The Integrity Council for the Voluntary Carbon Market – an introduction

A high-integrity voluntary carbon market can accelerate climate action

Climate crisis requires urgent action

Large-scale reductions & removal required

Private sector action & investment critical

VCM is a key complementary tool

- To keep 1.5°C alive, GHG emissions must peak by 2025 and reach net zero by 2050.
- Emissions need to be halved by 2030. Every tonne of emissions reduced and removed matters.
- The climate crisis demands action and investment on a speed and scale governments and philanthropy alone cannot deliver.
- A high-integrity voluntary carbon market can reduce and remove emissions above and beyond what would otherwise be possible.

Build integrity and scale will follow

1.4bn credits annually by 2030 and **5.9 bn** by 2050.



- International standards and regulations bring confidence to buyers that a credit represents a tonne of emissions saved and contributes to sustainable development and biodiversity.
- Government support is needed to build confidence.
- BloombergNEF's Long Term Carbon Offsets 2024 report found that in a "high quality scenario" prices in the voluntary market rise rapidly to **\$238/ton by 2050.**
- Carbon markets deliver finance directly to the local level.



THE CORE CARBON PRINCIPLES

The CCPs set a global benchmark to ensure integrity in the voluntary carbon market.

GOVERNANCE

- 1. Effective governance
- 2. Tracking
- Transparency
- 4. Robust independent third-party validation and verification

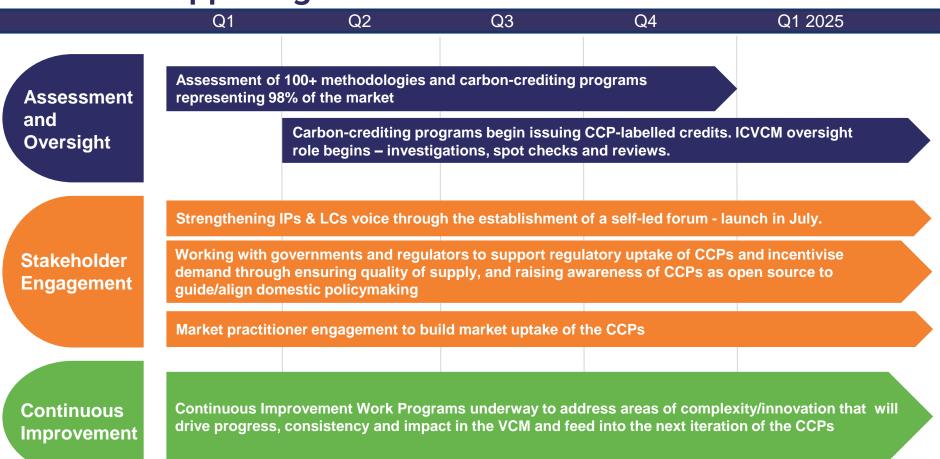
EMISSIONS IMPACT

- 5. Additionality
- 6. Permanence
- 7. Robust quantification of emission reductions and removals
- 8. No double counting

SUSTAINABLE DEVELOPMENT

- 9. Sustainable development benefits and safeguards
- 10. Contribution to net zero transition

What is happening in 2024?



Governments and regulators are already using the CCPs as a reference

Government-led initiative

 The US Government's newly released principles for high-integrity voluntary carbon markets draw on ICVCM's work and are aligned with the CCPs

Domestic market regulatory

 The UK Voluntary Carbon Market consultation intends to refer to the ICVCM CCPs and consider endorsement.

Derivatives

 The US Commodities Future Trading Commission recognizes the ICVCM and CCP labelled credits as high quality in its proposed guidance regarding listing of voluntary carbon credit derivative contracts.

New regulatory initiative

• Singapore's NEA international carbon credit eligibility criteria align with the ICVCM CCPs.

The role of governments in the VCM

Statement of political support

To build confidence in the governments' intention for the VCM.

Demand

Supply

Carbon credit disclosure standards

Set high integrity standards for credits reported on in disclosure frameworks to bring certainty to buyers.

Prevent green washing

Clarify and enforce rules to prevent greenwashing and bring certainty to the market.

Adoption of high integrity standards

Guidance/regulation for programs on development of high integrity projects.

National carbon market framework

To set out a framework for carbon market standards and build capacity.

Integrate into NDC and decarbonization strategies

Carbon markets to be considered as part of broader decarbonization strategy and embedded.



Annex

Regulatory Oversight & the CCPs

Supply

- National/regional supply integrity initiatives:
- The UK Nature Markets Framework intends to refer to the ICVCM CCPs
- Relevant vintages of CCP-Approved carbon credits would likely meet Singapore eligibility criteria
- The Africa Carbon Market Initiative (ACMI) will require projects it showcases to be ICVCM/CCP compliant
- Authorisation for 6.2: CCP criteria align with the quality requirements for an ITMO so CCP labelled carbon credit projects/programs could be cooperative approaches and the CCP labelled carbon credits authorized
- Finance: The U.S. Energy Transition Accelerator will consult with the ICVCM to develop the accelerator

Intermediaries

• Derivatives: The U.S. Commodities Future Trading Commission (CFTC) recognises the ICVCM and CCP labelled credits as high quality in its proposed guidance regarding listing of voluntary carbon credit derivative contracts

• Exchanges: The London Stock Exchange Schedule 8 of the Admission and Disclosure Standards will deem the ICVCM as a Voluntary Carbon Industry Body upon issuance of CCP labelled credits.

• Developing regulatory initiative: The Monetary Authority of Singapore (MAS) Transition Credits Coalition requires alignment to the ICVCM CCPs.

 IOSCO: Consultation report to promote integrity – international alignment, regulatory clarity, legal
definitions, integrity frameworke

Demand

Consumer protection:

- •The U.S. Securities and Exchange Commission (SEC) Climate Disclosure Rule includes requirements to report on carbon credit usage
- EU Carbon Removals Certification Framework (CRCF): Establishes a robust system for the certification of high-quality carbon removal units

•EU Green Claims

Directive: The use of units for compensation of fossil emissions must be substantiated by permanent removals as defined in CRCF. Non-CRCF issued units may be used where schemes are recognised by the Commission as part of the list of compliant schemes.

Carbon credit lifecycle

