

ICVCM Feedback Statement July 27th 2023, at time of the publication of its full criteria (Release 2 of the Core Carbon Principles, Assessment Procedure and complete Assessment Framework)

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1. EXECUTIVE SUMMARY

- 1.1 The Integrity Council for the Voluntary Carbon Market (Integrity Council) is an independent governance body for the voluntary carbon market, which aims to ensure the voluntary carbon market accelerates a just transition to 1.5°C.

The Integrity Council aims to set and maintain a voluntary global threshold standard for quality in the voluntary carbon market. The threshold standard is based on the Integrity Council's Core Carbon Principles (CCPs) and is implemented through an Assessment Framework that sets out what high quality means by reference to those principles. The result is a threshold standard and label that provide a credible, rigorous, and readily accessible means of identifying high-quality carbon credits.

- 1.2 The Integrity Council conducted a full and open public consultation on the draft Core Carbon Principles (CCPs), Assessment Framework (AF), and Assessment Procedure (AP) proposals running for 62 days from 27 July to 27 September 2022.
- 1.3 The consultation drafts were developed by the Integrity Council based on recommendations from the Expert Panel and following earlier open dialogue with stakeholders from across the voluntary carbon market and on initial work by the Taskforce on Scaling Voluntary Carbon Markets (TSVCM). TSVCM brought together more than 430 experts from over 250 organisations. The TSVCM recommendations were also subject to a public consultation in 2021.
- 1.4 The Integrity Council's task since then has been to build on this strong foundation. The Integrity Council firmly believes that co-creation is the cornerstone of success. This was reflected in the expansive consultation effort designed to capture insight

and knowledge from truly diverse points of view from all stakeholders across the VCM ecosystem.

- 1.5 The Integrity Council gathered feedback from commentary received during the public consultation period and from an array of workshops and briefings to different stakeholder groups. Audiences engaged included carbon-crediting programs, carbon project developers, market participants, Indigenous Peoples and Local Communities (IPs & LCs), environmental NGOs, industry, science and academia, business associations, financial regulators, governments, multilateral organisations and other climate transition initiatives. The briefings and workshops reached 1300+ people in 60 countries in 4 languages and were designed to drive alignment, foster endorsement, and build relationships. Participants and respondents provided both generic and detailed comments and suggestions for improvements to these proposals.
- 1.6 The consultation and standards development process were overseen by the British Standards Institution (BSI). The Integrity Council published all comments received during the public consultation on its website to align with a decision-making process that is transparent and robust. The steps taken by the Integrity Council as part of the decision-making process are outlined in Section 6.
- 1.7 In addition to those steps, the Integrity Council is including this Feedback Statement to further provide transparency on the process and outcomes relating to the updating of the CCPs and Assessment Procedure; and the completion of the Assessment Framework, including both external inputs and internal recommendations and decision-making.
- 1.8 The Integrity Council followed a robust and transparent process of cultivating feedback from a diverse array of stakeholders to improve the CCPs, the Assessment Framework, and the Assessment Procedure. Following an early-stage private dialogue with a range of invited stakeholders from different categories, key input was further gathered via a formal public consultation and associated workshops and briefings, complemented by road-testing and thorough consideration internally at multiple levels within the Integrity Council (see below).
- 1.9 The key program-level issues identified and resolved to inform Release 1 of the CCPs, Assessment Procedure and Assessment Framework included:
 - Governance;
 - Sustainable Development Benefits and Safeguards;
 - Double Counting;
 - Robust Quantification (Program level);
 - Attributes;
 - Paris Alignment; and
 - Assessment Procedure.

1.10 The key issues identified and resolved to inform Release 2 of the updated CCPs and Assessment Procedure and complete Assessment Framework included:

Additionality;

- Permanence;
- Robust Quantification
- Transition to Net Zero;
- Jurisdictional REDD+ (JREDD);
- Sustainable Development and Safeguards; and
- Double Counting.

1.11 Each key issue was considered at multiple levels within the Integrity Council. This included sub-panels of the Expert Panel, the Expert Panel, small groups of combined Expert Panel and Standards Oversight Committee members, the Standards Oversight Committee, and the Board.

1.12 The Appendix includes links to the summary of public comments received and to the information considered at the board level, including Expert Panel and Standards Oversight Committee recommendations.

2. PURPOSE

2.1 The purpose of the Feedback Statement is to transparently reflect the process and outcomes relating to finalisation of the CCPs, the Assessment Framework and the Assessment Procedure.

3. FEEDBACK CONSIDERED

3.1 The Integrity Council cultivated a wide range of feedback leading up to and during the public consultation phase. Outreach was conducted to key stakeholders and the general public using a variety of forums to solicit feedback as described in the following sections:

A) Stakeholder Groups

3.2 This set of stakeholders included:

- Environmental NGOs (e.g., Conservation International, World Resources Institute, and Environmental Defense Fund);
- Academics (e.g., Rocky Mountain Institute, Council on Energy, Environment and Water), business associations (e.g., WBCSD, International Trading Emissions

Association (IETA), International Carbon Reduction and Offset Alliance (ICROA), South African Carbon Market Association);

- High level champions (e.g., Glasgow Financial Alliance for Net Zero (GFANZ) and We Mean Business);

Financial regulators (e.g., International Organization of Securities Commissions (IOSCO), US Commodity Futures Trading Commission (CFTC), Securities and Exchange Commission (SEC), HM Treasury);

- Carbon-crediting programs (e.g., Verra, the Gold Standard, American Carbon Registry, Architecture for REDD+ Transactions (ART), Climate Action Reserve and smaller programs such as Puro.earth, Plan Vivo, and UK Woodland Carbon Code);
- Indigenous Peoples and Local Community organizations (e.g., Rights and Resources Initiative (RRI), International Indigenous Peoples Forum on Climate Change (IIFPCC)); and
- Project developers (e.g., South Pole, Respira, Everland).

B) Dedicated Top line briefings

3.3 Over 40 top line briefings were hosted by the Integrity Council and were designed to drive alignment, stimulate engagement in the consultation and build relationships, and offered opportunities for Q&A.

C) Dedicated Workshops

3.4 More in-depth workshops were hosted by the Integrity Council for a range of stakeholder groups including:

- Carbon-crediting programs (both the most established programs and smaller programs)
- Project Developers;
- IETA and ICROA members;
- Indigenous Peoples and Local Communities;
- Environmental NGOs;
- Academics; and
- Multilateral Development Banks.

3.5 In the interests of inclusion and transparency, translations of the full consultation package were published in French, Portuguese and Spanish. For IPs & LCs, four briefings and workshops were held, in English and Spanish and with live multilingual interpretation.

3.6 Participants in the dedicated top line briefings and the dedicated workshops were offered the opportunity to join the Thematic Deep Dive sessions offered during the public outreach phase.

D) General Public

3.7 4 Introductory briefings

These were hosted by the Integrity Council to provide context on CCP, AF, and AP consultation documents.

3.8 5 Thematic Deep-dives

- These were hosted by the Integrity Council to cover each major topic of the Assessment Framework.
- Recorded sessions were posted to the Integrity Council Website.

3.9 4 Drop-ins

- Open Q&A sessions were hosted by Integrity Council representatives.

E) Public consultation

3.10 Following the early-stage private stakeholder consultation phase to inform on the development of the draft proposals, the CCPs, AF, and AP were released for public comment. Engagement with the consultation was very strong with more than 5000 comments submitted via 350 submissions from stakeholders and the general public. The informational webinars hosted 1,346 attendees and consultation web page received 48,108 pageviews.

F) COP27

3.11 Representatives of the Integrity Council attended the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), that took place in Sharm el-Sheikh, Egypt in November, 2022. Stakeholder engagements at the COP included an IP & LC workshop, a session for corporate buyers, a meeting with NGOs and technical entities, a briefing for the Group of 77 (G77), and a meeting with directors of the UN Environment Programme (UNEP).

3.12 Integrity Council representatives also detailed progress in designing the CCPs, Assessment Framework and Assessment Procedure, at a number of events that included Deloitte's Driving Climate Action, IOSCO's carbon markets panel, HM Treasury's session on high integrity VCMs, CIFF's panel on coordinating support to countries to access high integrity VCMs, Peoples Forest Partnership's convening to consider unlocking finance for forest communities, and IIF's side event that examined the future of global carbon markets.

4. KEY ISSUES IDENTIFIED

4.1 The key issues at the Program level identified for resolution following the public consultation process included the following:

A) Core Carbon Principles (Governing Board level decision)

Grouping of CCPs for clarity, renaming some CCPs, and other minor edits as appropriate:

- Emissions Impact: Additionality, Permanence, Robust Quantification, No Double

Counting;

Governance: Effective Governance, Tracking, Transparency, Robust Third-party Validation & Verification; and

- Sustainable Development: Sustainable Development Benefits and Safeguards, Transition towards Net-Zero Emissions.

B) Governance (Governing Board level decision)

- Consideration of the overlap of the Integrity Council's requirements across these four Governance CCPs with those of CORSIA to determine which requirements could be adopted and which additional requirements were needed.

C) Sustainable Development Benefits and Safeguards (Governing Board level decision)

- Development of a risk-based approach to negative environmental and social impacts as well as positive sustainable development contributions to be required of project developers by programs, revision of the immediate requirements, and consideration of a further work program to develop the next iteration of proposals.

D) Double Counting (delegated to Board's Standard and Oversight Committee (SOC) decision)

- Consideration of issues such as revenue stacking and overlapping claims

E) Robust Quantification (delegated to Board's Standard and Oversight Committee (SOC) decision)

- Consideration of Program-level issues, such as the uncertainty and conservativeness of emission reduction or removal estimates.

F) Attributes

- Consideration of which attribute label should be available under the ICVCM (delegated to Board's Standard and Oversight Committee (SOC) decision).
- Specification of the conditions under which programs may assign attributes to carbon credits.

G) Paris Alignment (Governing Board level decision)

- Consideration of requiring host country Corresponding Adjustments (CA), Share of Proceeds for Adaptation Finance (SOPA), and Overall Mitigation in Global Emissions (OMGE) and consideration of a further work program to develop the next iteration of proposals.

H) Assessment Procedure (Governing Board level decision)

- Phasing: Consideration of one single threshold or multiple thresholds.
- Level of assessment (e.g., program, category, project).

- Assessment process including involvement of multistakeholder working groups, decision-making, conditional approval, ongoing oversight, appeals.

4.2 The key issues identified and resolved for Release 2 following the public consultation process included the following: A) Additionality:

- Uncertainty in, and guidance on, credit price(s). Guidance as to what kind of carbon price to apply for each class of projects and regions;
- Non-enforced laws and regulations;.
- Whether the current threshold should include the option of project-by-project analysis of prior consideration; and
- Approaches to prove additionality and the data that underlies investment analysis.

B) Permanence:

- A risk-based approach to permanence;
- Length of the commitment period for monitoring and compensation of reversals;
- Sufficiency of compensation mechanisms (i.e. sufficiency of buffer pools);
- Temporary crediting; and
- Exclusion of tonne-year accounting (TYA) approaches without any minimum time commitment.

C) Transition to Net Zero:

Clarity on how ICVCM will determine which activities are "net-zero" compatible. D)

JREDD:

- Additionality (prior consideration): how to demonstrate prior consideration for JREDD programs.
- Additionality (revenues) should additionality assessment for jurisdictional REDD+ programs include a test to demonstrate that expected carbon credit revenues cover the full cost per tonne of CO₂ to the jurisdiction for implementing these mitigation actions?
- Additionality (nesting): overestimation of baselines from avoided deforestation projects, implementing "nesting of baselines".
- Robust quantification (baselines): should baselines for subsequent crediting periods for jurisdictional REDD+ programs be lower than for the previous crediting period? Deforestation may rise even if the jurisdiction has successfully implemented all activities and policies related to the REDD+ program.
- Permanence: how a single event in one area may be netted out through performance reducing emissions and enhancing stocks in other areas.

E) Sustainable Development and Safeguards

- Assess sufficiency of risk-management to ensure no-harm;
- Assessment of potential of delivering positive SDG impacts and ensure MRV of impacts; and
- Concern regarding costs and complexities of assessing SDG impacts.

F) Double Counting

- Material risk of certain types of double counting in certain categories).

G) Robust Quantification

- Unplanned deforestation; and
- Conservativeness and the probability of overestimation.

5. **DECISION MAKING PROCESS**

IC-VCM bodies

5.1 There are three parts to the umbrella governance body of the Integrity Council:

- (a) Governing Board and its committees;
- (b) Expert Panel; and
- (c) Executive Secretariat.

5.2 The following bodies contributed and informed on the development of the updated CCPs, Assessment Framework, and Assessment Procedure:

5.3 **Governing Board:** The Governing Board (or Board) for the Integrity Council consists of 22 Board Members with representation across a range of key stakeholder groups including experts in sustainable finance, eNGOs, UNFCCC process, regulatory affairs, public policy, the corporate sector, science and academia, and including three market representative members and three members from indigenous peoples and local communities. The Board operates in accordance with its published Modalities & Procedures and Conflicts of Interest Policy, including by delegation to Board Committees;

5.4 **Standards Oversight Committee:** The Standards Oversight Committee (SOC) is a committee of members of the Governing Board (the three market representatives are not eligible to be members of SOC). Its purpose is to provide scrutiny and recommendation to the Board over the outputs of the Expert Panel, and to make decisions on behalf of the Board according to their delegations, in accordance with its published Terms of Reference. The delegation includes to oversee the development of the CCPs, AF and AP, taking account of recommendations from the Expert Panel and supported by the Executive Secretariat;

5.5 **Expert Panel:** The Expert Panel (EP) is made up of leading, independent carbon market experts with long-standing experience in the environmental and social

integrity of carbon markets. The EP was further able to call on 14 subject matter experts (SMEs) who brought particular insight on specific aspects. The Expert Panel worked as a Core Expert Panel and in sub-panels including subject-matter experts, and developed recommendations which were provided to the SOC, in accordance with its published Terms of reference;

- 5.6 Market Formation and Communications Committee: Frames and oversees the outreach to stakeholders before, during and after consultation periods. The committee operates in accordance with its published Terms of Reference;
- 5.7 Executive Secretariat: The Integrity Council is supported by an Executive Secretariat (Secretariat) made up of internal staff and staff from four leading climate, finance, and standards NGOs: the Green Finance Institute, the British Standards Institution (BSI), the International Emissions Trading Association (IETA), and the Center for Climate and Energy Solutions (C2ES). The Secretariat supported the Governing Board, the SOC and the EP throughout the process to develop, consult on, review, decide and finalise the CCPs, AF and AP; and
- 5.8 Distinguished Advisory Group: The Distinguished Advisory Group (DAG) includes around 30 world-renowned leaders from across the voluntary carbon market value chain who provided strategic insight and advice to the Governing Board.

Process flow

- 5.9 Following the close of the public consultation period, the Integrity Council instituted a process of identifying and addressing each of the key issues that surfaced. An initial full triage was conducted of all comments received to inform a two-day in-person meeting of members of the Board, Expert Panel, and the Secretariat to determine the key issues and optimal resolution approaches.

Feedback

- 5.10 The approach considered four main channels of feedback in the updating of the CCPs, Assessment Procedure, and Assessment Framework:
 - (a) Public consultation feedback – Received via the BSI comment submission portal, emailed submissions, and feedback collected at the stakeholder workshops;
 - (b) Road testing results – Comprised of two internal work packages conducted by the members of the EP where the first compared six major programs against programlevel criteria and the second examined specific activity types and analysed several different corresponding methodologies against Credit-level criteria outlined in the Assessment Framework;
 - (c) Benchmarking – Consisted of a systematic review of current practice based on program documents and methodologies that issue 80% of credits in the market; and
 - (d) Internal feedback – Collection of feedback from the EP and the SOC.

Key Issue Resolution

5.11 Following the identification of key issues during the consultation phase, a workflow was adopted to resolve each culminating with board approval as listed here and expanded on below (5.12-5.17):

(A) Sub-panel deliberation;

(B) EP review and discussion and recommendations;

(C) SOC and EP small groups draft recommendations for the SOC (this step was included for Release 2);

(D) SOC review and discussion of EP recommendations; SOC decision or recommendations; and

(E) Board review, discussion, and approval in principle.

(F) Comment resolution

A) Sub-panels

5.12 The Integrity Council established a number of sub-panels populated by SMEs and Core EP members and led by the EP co-chairs. The charge to each sub-panel was to consider the public consultation feedback and the results from the internal roadtesting and propose any edits to the Assessment Framework text with supporting rationale.

B) Expert Panel (EP)

5.13 Members of the EP reviewed and discussed the outputs generated by the subpanels. The EP finalised recommendations to the SOC, including draft revised text proposals and presentations. The presentations included also a summary of the main public comments as well as an assessment of the impacts of the proposal. Different views within the EP were reflected as options or minority views in the information presented to the Standards Oversight Committee (SOC).

C) Standards Oversight Committee (SOC) and EP small groups

5.14 A small group of SOC and EP members came together to refine recommendations to be taken to the SOC for review and decision.

D) Standards Oversight Committee

5.15 The SOC was charged with developing, in consultation with the Expert Panel, the list of key issues arising from the public consultation and proposing to the Governing Board which key issues to delegate to SOC and which required decisions by the Governing Board. Following the SOC consideration of the EP recommendation per key issue, the SOC made a decision on matters delegated to it by the Governing Board, or prepared a set of recommendations and rationale on matters reserved for the Governing Board, presented together with the EP's recommendations to SOC.

E) Governing Board review

5.16 The Board took ultimate responsibility, ownership and approval of the process and final contents of the CCPs, AF and AP including the timeline, the list of key issues, which key issues were reserved for Board and which delegated to SOC for decision and taking policy-related decisions. The Governing Board reviewed, discussed, modified as appropriate, approved the resolution to each key issue, and gave final approval to the updated edited text of the CCPs, AF, and AP.

F) Comment resolution

5.17 Following the resolution of each key issue, BSI noted the decision and rationale against each corresponding batch of received public comments referring to where and when the issue was resolved and referencing the document(s) that supported the resolution.

6. APPENDIX

6.1 Public comment summary can be found [here](#).

6.2 Board materials by key issue including recommendations from EP and SOC recommendations and decisions on delegated issues can be found [here](#).