THE INTEGRITY COUNCIL
FOR THE VOLUNTARY CARBON MARKET

SECTION 3

SUMMARY FOR DECISION MAKERS

January 2024, Version 1.1

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Introduction

This Summary for Decision Makers (SDM) presents an overview of the Integrity Council for the Voluntary Carbon Market (Integrity Council or ICVCM)'s Core Carbon Principles (CCPs) and their implementation through the Assessment Framework. The SDM is intended to provide Decision Makers and stakeholders with a comprehensive understanding of the approach adopted by the ICVCM. It should be read in conjunction with the CCPs, the Assessment Framework, Definitions and the Assessment Procedure.

The ICVCM seeks to help the voluntary carbon market (VCM) accelerate climate action by enabling participants in the market to more easily identify high-quality carbon credits. The VCM currently includes carbon-crediting programs (also known as carbon standards) that set rules for mitigation activities that achieve emissions reductions or removals. Those mitigation activities are developed and operated by mitigation activity proponents and their design is validated by accredited third-party Validation and Verification Bodies (VVBs). Greenhouse Gas (GHG) emission reductions or removals achieved by those mitigation activities are then verified by VVBs and issued by carbon-crediting programs in their registries as carbon credits. Each carbon credit should represent one tonne of CO2 equivalent emissions reduction or emissions removal. These carbon credits may then be acquired and used by entities, including to help manage their environmental commitments.

All carbon-crediting programs have adopted requirements, procedures, and policies to address governance, decision making, administrative, and operational considerations for developing and implementing mitigation activities known as program documents. However, the quality, coverage, and adherence to the stipulations contained within those documents varies. The aim of the Integrity Council's CCPs and Assessment Framework is to help VCM participants identify high-quality carbon credits and to establish and progressively raise a threshold for quality and integrity across the VCM that builds confidence and comparability.

This publication replaces the CCPs, Assessment Framework and other accompanying documents that were published in March 2023. It comprises the complete Assessment Framework, including Category-level requirements that have been added to the already published Program-level requirements, and this publication marks the start of the processes defined within the Assessment Procedure. The ICVCM documents (in particular the Assessment Framework and the Assessment Procedure) may be subject to updating and revision from time to time, including to avoid unintended consequences as the Integrity Council seeks to carry out its mission through a principles-based approach.

The Assessment Framework enables assessment by the Integrity Council of carbon-crediting programs against its criteria and requirements. As carbon-crediting programs update their rules in line with market best practice, these changes will help to raise the collective ambition of standards in the market. Carbon-crediting programs must apply for assessment through the Integrity Council's Assessment Platform. Carbon-crediting programs that are assessed by the Integrity Council to meet the requirements will be classified as CCP-Eligible.

The Category-level criteria and requirements address methodological and related rules of a carbon-crediting program to determine whether carbon credits issued under such rules have met the requirements of the CCPs. Where the rules meet the CCP requirements and criteria, carbon credits from CCP-Eligible programs will qualify for labelling as CCP-Approved. This two-level approach means that only CCP-Eligible programs will be able to label qualifying carbon credits as CCP-Approved. When applying for assessment by the Integrity Council, carbon-crediting programs can choose to exclude certain methodologies. Excluded methodologies will not be assessed by the Integrity Council and so carbon credits that have been issued using such methodologies will not be CCP-Approved. The Integrity Council will publish and maintain a list of any methodologies excluded by carbon-crediting programs.

The Assessment Procedure establishes a collaborative process under which the ICVCM's multi-stakeholder working groups will consider Categories of carbon credits (Categories) and their assessment against the ICVCM's criteria and requirements under the Assessment Framework.

The Categories Working Group (CWG) will undertake an initial analysis, using the Category-level criteria and requirements, relevant literature and public documentation. The CWG's initial analysis will form the basis for the ICVCM Governing Board to determine which Categories of carbon credit are eligible for the internal assessment process, require assessment through a multi-stakeholder process, or are not likely to meet ICVCM requirements.

For Categories requiring multi-stakeholder assessment, the Multi-Stakeholder Working Groups (MSWG) will evaluate and advise on Categories that meet the CCP requirements. The MSWG will provide input to the Integrity Council on Categories meeting its requirements and those that are unlikely to do so. As the MSWG meet and conclude their analysis, the ICVCM will prepare draft Evaluation Reports for the Governing Board. The Board will consider the draft Reports, Recommendations and other relevant information and then make decisions on the Categories for which the specific MSWG is tasked.

The ICVCM will consider the existing inventory of carbon credits issued by CCP-Eligible programs and assess which active Categories meet the requirements of the CCPs. Where a program elects to exclude certain methodologies from ICVCM assessment, the ICVCM will not assess those methodologies and will publish the exclusion on the ICVCM website. Decisions on approval of Categories will also apply to future issuances of carbon credits that fall into Categories approved by the ICVCM, making it apparent prior to issuance whether they are CCP-Approved.

In the Category of avoiding unplanned deforestation (AUD), the ICVCM is aware that a carbon-crediting program with a large number of registered AUD mitigation activities will shortly issue a new consolidated methodology for AUD. The carbon-crediting program should have rules requiring mandatory use of and transition to that consolidated methodology, including that registered project activities using existing methodologies for AUD under that program will be required to transition. In order to ensure an orderly and consistent ICVCM assessment process for this Category, the ICVCM will only begin assessing methodologies in the Category of AUD when that consolidated methodology is published in final form.

Continuous improvement is a fundamental principle of the Integrity Council. Working with a broad range of stakeholders and market participants, the Integrity Council will establish work programs that help to share expert and stakeholder experience, including that of Indigenous Peoples and Local Communities (IPs & LCs), and strengthen the collective understanding of emerging best practice and innovation for the key issues that need to be addressed in the coming years.

The areas covered by the work programs are set out below in section E Continuous Improvement of the Assessment Framework. The work programs will include relevant experts and stakeholder representatives and will provide opportunities for wider input. The work programs will aim to identify how the market needs to evolve, offer key considerations for that evolution, and, where possible, make recommendations for future iterations of the Assessment Framework or other developments to ensure a scalable high-integrity market.

Carbon-crediting programs, experts, project developers, policymakers, IPs & LCs, and other stakeholders will help to shape the future iterations of the ICVCM and the concept of best practice on these issues. IPs & LCs play a particularly important role in raising the integrity of VCM as they manage and protect approximately 40% of the planet's ecologically intact landscapes and act as stewards of many key carbon sinks. A high-integrity VCM would be strengthened by the traditional knowledge of IPs & LCs and would provide them with resources to further develop nature-based climate solutions. But, to deliver, it is critical that IPs & LCs have agency to continue managing vital ecosystem services at the local level and are included in relevant decisions around climate and nature-based solutions. For these reasons, the ICVCM will give particular consideration to IPs & LCs and will continue to consult with them, and in light of comments received, will seek to ensure they are consulted on activities that affect them through free, prior and informed consent (FPIC) processes, that IP & LC rights, interests and values are safeguarded, and they have appropriate support for their full and effective participation in the high-quality carbon markets that the ICVCM seeks to develop.

The following sections correspond with the CCPs and the Assessment Framework and provide context, overview and summary rationale for each.

A. GOVERNANCE

Governance includes four of the CCPs: Effective Governance, Tracking, Transparency, and Robust Independent Third-party Validation and Verification. Taken together, these CCPs identify strong governance provisions at the Program-level. These provisions are critical to ensuring the overall quality of carbon credits issued by the carbon-crediting programs and maintaining and strengthening an environment of trust that supports the long-term integrity and growth of the VCM.

Effective governance is important for integrity because it significantly improves transparency and accountability and can help to grow participation in the VCM. It may also increase the responsiveness and engagement of the public and key stakeholders by providing increased relevance, reliability, comparability of reporting and improved insight into program performance.

Tracking is accomplished through the use of registries. A registry is a secure central database for recording comprehensive information about carbon credits that the program issues, including the mitigation activity in which they were generated, their ownership, and their transaction history. A registry uniquely identifies each carbon credit, the associated mitigation activity, and any other associated attributes. Registries also provide comprehensive information about mitigation activity proponents and VCM participants.

Transparency is achieved through the public availability of information. Availability of information enables stakeholders to understand how the GHG emission reductions or removals are calculated, including how additionality is assessed, GHG emissions reductions or removals are quantified, and the environmental and social impacts of the mitigation activity.

Robust independent third-party validation and verification through external third-party auditing is a key tool for accuracy, consistency, transparency, and integrity in the VCM. Auditing by third-party validation and verification bodies (VVBs) provides independent confirmation that the mitigation activity achieves the claimed GHG emission reductions or removals. Requirements include rules that specify when and how validation of the design of a mitigation activity and verification of GHG emission reductions and removals by third-party auditors, plus verification of other aspects, are to occur and be implemented. The work of VVBs is essential to the environmental integrity of carbon-crediting and to ensuring confidence in the VCM.

The processes listed above are all important for ensuring effective program operation. Many of those have also been addressed in the requirements by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), developed and adopted by the International Civil Aviation Organisation (ICAO). To minimise the burden on carbon-crediting programs operating in the VCM, the ICVCM has determined that programs already eligible under CORSIA are also eligible under this version of the Assessment Framework provided that they meet some additional requirements as set out in the Assessment Framework.

Carbon-crediting programs will be required to meet all requirements in the Assessment Framework. Carbon-crediting programs that are CORSIA-eligible must provide confirmation of their eligibility when applying for assessment. Once CORSIA eligibility is established these programs will not be required to demonstrate that they meet CORSIA requirements related to effective governance, tracking, transparency and robust validation and verification. CORSIA-eligible programs will have to provide relevant information for the additional requirements detailed in the Assessment Framework and include it in the ICVCM Assessment Platform through which applicant carbon-crediting programs and Categories are assessed.

Carbon-crediting programs that have not yet applied for CORSIA eligibility will be required to demonstrate to the Integrity Council that they meet all the requirements of CORSIA through their application to the ICVCM, as set out in the ICVCM Assessment Platform. They will also have to demonstrate that they meet the additional requirements detailed in the Assessment Framework and included in the ICVCM Assessment Platform.

Changes in CORSIA requirements and/or changes in relation to the carbon-crediting programs and carbon credits listed as eligible in the CORSIA-Eligible Emission Units will be addressed, to the extent required and at the discretion of the ICVCM, through the Assessment Procedure.

1 Effective Governance

> **The carbon-crediting program shall have effective program governance to ensure transparency, accountability, continuous improvement and the overall quality of carbon credits.**

Effective governance is a core feature of well-operated carbon-crediting programs. Effective governance requirements on public availability of documents and information enables transparent decision-making, effective and inclusive participation, and feedback to support continuous improvement.

In addition to meeting governance requirements set out in CORSIA, the carbon-crediting program must demonstrate effective governance through a transparent and robust corporate governance framework for their organisations, including reporting and disclosure, and risk management policies and controls such as anti-bribery and anti-corruption. The Integrity Council's requirements on effective governance ensure processes are in place that support an organisation's long-term resilience and provide a framework of checks and balances to guide the organisation's governing body and staff.

The criteria under this CCP requires carbon-crediting programs to have an independent board, publish annual reports, have robust processes relating to corporate social and environmental responsibility, and have effective anti-money laundering rules.

Effective governance requires that program documents relevant to decision-making are publicly available, subject to compelling confidentiality constraints, including data protection and privacy. Program documents include standards, methodologies, procedures, tools, guidelines, supplementary information, and project documentation.

Carbon-crediting programs must also have processes in place that provide for public engagement through local and global stakeholder consultation and for independently addressing grievances.

In the Assessment Framework, ICVCM makes use of CORSIA rules in relation to effective governance and has additional requirements that ensure CCP-Eligible programs have comprehensively effective governance.

See Criteria 1.1 to 1.2 for Effective Governance in the Assessment Framework.

2 Tracking

> **The carbon-crediting program shall operate or make use of a registry to uniquely identify, record and track mitigation activities and carbon credits issued to ensure credits can be identified securely and unambiguously.**

A registry is an information technology system used by a carbon-crediting program to identify mitigation activities and track each carbon credit from its issuance through subsequent transactions to its retirement or cancellation. Registries, therefore, play a critical role in ensuring high integrity by providing a transparent and secure platform to track and verify carbon credits. The criterion and requirements ensure that a carbon-crediting program has processes and procedures in place to provide clarity with respect to the issuance and retirement of carbon credits. Specifically, the carbon-crediting program's registry should identify by whom and on whose behalf a carbon credit was retired, identify the purpose of retirement, have procedures to address erroneous issuance of carbon credits and procedures and requirements to ensure no more than one carbon credit is issued per tonne of CO2 equivalent.

In the Assessment Framework, the ICVCM combines CORSIA rules in relation to registries with additional requirements that help ensure that CCP-Eligible carbon-crediting programs operate registries of the highest standards.

See Criterion 2.1 for Tracking in the Assessment Framework.

3 Transparency

> **The carbon-crediting program shall provide comprehensive and transparent information on all credited mitigation activities. The information shall be publicly available in electronic format and shall be accessible to non-specialised audiences, to enable scrutiny of mitigation activities.**

The design and implementation of a mitigation activity is an intensive process requiring significant qualitative and quantitative documentation. Making this information publicly available through a registry is key to promoting transparency.

The Assessment Framework's criterion on Transparency requires public disclosure of all relevant project documentation. To meet the requirements under this criterion, the carbon-crediting program must ensure the registry contains detailed information about each mitigation activity and is searchable by the general public. By making this information publicly available, interested stakeholders will be able to understand how the GHG emission reductions or removals are calculated, including how additionality is assessed, GHG emissions reductions or removals are quantified, and the environmental and social impacts of the mitigation activity.

Information about the activity should be publicly available electronically, subject to compelling confidentiality constraints. It is also important that information requests from stakeholders are appropriately addressed, and that stakeholders are provided with and directed to that information on the carbon-crediting program's website.

In the Assessment Framework, the ICVCM combines CORSIA rules concerning transparency with additional requirements that ensure CCP-Eligible programs operate with full transparency about mitigation activities.

See Criterion 3.1 for Transparency in the Assessment Framework.

4 Robust Independent Third-party Validation and Verification

> **The carbon-crediting program shall have program-level requirements for robust independent third-party validation and verification of mitigation activities.**

Third-party auditing of the design of mitigation activities and monitoring of GHG emission reductions or removals is critical to ensuring that each mitigation activity meets all relevant program rules specified in the program documents.

To meet the criterion and requirements under Robust Independent Third-party Validation and Verification, the carbon-crediting program's documents must set out the rules for how VVBs become and remain accredited in relation to the carbon-crediting program, review the performance of VVBs, and set standards and develop procedures that guide VVBs in their work. These rules include provisions on VVB organisational structure and management, organisational resources, validation and verification processes, information requirements, penalties for rule breaches and rules ensuring the impartiality of the VVB and the avoidance of conflicts of interest.

In the Assessment Framework, the ICVCM combines CORSIA rules on third-party validation and verification with additional requirements that ensure CCP-Eligible programs are applying validation and verification best practices.

See Criterion 4.1 for Robust Validation and Verification in the Assessment Framework.

B. EMISSIONS IMPACT

5 Additionality

> **The greenhouse gas (GHG) emission reductions or removals from the mitigation activity shall be additional, i.e., they would not have occurred in the absence of the incentive created by carbon credit revenues.**[1]

Additionality plays a central role in ensuring that the VCM drives additional climate action and is fundamental to the quality and environmental integrity of a carbon credit. Assessing additionality helps to determine that carbon credits are issued only to mitigation activities that would not have taken place without the incentives associated with the carbon credit.

Carbon-crediting programs require the demonstration of additionality for specific mitigation activities in a variety of ways at the project level, however, the ICVCM does not undertake assessments at the individual project level. Instead, it assesses the approaches taken by the carbon-crediting program at the methodological level.

As needed, carbon-crediting programs restrict or change the scope[2] of their program or the eligibility of certain types of mitigation activities. The Integrity Council, including through the CWG and MSWG, will take any such decisions into consideration, alongside other information, when assessing the Category for CCP-approval. Relevant restrictions and/or changes in scope across various carbon-crediting programs over the years that relate to certain Categories include but are not limited to:

1 There are multiple approaches for additionality that, depending on the type of mitigation activity, can provide strong assurances without the need for an investment analysis.

2 Scope in this context means the applicability of the relevant methodology for use in types of countries, per the World Bank classification

- Activities that reduce hydrofluorocarbon-23 (HFC23) emissions;
- Grid-connected electricity generation using hydroelectric power plants/units;
- Grid-connected electricity generation using wind, geothermal, or solar power plants/units;
- Utilisation of recovered waste heat for, *inter alia*, combined cycle electricity generation and the provision of heat for residential, commercial or industrial use;
- Generation of electricity and/or thermal energy using biomass (this does not include efficiency improvements in thermal applications, e.g., cookstoves);
- Generation of electricity and/or thermal energy using fossil fuels, including activities that involve switching from higher to lower carbon content fuel;
- Replacement of electric lighting with more energy-efficient options;
- Installation and/or replacement of electricity transmission lines and/or energy efficient transformers.

In addition to meeting other requirements in the Assessment Framework, carbon-crediting programs must meet the CORSIA additionality requirements. Carbon-crediting programs must have program documents which demonstrate that mitigation activities meet existing host country legal requirements, such that the emissions reductions or removals exceed those required due to relevant and enforced legal requirements.

In addition to the above approaches for demonstrating additionality, there are a number of recognised types of analysis for additionality that are required to be present in certain combinations. These approaches may be combined in the following ways:

- Investment analysis and market penetration/common practice (optionally combined with further approaches); or
- Barrier analysis and market penetration/common practice, (optionally combined with further approaches); or
- Standardised approaches (no combination required).

Carbon-crediting programs using alternative approaches that are equivalent in terms of stringency may present these to the ICVCM for consideration in the assessment process.

In the event that a carbon-crediting program's documents do not meet the additionality requirements, but the relevant Category is considered by the ICVCM including through the CWG and/or MSWG to meet additionality requirements based on other information (including but not limited to relevant literature), the relevant Category may still be approved as CCP-Approved in accordance with section 3 of the Assessment Procedure.

The ICVCM, like CORSIA, has given special consideration to determining additionality in respect of Jurisdictional REDD+ (JREDD+) activities, given their unique characteristics relative to project-based approaches.

The ICVCM recognises the important role of prior consideration of carbon credits in ensuring the additionality of credited mitigation activities and that current market practice addresses this issue in a variety of ways. In the next iteration of the Assessment Framework the ICVCM will consider the effectiveness of approaches to determine prior consideration including criteria that limit the allowed time period based on an assessment of the reasonable amount of time to produce documentation and/or a reasonable maximum amount of elapsed time between activity start date and registration, including for JREDD+ activities. The ICVCM may also consider requiring reassessment of additionality at renewal of the crediting period for certain Categories in the next iteration of the Assessment Framework.

See Criteria 8.1 to 8.10 for Additionality in the Assessment Framework.

6 Permanence

> **The GHG emission reductions or removals from the mitigation activity shall be permanent or, where there is a risk of reversal, there shall be measures in place to address those risks and compensate for reversals.**

Permanent mitigation of GHG emissions is essential for maintaining net anthropogenic emissions in line with the long-term temperature goals of the Paris Agreement. However, many activities that enhance or preserve carbon stored in geologic or land-based reservoirs experience some degree of reversal risk.

These risks can be human-induced (e.g., an afforestation project that is converted to cropland) or nature-induced (e.g., an afforestation project destroyed by a wildfire). Different activities have varying degrees of reversal risk. When the carbon stored in a reservoir by a mitigation activity is released to the atmosphere, it can no longer be considered a GHG emission reduction or removal.

Temporary carbon storage, even over long periods, cannot substitute for permanent emission reductions. However, reversible mitigation can still play an important role in efforts to limit global warming. Crediting carbon storage for finite timescales, for example, could enable higher volumes of near-term investment in mitigation activities and help avoid climate tipping points. In doing so, it can also buy time until permanent mitigation solutions become viable at scale, or other policies are developed to maintain terrestrial carbon storage indefinitely.

Under the Permanence CCP, Categories must meet CORSIA permanence requirements as well as additional permanence requirements based on associated risk of reversals. As these risks vary by Category, the ICVCM has tailored its permanence criteria and requirements as expressed in the Assessment Framework, including separate permanence requirements for Jurisdictional REDD+ Programs, accordingly.

For certain Categories identified in the Assessment Framework, an approach to monitor and compensate for reversals, including through obligations on mitigation activity proponents and using pooled buffer reserves, is required. These Categories are:

- Conservation and avoided conversion (e.g., grassland/rangeland management, avoided deforestation);
- Agriculture soil carbon sequestration;
- Forestry sequestration (improved forest management, afforestation/reforestation, agroforestry);
- Wetland and marine ecosystem restoration/management (including seagrasses, saltmarshes, mangroves, peatlands).

Another set of Category types are required to assess reversal risk and manage material risks. These Categories are:

- Mitigation activities involving the displacement of non-renewable biomass;
- Biochar;
- CCS with geological storage;
- Enhanced weathering;
- CCS with mineralization;
- CO2 in concrete utilisation.

The Integrity Council sets out rules that require compensation for reversals. For Categories where there is material risk, as noted above, a 40-year minimum commitment to monitor, report, and compensate for avoidable reversals, from the start date of the mitigation activity, is required.

In relation to managing reversal risk and compensating for reversals for such Categories, the Assessment Framework provides conditions under which mitigation activity proponents must compensate for avoidable reversals, and also sets out requirements for pooled buffer reserves and how the carbon credits placed within them are to be used in the case of reversals.

In its next iteration, the ICVCM will consider longer monitoring and compensation periods (e.g., one hundred years). The ICVCM may also shift monitoring and compensation oversight to the program or jurisdiction, in alignment with existing and emerging best practices among carbon-crediting programs.

The next iteration of the Assessment Framework will also require the carbon-crediting program to have provisions in place to ensure the continued operation of the pooled buffer reserve until the latest date of expiry of the monitoring and compensation period of all registered and completed mitigation activities, for instance, when the carbon-crediting program ceases to exist or is otherwise prevented from operating the pooled buffer reserve.

The Assessment Framework applies specific provisions for addressing permanence in a Jurisdictional REDD+ Program. These provisions cover use of a pooled buffer reserve and how reversals are addressed through that reserve. Given the relative newness of Jurisdictional REDD+ the ICVCM will continue to analyse JREDD+ permanence for future iterations of the Assessment Framework.

Finally, the ICVCM will also undertake a work program in relation to permanence. Refer to section E on Continuous Improvement of the Assessment Framework for additional details.

See Criteria 9.1 to 9.5 for Permanence in the Assessment Framework.

7 Robust Quantification

> **The GHG emission reductions or removals from the mitigation activity shall be robustly quantified, based on conservative approaches, completeness and sound scientific methods.**

A crucial consideration in strengthening the integrity of the VCM is ensuring that GHG emission reductions or removals are robustly quantified so that their levels are not overstated. Robust quantification relates to the measurement of emission reductions from an activity, the determination of baselines, and the accuracy of the number of credits issued.

Carbon-crediting programs must, *inter alia*, address the level of uncertainty of emission reductions or removals and ensure the conservativeness of quantification methodologies. It is critical for carbon-crediting programs to understand the level of uncertainty associated with the data and assumptions used to quantify GHG emission reductions or removals to ensure they are estimated conservatively. In this context, conservativeness relates to managing the uncertainty in emission measurements and calculations relating to the baseline and credits issued. The overriding principle is to choose the most conservative value or quantification methodology to address the inherent uncertainty.

Ensuring robust quantification requires that carbon-crediting programs have a thorough methodology-approval process that includes public stakeholder consultations and reviews by independent experts. Moreover, carbon-crediting programs must have robust requirements and principles governing the quantification of GHG emission reductions and removals. In addition, robust quantification requires that carbon-crediting programs ensure that GHG emission reductions or removals are verified *ex-post*. Some carbon-crediting programs also issue carbon credits *ex-ante*. In such instances, only carbon credits issued *ex-post* may be eligible for CCP-Approval.

Carbon-crediting programs must meet the CORSIA requirements related to robust quantification. CORSIA addresses the creation and updates of methodologies which are used to issue carbon credits from activities that reduce or remove emissions. At the Category-level, quantification approaches must also meet the CORSIA requirements. In addition, the quantification approaches in methodologies and other program documents must ensure conservativeness by limiting the likelihood that emissions reductions or removals from mitigation activities are overestimated and that a very significant overestimation is very unlikely. The overall uncertainty in quantifying emissions reductions or removals is to be taken into account by including all causes of uncertainty, including assumptions (e.g., baseline scenario), estimation equations or models, parameters (e.g., representativeness of default values), and in measurement approaches (e.g., the accuracy of measurement methods), and overall uncertainty is required to be assessed as the combined uncertainty from individual causes.

Additional criteria and requirements contain quantification approaches that should be fulfilled in quantification methodologies and, where relevant, other program documents used in quantifying emissions reductions or removals for a given Category of carbon credits. These requirements include that:

- Boundaries should enable conservativeness and account for emissions sources and sinks, and, where possible, their location;
- Baselines must be conservative, consider uncertainties, legal requirements and rebound effects, avoid perverse incentives, and be reviewed at appropriate intervals;
- All material sources of leakage must be taken into account and minimised with deductions applied for residual leakage. Estimation of leakage to be robust and conservative due to uncertainty;
- The quantified emission reductions or removals should be attributable to the mitigation activity;
- Aggregate duration of crediting periods should be activity-appropriate;
- Activities have robust monitoring including robust and conservative measurement, consideration of uncertainty, assignment of responsibilities, and quality control.

The Assessment Framework contains several areas related to Robust Quantification where the ICVCM has signalled its intention to increase the future stringency of requirements.

Carbon-crediting programs should regularly review and update their quantification methodologies to ensure environmental integrity. Therefore, in the next iteration of the Assessment Framework, the ICVCM will include a minimum elapsed time (e.g., every five years) for this review and update to take place. The ICVCM will consult with relevant stakeholders to understand existing practice and the best periodicity for this review cycle.

The ICVCM also understands the importance of a consistent approach to calculating CO2 equivalence and will introduce requirements to align approaches used by carbon-crediting programs with the agreed values used internationally, i.e., the 100-year Global Warming Potential (GWP) values from the 5th IPCC assessment report, in the next iteration of the Assessment Framework.

The ICVCM emphasises the importance of robust quantification and the need to create robust and sufficiently refined methodologies to lower the risk that credited emission reductions or removals are overestimated, and will continue to consider ways to set criteria that reduce the likelihood of overestimation and criteria that will ensure that the ambition of the baseline is enhanced upon update and/or review.[3] The ICVCM will also consider whether to require quantification methodologies to ensure that the approach to updating and reviewing the baseline increases the ambition of the baseline over time.

In relation to JREDD+, the ICVCM will consider whether to require carbon-crediting programs to have provisions stipulating that any registered Project-based mitigation activity within a Jurisdictional REDD+ Program takes into account the provisions of that Jurisdictional REDD+ Program where required by the jurisdiction.

Finally, the ICVCM will also undertake a work program in relation to robust quantification under its Paris Alignment work program. See section E on Continuous Improvement of the Assessment Framework.

See Criteria 5.1 to 5.3 and Criteria 10.1 to 10.8 in the Assessment Framework.

3 See also Continuous Improvement work program on Paris Alignment in the context of baselines that relate to assessing how baseline scenarios and baseline emission and removal quantification can take into account and be aligned to Paris Agreement goals, the host country NDC and the LT-LEDs of the host country, if any.

8 No Double Counting

> **The GHG emission reductions or removals from the mitigation activity shall not be double counted, i.e., they shall only be counted once towards achieving mitigation targets or goals. Double counting covers double issuance, double claiming, and double use.**

Double counting of carbon credits and/or GHG emission reductions or removals undermines the integrity of the VCM. Double counting can manifest in a number of ways and the ICVCM requirements ensure that the carbon-crediting programs manage the risks of double counting.

Double issuance: This occurs when two or more carbon credits coexist at the same time for one GHG emission reduction or removal, under the same or different carbon-crediting or other programs. Double issuance can also occur where two or more mitigation activities have overlapping GHG accounting boundaries. The carbon-crediting program must have provisions avoiding issuance of more than one credit in relation to the same GHG emission reduction or removal in such cases.

Double use: This occurs when one carbon credit is claimed towards multiple mitigation targets/goals (e.g., once each by two different entities or twice by one entity).

Double claiming with mandatory domestic mitigation schemes: This occurs when a carbon-crediting program issues a carbon credit in respect of GHG emission reductions or removals that are covered by a mandatory domestic mitigation scheme (e.g., emissions trading system). In the context of the ICVCM, it is considered that a Nationally Determined Contribution (NDC) under the Paris Agreement does not constitute a mandatory domestic mitigation scheme. While a NDC may be put into effect through a variety of instruments, including mandatory domestic mitigation schemes, it is considered to be separate from the latter.

The Integrity Council has established a CCP Attribute in relation to host country authorisation for use towards 'other international mitigation purposes' pursuant to Article 6 of the Paris Agreement (see section D below). The question of how to manage double counting in all its forms in the context of Article 6, and whether double claiming with NDCs should be avoided on the basis of a corresponding adjustment as set out in Article 6 implementing guidance, will be addressed in the ICVCM work program, described in section E Continuous Improvement of the Assessment Framework.

Double claiming with mitigation incentivisation schemes: This occurs when a carbon-crediting program issues a carbon credit for a GHG emission reduction or removal for which another environmental credit related to GHG emission mitigation is being issued and traded under a different environmental credit market (such as Renewable Energy Certificates).

At the Program-level, the carbon-crediting programs must have provisions in place that prevent double registration of mitigation activities and double issuance of carbon credits. In addition, carbon-crediting programs must also have provisions that prevent double use of carbon credits within their registry.

At the Category-level, carbon crediting programs must must seek to avoid double issuance through provisions to identify potential overlaps in cases where there is a material risk of overlapping claims. In cases where there is risk of double claiming, carbon-crediting programs must ensure either that overlapping activities are not issued credits or that any relevant mitigation impacts are not counted towards the achievement of targets or obligations under the mandatory domestic mitigation scheme. Finally, for Categories where there is a material risk of double claiming, the carbon-crediting program must have provisions to ensure that carbon credits are not issued for GHG emission reductions or removals achieved by a mitigation activity where units related to the same climate impacts of the mitigation activity are traded in other environmental markets.

See Criteria 6.1 to 6.5 for No Double Counting in the Assessment Framework.

C. SUSTAINABLE DEVELOPMENT

9 Sustainable Development Benefits and Safeguards

> **The carbon-crediting program shall have clear guidance, tools and compliance procedures to ensure mitigation activities conform with or go beyond widely established industry best practices on social and environmental safeguards while delivering positive sustainable development impacts.**

In a high-integrity VCM, carbon-crediting programs take steps to ensure that mitigation activities adhere to environmental and social safeguards and contribute to the Sustainable Development Goals (SDGs). Carbon-crediting programs have measures in place to ensure that, in the context of the host country, mitigation activity proponents inform how SDG impacts are consistent with SDG objectives, respect human rights and comply with relevant safeguards. Program-level processes ensure that mitigation activity proponents assess environmental and social risks associated with proposed mitigation activities, taking into account the size and scale of the relevant mitigation activity.

Where the context requires, mitigation activities are required to ensure free, prior and informed consent (FPIC) processes with IPs & LCs, protect and improve livelihoods, protect and restore biodiversity and ecosystem services, enhance climate resilience and adaptation, reduce pollution, and be transparent about the sharing of benefits from the mitigation activity with IPs & LCs.

Under Program-level criteria and requirements in the Assessment Framework, carbon-crediting programs must meet the CORSIA requirements to Safeguards System and Sustainable Development Criteria. In addition to the relevant CORSIA requirements, carbon-crediting programs must ensure compliance with relevant national requirements, applicable laws and rules of the relevant jurisdiction. They must also assess risks of negative environmental and social impacts associated with relevant safeguards. In that context, the Assessment Framework builds on the work of widely applied best-in-class standards including the World Bank, International Finance Corporation, United Nations Development Programme, United Nations Declaration on the Rights of Indigenous Peoples, United Nations Environment Programme, the Cancun Safeguards, and the International Labour Organization Fundamental Conventions, among others.

The Program-level criteria contain numerous requirements applicable to how the carbon-crediting programs ensure mitigation activities have addressed risks relating to safeguards and sustainable development and, where appropriate, have included measures to address them in validated design documents. These requirements cover:

- Labour Rights and Working Conditions;
- Resource Efficiency and Pollution Prevention;
- Land Acquisition and Involuntary Resettlement;
- Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- Indigenous Peoples, Local Communities, and Cultural Heritage;
- Respect for Human Rights, Stakeholder Engagement;
- Gender Equality;
- Robust Benefit-Sharing;
- Cancun Safeguards.

In addition, carbon-crediting programs are required to ensure mitigation activities provide information on consistency with host country SDG objectives, how any SDG benefits are delivered, and what standardised tools or methods, if any, were used.

The ICVCM is aware that carbon-crediting programs have recently or are currently developing new and expanded requirements in this area and, as a result, carbon credits issued in the past might not have been subject to the more advanced criteria currently applicable to the carbon-crediting programs. The ICVCM has therefore created Category-level criteria applicable to all carbon credits, including those that might have been issued earlier, to address this issue.

At the Category-level, mitigation activities must meet CORSIA requirements related to Safeguards System (do no net harm provisions) and Sustainable Development. In addition, where a Category also operates under a third-party linked certification scheme or third-party linked robust set of requirements relevant to safeguards and to sustainable development benefits, or specific further requirements of the carbon-crediting program, the carbon-crediting program must provide information for the assessment process in the Assessment Platform.

The Assessment Framework contains areas related to Sustainable Development Benefits and Safeguards, listed below, where the ICVCM has signalled its intention to increase the future stringency of requirements at both the Program-level and Category-level.

The ICVCM recognises that approaches to sustainable development benefits and safeguards are currently evolving and that this is a clear area for improvement in the VCM. The ICVCM will consult with relevant stakeholders on Program-level requirements to understand how current practice can be improved (see section E Continuous Improvement of the Assessment Framework) and how to incorporate any increases in stringency with criteria set out under section C.7 of the Assessment Framework into its next iteration to ensure:

- The program rather than the proponent assesses the social and environmental risks;
- Consistency with conservation objectives for terrestrial and marine habitats, including with regard to invasive alien species, avoiding conversion of high conservation value habitats and protecting habitats of endangered species, including areas needed for habitat connectivity;
- Promotion of more sustainable use of resources, including energy, water and soil;
- Best practice for IPs & LCs consultation and FPIC processes to be more inclusive of women and vulnerable and/or marginalised groups, and in particular to participate in the planning, implementation, and monitoring of any resettlement activities, with full consent;
- Avoidance of negative impacts on IPs & LCs' protected territories and resources, nor on their development priorities and governance; respect for areas inhabited by or believed to be inhabited by uncontacted or isolated IPs & LCs;
- Transparency on use and management of revenues for benefit sharing;
- Gender assessment and gender action plan and use of gender disaggregated data to monitor, assess and report on gender impacts;
- Validation and verification requirements related to environmental and social safeguards.

At the Category-level, the ICVCM is aware that further work is needed to improve sustainable development benefits and safeguards associated with mitigation activities. For the next iteration of the Assessment Framework, and through the Continuous Improvement work program, the ICVCM will draw upon available safeguards and SDG impact measurement and management protocols including third-party certification requirements to develop further criteria and a risk and impact rating framework for Categories.

The ICVCM will consider requiring methodologies to submit evidence of the level of change achieved and the degree to which sustainable development benefits can be attributed to the mitigation activity. The ICVCM will also consider requiring methodologies to include provisions promoting net positive sustainable development benefits.

See Criteria 7.1 to 7.11 for Sustainable Development Benefits and Safeguards and Criteria 11.1 and 11.2 in the Assessment Framework.

10 Contribution Towards Net Zero Emissions

> **The mitigation activity shall avoid locking-in levels of GHG emissions, technologies or carbon-intensive practices that are incompatible with the objective of achieving net zero GHG emissions by mid-century.**

Contributing to the global transition towards net zero emissions is a global imperative and inscribed as the long-term goal under the Paris Agreement: achieving a balance of greenhouse gas emissions and removals in the second half of this century. For compatibility with the global goal of net zero, mitigation activities, even if they lead to short-term emission reductions, should be discouraged if the result locks in an increase in long-term GHG emissions.

The ICVCM has therefore determined that in order to ensure that CCP-Approved carbon credits are not misaligned with the contribution to net zero, certain Categories are ineligible for CCP-Approval. These Categories include mitigation activities that:

- Directly lead to an increase in the extraction of fossil fuels, such as Carbon Capture and Storage technologies used for Enhanced Oil Recovery;
- Relate to unabated coal-fired electricity generation;
- Involve any other unabated fossil fuel-powered electricity generation other than new gas-fired generation as a part of increased zero-emissions generation capacity in support of national low-carbon energy transition plans;
- Focus on road transport that rely on the continued use of solely fossil-fuelled engines.

The approach put forward by the ICVCM ensures an initial step towards aligning carbon-crediting programs and Categories that are compatible with and mindful of the IPCC recommendations and with the development and energy transition priorities of developing countries. It allows for new net zero emissions from gas-fired generation in the context of transition planning and implementation, the use of carbon capture, utilisation and storage (CCUS) technology, as long as use of those technologies result in a net decrease of emissions, and hybrid vehicles, which represent important GHG reduction opportunities through efficiency and remain necessary elements of national policies for a large part of the world. CCP-Approval for these approaches will require carbon-crediting programs to ensure that new or revised methodologies require mitigation activity proponents to assess the compatibility of the mitigation activity with the transition to net zero, in reference to the net zero objectives of the relevant host country.

Finally, in the next iteration of the Assessment Framework, the ICVCM will consider enhancing the assessment of compatibility with the transition to net zero to all (both new and existing) active methodologies. This could be accomplished by requiring a dedicated section in all methodologies requiring mitigation activity proponents using the methodology to describe how the activities eligible under that methodology are compatible with a transition towards net zero in the relevant host country, including any expected contribution.

See Criteria 12.1 to 12.2 for Contribution Towards Net Zero of the Assessment Framework.

D. CCP ATTRIBUTES

Attributes can be used to identify additional features related to the mitigation activity for which the carbon credit has been issued. Such identification enables mitigation activity proponents to showcase the features of the mitigation activity and allows buyers to purchase carbon credits that match their preferences. To facilitate the identification of these additional features, the ICVCM has included CCP Attributes in this Assessment Framework.

Carbon credits that are CCP-Approved as a result of the assessment process may then, in accordance with the Assessment Procedure, additionally be tagged with relevant CCP Attributes. A carbon credit may have more than one CCP Attribute, but each must be distinguished from other CCP Attributes that may be allocated to the carbon credit.

Attribute 1 relates to 'Host country authorisation pursuant to Article 6 of the Paris Agreement.' This attribute refers to whether the host country has authorised the carbon credit ('mitigation outcomes.' the GHG emission reductions or removals represented by the carbon credit) for 'other international mitigation purposes' under guidance adopted pursuant to Article 6 (specifically cooperative approaches referred to in Article 6, paragraph 2) of the Paris Agreement. Some buyers are keen to purchase carbon credits in respect of which there is a host country authorisation for Article 6 purposes. This attribute facilitates identifying such carbon credits.[4]

Attribute 2, 'Share of Proceeds for Adaptation,' refers to whether the mitigation activity makes a voluntary contribution to the Adaptation Fund of the UNFCCC.

Attribute 3 is 'Quantified positive SDG impacts.' This attribute refers to whether the mitigation activity quantifies a positive contribution to Sustainable Development (excluding SDG 13). It differs from requirements in section 4.C.7 of the Assessment Framework (criteria related to Sustainable Development Benefits and Safeguards) because the attribute relates to quantification of SDG impacts. This will facilitate the identification of carbon credits with quantified positive impacts. Such quantified positive SDG impacts must align with the sustainable development priorities of the host country, where those are relevant to the mitigation activity.[5]

Other attributes may be developed at the discretion of the ICVCM.

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4 This issue is also connected to section 4.B.6 Assessment Framework (criteria related to No Double Counting) and the work program to be undertaken by the ICVCM described in section E below. The ICVCM will undertake a work program on related matters (see section E below).

5 This issue is also connected to section 4.B.6 of the Assessment Framework (criteria related to No Double Counting) and the work program to be undertaken by the ICVCM described in section E below. The ICVCM will undertake a work program on related matters (see section E below).

E. CONTINUOUS IMPROVEMENT OF THE ASSESSMENT FRAMEWORK

In line with best practices in standard setting, the Integrity Council has designed a process for continuous improvement of the CCPs and the Assessment Framework. The process ensures the continued relevance and effectiveness in meeting the stated objectives of the Integrity Council.

Work on developing the next iteration of the Assessment Framework begins after the release of this first iteration. It will include input by multi-stakeholder work programs detailed in the sections below. It will include consultation processes (public and via workshops with multi-stakeholder groups such as carbon-crediting programs, project developers, academics, IPs & LCs, etc.) and analysis necessary to inform its development.

The process for developing the next iteration of the CCPs and the Assessment Framework begins in the second half of 2023 with the aim of publishing in 2025 and implementation in 2026.

Paris Alignment

Corresponding Adjustments pursuant to guidance on Article 6, paragraph 2 of the Paris Agreement

It is broadly understood that double counting must not occur where carbon credits are transferred internationally for use towards NDCs under the Paris Agreement. This understanding is also reflected in Article 6 guidance agreed at the UNFCCC COP26 in 2021. There is, however, an active debate in the VCM about how to manage double counting in all its forms in the context of Article 6, and whether double claiming with NDCs should be avoided on the basis of a corresponding adjustment as set out in Article 6 implementing guidance, in the context of companies using carbon credits towards voluntary climate commitments. The ICVCM considers that this issue remains open after UNFCCC COP27 and needs further study.

As countries move to implement systems to deliver on their Paris Agreement commitments the VCM and host country systems will increasingly interact. The ICVCM and VCMI will co-lead a joint work program to consider:

- Identification and assessment of scenarios related to corresponding adjustments;
- Impacts of corresponding adjustments and implications for carbon credit integrity.

Share of Proceeds for Adaptation Finance

In addition to the CCP Attribute for a Share of Proceeds for Adaptation Finance (SOPA)[6], the Integrity Council will establish a work program to consider:

- Whether SOPA should be mandatory or voluntary;
- Potential exemptions based on mitigation activity type or size based on the mitigation and adaptation impacts, and on benefits and revenues to communities participating in GHG mitigation activities/programs in developing countries;
- The readiness of buyers of carbon credits to make such a contribution;
- The merits of voluntary compared to mandatory approaches;
- The appropriate destination of any carbon credits/revenue;
- The impact on market participants and the incentives created.

Baselines and NDC alignment

The Integrity Council will establish a work program to consider:

- How baseline scenarios and baseline emission and removal quantification can take into account and be aligned to the Paris Agreement goals, the host country Nationally Determined Contribution (NDC) and the Long-term Low-Emission Development Strategies (LT-LEDs) of the host country, where appropriate.

Sustainable Development Benefits and Safeguards

In addition to the requirements under section 4.C.7 Sustainable Development Benefits and Safeguards and the CCP Attribute for quantified positive SDG impacts[7], the Integrity Council recognises that approaches to environmental and social safeguards are currently evolving and that this is a clear area for improvement in the VCM. The ICVCM will consult with relevant stakeholders to understand how current practice can be improved in order to develop new requirements for the next iteration of the Assessment Framework. The work program will include all elements listed in table 7.12 of the Assessment Framework.

Permanence

The ICVCM recognises the evolving market practice around ensuring permanence and measuring and addressing reversals. A work program will address the following aspects of permanence and addressing reversals:

- Monitoring and compensation periods and/or reserve requirements, including consideration of methods to provide for longer monitoring and compensation periods (e.g., one hundred years), to consider whether monitoring and compensation periods should count from the start of the first crediting period or from the vintage of the mitigation outcome, and to consider options for transferring the monitoring and compensation oversight to the carbon-crediting program or the jurisdiction, including taking into account emerging and existing best practice among carbon-crediting programs;

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6 See section D, CCP Attribute 2: Share of Proceeds for Adaptation

7 See Section D, CCP Attribute 3: Quantified positive SDG impact

- Pooled buffer reserves, their design, sufficiency (including periodic stress testing considering a range of scenarios), feasibility, and possible new designs;
- Reversal risk assessment tools and procedures (including risks presented by climate change);
- Insurance products and mechanisms;
- Different approaches to permanence.

In addition, the Integrity Council plans the following work programs to commence in 2024:

Digital MRV

The ICVCM recognizes the importance and limitations of Digital Monitoring, Reporting, and Verification (D-MRV) for the evolution and future best practice of the VCM. A work program on these issues will consider how remote sensing data, machine learning, AI and Web3 as applied to the VCM, for both jurisdictional and project-based crediting approaches could support enhanced transparency, integrity and efficiency of the VCM. Topics to be considered in relation to D-MRV might include:

- D-MRV in the context of carbon credit quality assessments and review, including consideration of whether a universal standard for data quality and management would be useful across the market;
- Minimum data resolution levels required to conduct project-specific assessments;
- Accuracy and Attribution methodologies and best practices;
- Acceptable uncertainty levels in data and its application in the VCM;
- Peer review requirements for data, data sets and research methods related to D-MRV and the VCS.

Market Transparency, Standardisation, and Scalability

The ICVCM considers that there are opportunities to improve market standards around transparency and data infrastructure for credits, building on existing initiatives. This work program will include:

- Universal tracking and transparency infrastructure (registry requirements and interoperability) for the global carbon market leveraging existing and emerging technologies and initiatives;
- Credit pricing disclosure and tracking systems;
- Guidance on reporting on revenue;
- Standardised contracts.

Oversight of VVBs and MRV systems

The ICVCM considers that there are opportunities to improve market standards around how carbon-crediting programs oversee VVBs and MRV systems. This work program will include:

- Best practice for accreditation, training and competency requirements for validators and verifiers;
- Review of existing oversight mechanisms of VVB performance and procedures including systematic monitoring and consequences for poor performance;
- Information and disclosure requirements for VVB bodies;
- Approaches to independent spot checks, document review and completeness checks of validation and verification documents as well as registry requirements;
- Approaches to triage, root-cause analysis and learning lessons when quality issues emerge for a project or credit type Category or methodology.

Simplified Approaches for Small Projects

The ICVCM considers that there may be opportunities to develop simplified approaches for small mitigation activities while maintaining high integrity and carefully assessing potential unintended consequences that such approaches could create. This work program will include consideration of:

- Definition and cut-off for small mitigation activities and eligibility requirements for issuing organisations and programs;
- Standardised assumptions with appropriate allowance for conservativeness;
- Existing frameworks that can simplify and streamline risk assessments;
- Sample-based approaches;
- Consideration of nationally regulated mechanisms for accreditation and verification of credits.

Jurisdictional Crediting Approaches

The ICVCM considers that it would be beneficial to further evolve special considerations for jurisdictional crediting approaches, including areas such as:

- Permanence;
- Additionality, including prior consideration and applicability of financial consideration;
- Establishing standardised baselines;
- Retroactive crediting (and consideration may be relevant for non-jurisdictional approaches);
- Nesting provisions.