposes
- Introduce my research:
    ▪ Started with the umbrella term geoengineering
    ▪ Geoengineering – Carbon Offsetting
    ▪ Carbon Offsetting – Voluntary Carbon Market
    ▪ Taskforce (Bachelor Thesis Motivational Factors TCFD) → Critiques on Taskforce from different Organizations
    ▪ Position Bill Gates (initiator) → Discourse of Geoengineering within overall Taskforce → Inclusiveness
    ▪ Looking at how different stakeholders grant legitimacy to the Taskforce, based on different interests and the role of Negative emissions in this
- Shortly explain the outline of the interview

Questions to address during the interview

Pragmatic legitimacy	• In what way does the interviewee expect to benefit from the Taskforce? • In what way does the interviewee expect to potentially be negatively impacted by the Taskforce? • What are the personal interests + larger interests of the interviewee?
Moral legitimacy	• Does the interviewee perceive the activities by the Taskforce as the right thing to do? • To what extent does the interviewee believe that the Taskforce promotes societal welfare? • How does the interviewee perceive the leaders and representatives of the Taskforce?
Granting Legitimacy to the specific recommendations	• Does the interviewee the Taskforce as it is, solves problems in the best manner/ Does (s)he agree with the proposed CCPs?

Future Outlook

• Where do you see the initiative in five years from now?

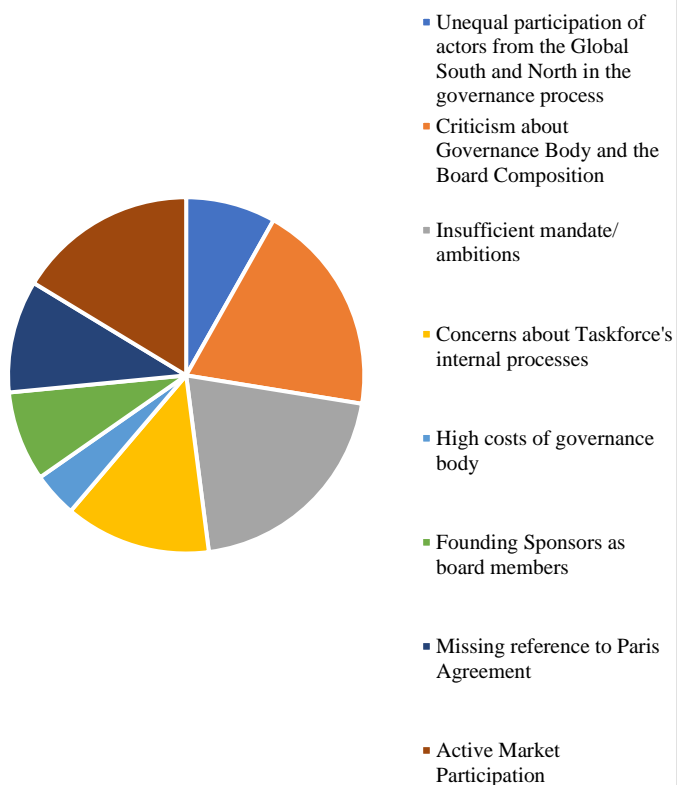## Closure

Appendix E1: Identified codes under Moral legitimacy

Codes supportive comments Moral Legitimacy

- Diversity of governance board
- Faith in the operating team
- Strengthening Confidence of Voluntary Carbon Markets
- Consent with mandate
- In favor of active market participation

Codes general comments Moral legitimacy

- Required efforts to ensure the Taskforce's actions are morally defensible
- Responsibility of the global North and the rights of marginalized groups
- Prerequisites the governance body needs to fulfill to confer moral legitimacy
- The need to acquire acceptance due to self-regulatory character
- Other Comments

Codes critical Comments Moral legitimacy

- Unequal participation of actors from the Global South and North in the governance process
- Criticism about Governance Body and the Board Composition
- Insufficient mandate/ ambitions
- Concerns about Taskforce's internal processes
- High costs of governance body
- Founding Sponsors as board members
- Missing reference to Paris Agreement
- Active Market Participation

Identified key topics	Relation to Suchman (1995)	Included Sub-codes
The ambition of the Taskforce	Evaluation of activities and outputs	o Consent with mandate o Insufficient mandate and ambitions o Missing reference to the Paris Agreement
The perception of the functioning of the governance body and the consultation process	Evaluation of techniques and procedures	o Faith in the operating team o Prerequisites the governance body needs to fulfil to confer moral legitimacy o Criticism about governance body and the board composition o Concern about taskforce's internal processes o High costs of governance body o Founding sponsors as board members
Board composition	Perception of leaders and representatives	o Diversity of governance board o Responsibility of the global north and the rights of marginalized groups o Unfair global south-north distribution in the governance process

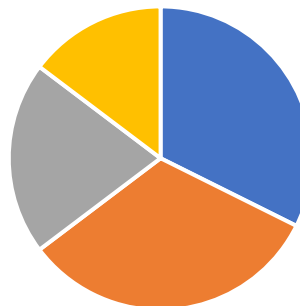# Appendix E2: Identified codes under Pragmatic legitimacy

Codes supportive comments Pragmatic Legtimacy

- Reference to other/ own initiatives which the author/interviewee supports/ wants to introduce to the Taskforce to highlight own interests that should be considered in the Taskforce
- Building necessary infrastructure to increase demand
- Taskforce can support the increase of reliability, transparency and trust in carbon credits
- Promotion of high integrity offsets through Taskforce
- Opportunity to shape the market as an organisation through exchange of views in the Taskforce
- Join to keep being updated of developments in the carbon market
- Homogenisation/Standardization of VCM for own benefits

Codes critical comments Pragmatic Legitimacy

- Unrealizable expectations (Higher costs for projects)
- Organizational interests are not represented sufficiently by the board compilition
- Administrative expenses
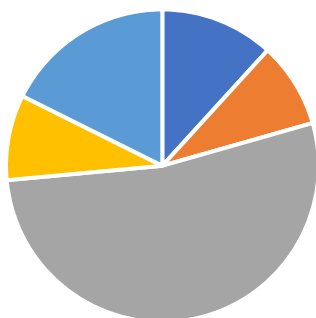- Local context is not considered
- Financial additionality
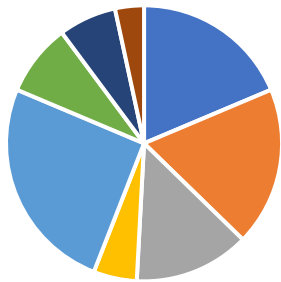
Codes general comments Pragmatic Legitimacy

- Own role and interest representation in Taskforce
- Taskforce is or might be insignificant (for own operations)
- Highlighting importance of other markets depending on the VCM
- Others

Identified key topics	Relation to Suchman (1995)	Included Sub-codes
Motivation for companies/organizations to become active in the Taskforce	Influence legitimacy	o Opportunity to shape the market o Join to keep being updated of developments in the VCM o Taskforce can support the increase of reliability, transparency and trust in carbon credits o Building necessary infrastructure to increase demand o Homogenisation/Standardization of VCM for own benefits, o Expectations to receive support by the Taskforce o Highlighting importance of other markets depending on the VCM
The Taskforce's recommendations as an additional administrative burden	Exchange legitimacy	o Administrative expenses o Unrealizable expectations, o Financial Additionality
The risk of the Taskforce becoming insignificant	Exchange legitimacy	o Taskforce might be insignificant, own role and interest representation in Taskforce o Own role and interest representation