



KEY GOVERNANCE PRINCIPLES AND MANDATE FOR THE INTEGRITY COUNCIL FOR THE VOLUNTARY CARBON MARKET

The voluntary carbon market is critical to accelerate a just transition to Net Zero. But without a guarantee of high integrity, the voluntary carbon market should fail.

For the voluntary carbon market (VCM) to achieve its purpose, it must operate according to certain Principles that underpin a high-integrity market. The Integrity Council for the Voluntary Carbon Market, the independent governance body established to set and enforce definitive global threshold standards for the VCM, will therefore uphold these Principles.

These Principles are described below:

PURPOSE-DRIVEN. The voluntary carbon market exists to accelerate a just transition to Net Zero by channelling finance that would not otherwise be available into projects and programs that genuinely reduce or remove greenhouse gas emissions and are genuinely additional. It must do so in ways that do not cause other environmental and social harms and where possible that are increasingly nature- and people-positive and/or accelerate market uptake of clean technologies.

HIGH INTEGRITY. Carbon credits must be high quality with real, verifiable climate benefits, and must be integrated into a high-quality net zero pathway.

TRANSPARENCY. Transparency is fundamental to the integrity and efficiency of the voluntary carbon market.

INTERDEPENDENCE. The voluntary carbon market does not operate in a vacuum. It must contribute to the goals of the Paris Agreement, and complement and/or inform other climate efforts, including internal corporate emission reductions, other carbon markets, and climate policies. Its proper functioning could also be impacted by activities and changes in these other areas, and where any adverse impacts are identified, these should be mitigated.

INCLUSIVITY. To achieve its purpose, the voluntary carbon market should benefit everyone. This means it needs to be inclusive and support all those with a stake in the market including, above all, communities where projects are located. Channels, structures and procedures must ensure these groups have real opportunities to present their views, and contribute to the effective governance of the market.

MANDATE

The Integrity Council therefore seeks to set and enforce definitive global threshold standards for quality carbon credits in the voluntary carbon market, by fulfilling the following Mandate.

- a. Set and enforce robust standards for high-integrity carbon credits, including governance and the methodologies used in the validation and registration of mitigation activities and the verification, trading, and purchasing of associated carbon credits, convening internationally-recognized experts in their fields drawn from diverse groups including IGOs, governments, science, civil society, NGOs and the private sector to do so;
- b. Set and enforce standards requiring transparency for carbon offset-related products, contracts, securities, and trading practices, adopting mechanisms that make procedural and transactional information publicly available in as real-time as possible, unless there is a compelling rationale that confidentiality of specific items or categories would promote the market's public purpose;
- c. Establish onboarding requirements and inclusive monitoring, reporting, and verification protocols for market participants and stakeholders;
- d. Ensure that carbon markets are designed to be liquid and secure, and that conditions for trading are equivalent among market participants in order to facilitate market access and prevent harmful arbitrage;
- e. Exclude would-be voluntary carbon market participants from accreditation that do not fully adhere to the applicable principles;
- f. Adopt procedures and mechanisms that enable it to quickly adapt, improve, and course-correct;
- g. Engage with market supervisors and regulatory authorities to promulgate principles for the voluntary carbon market;
- h. Ensure continual improvement across the market through appropriate intelligence, influence and enforcement mechanisms, with anomalies and grievances investigated with appropriate follow-up and sharing of lessons learned; and
- i. Design and operate the structure, funding, and rules of the Integrity Council so as to mitigate conflicts of interest and prevent capture or undue influence of any market participant.