

Fact Sheet: Integrity Council for the Voluntary Carbon Market

The Integrity Council for the Voluntary Carbon Market (ICVCM) is an independent, non-profit global standards body for the voluntary carbon market, working to maximise its potential to finance climate solutions by increasing the quality of carbon credits on the market to a consistent quality threshold.

Our **Core Carbon Principles (CCPs)** set a global standard for high-integrity carbon credits, ten fundamental principles that create real, verifiable climate impact, based on the latest science and best practice. CCP-labelled carbon credits are designed to build trust in the market and enable it to scale.

The high-integrity CCP label gives confidence that carbon credits deliver genuine emissions reductions and bring social and environmental benefits that support Indigenous Peoples and local communities in the Global South (IPs and LCs). Projects will have to disclose their impact on emissions, society and the environment, making it easier for third parties to monitor their performance.

It enables buyers to recognise and put a price on a high-integrity credit no matter which carbon-crediting program issued it, what kind of credit it is, or where it is generated. This will not only build trust, but also reduce confusion and overcome market fragmentation. A consistent, high-integrity benchmark with greater transparency will enable the market to be more confident in quality, enabling greater investment.

The CCP label launches a new chapter for the voluntary carbon market. It will unlock private sector finance for projects to reduce and remove billions of tonnes of emissions that would not otherwise be viable. It will channel climate finance to countries in the Global South, helping them to achieve their national climate goals. It will also support the UN Sustainable Development Goals, because all new projects will be required to make a positive contribution to sustainable development and adopt robust measures to protect people and the environment.

LAUNCHING THE HIGH-INTEGRITY CCP LABEL

Under our “two-tick” process, carbon credits can only be tagged with the CCP label if the carbon-crediting program is approved as “CCP-Eligible” and the projects that generate the credits use methodologies that are also “CCP-Approved”.

We are in the process of assessing programs and more than 100 carbon-crediting methodologies – the rules programs set for designing and implementing different types of carbon-crediting projects – for adherence to the high-integrity criteria set out in the [CCP Rulebook](#). Our rules build on the CORSIA framework but are more demanding.

The biggest carbon-crediting programs have all updated their procedures to comply with the rigorous CCP criteria. **ACR, ART, Climate Action Reserve (CAR), Gold Standard** and **VCS (operated by Verra)** are all CCP-Eligible. We are continuing to assess some smaller programs and encourage others to apply through our program assessment platform before October 2024, when it will close for six months.

- We have approved methodologies covering an estimated 27 million unretired credits (3.6% of the VCM). These are generated by projects that tackle potent greenhouse gases by: detecting and repairing leaks in natural gas pipelines; capturing methane from landfill gas sites; and destroying ozone-depleting foams and refrigerant gases from discarded equipment.
- We have rejected methodologies covering approximately 236 million unretired credits (32% of the VCM). These are all credits from renewable energy projects apart from a small number covered by one methodology for reducing the release of sulphur hexafluoride, a greenhouse gas used in the magnesium industry.

The volume of CCP-labelled credits will grow steadily over 2024 as our assessments progress and we approve further methodologies.

Most credit categories are being assessed by multi-stakeholder working groups, including experts with relevant knowledge. Assessments of some important credit categories have concluded and will soon come to the Governing Board for decisions, including Improved Forest Management and Afforestation, Reforestation and Revegetation. Assessments of other popular types of credits are due to be completed in the coming months including REDD+ (Reducing Emissions from Deforestation and Forest Degradation), Jurisdictional REDD+ (JREDD+) and clean cookstoves.

Some assessments will take longer than others owing to the unique characteristics of each program or methodology, their scale and complexity. All will be assessed with the same rigour and the speed of assessment is no reflection on the quality of programs or methodologies.

Before a methodology is rejected programs have the right to submit further information and request a hearing. This means that it is a longer process for the Governing Board to reject a methodology than to approve one.

We have set up [a dedicated web page](#) to keep the market updated on the progress of assessments and are making announcements each month about decisions from our Governing Board.

IMPACT OF THE CCPS

Governments and regulators are looking to the CCPs as an international standard that can be incorporated into their frameworks.

- The US government published principles for high-integrity carbon credits that are closely aligned with the CCPs¹ and directly referenced the Integrity Council's role in raising standards.²
- The UK has said it intends to consult on endorsement of the CCPs and consider how to reflect them in policy, regulation and guidance.³
- The International Swaps and Derivatives Association has endorsed the CCPs and CCP-labelled credits as providing a benchmark of quality in the VCM.⁴
- The Commodity Futures Trading Commission has published draft guidance on listing carbon credit derivatives that is in accord with the CCPs⁵ and expects to adopt its standards.⁶

The Climate Crisis Advisory Group, headed by the former UK chief scientific adviser Sir David King and made up of some of the world's leading scientists, has endorsed the Integrity Council's work to raise the quality of carbon credits.⁷

GFANZ is encouraging buyers and financiers of carbon credits to commit to purchasing CCP-labelled credits. Norges Bank Investment Management, which manages Norway's €1.3 trillion government pension fund, is one institution that has backed the CCPs in guidance to its over 9,000 portfolio companies.

The world's largest spot carbon exchange, Xpansiv CBL, has launched the first standardised contracts aligned with the CCPs.⁸ Other exchanges are looking at launching CCP-labelled trading offers.

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/28/fact-sheet-biden-harris-administration-announces-new-principles-for-high-integrity-voluntary-carbon-markets/>

² <https://home.treasury.gov/news/press-releases/jy2373>

³ <https://www.gov.uk/government/news/uk-generates-billions-in-climate-finance-and-first-crdc-in-africa>

⁴ <https://www.isda.org/a/I9wgE/Navigating-the-Risks-of-Greenwashing-in-the-Voluntary-Carbon-Market.pdf>

⁵ <https://www.cftc.gov/PressRoom/PressReleases/8829-23>

⁶ <https://www.bloomberg.com/news/articles/2024-05-20/us-regulator-to-issue-carbon-credits-rulebook-within-months>

⁷ <https://www.ccag.earth/reports/voluntary-carbon-markets-pitfalls-potential-and-the-path-forward>

⁸ <https://xpansiv.com/xpansiv-cbl-to-launch-first-icvcm-ccp-standardized-contracts-on-july-23/>

Programs that the Integrity Council approves will be responsible for ensuring that they only use the high-integrity CCP label on credits which meet the criteria in the CCP Rulebook.

Programs must ensure that carbon credits make a genuine impact on emissions. This includes ensuring that they fund reductions or removals that are **additional** (i.e., they would not have occurred in the absence of the incentive created by carbon credit revenues). They must be **permanent**; **measured robustly** and conservatively; and **verified by independent experts**.

Programs must ensure that high-integrity credits come from projects with **robust social and environmental safeguards** that also deliver **positive sustainable development impacts**. This includes ensuring that projects assess and mitigate risks to IPs and LCs, secure their free, prior and informed consent, and are transparent about how they share benefits.

Programs must meet **high standards of governance** to ensure the overall quality of carbon credits. This includes providing comprehensive and **transparent information** on projects issuing credits so people can understand their impact on emissions, society and the environment.

Programs must also ensure that projects support the **transition to net zero** and do not lock in fossil fuel emissions or technologies.

Programs will also be able to highlight additional quality features of CCP-labelled credits by tagging them with **CCP Attributes**.

Core Carbon Principles		
GOVERNANCE	EMISSIONS IMPACT	SUSTAINABLE DEVELOPMENT
<ul style="list-style-type: none"> • Effective Governance • Tracking • Transparency • Robust independent third-party validation and verification 	<ul style="list-style-type: none"> • Additionality • Permanence • Robust quantification of emission reductions and removals • No double counting 	<ul style="list-style-type: none"> • Sustainable development benefits and safeguards • Contribution to net zero transition

BUILDING A HIGH-INTEGRITY VOLUNTARY CARBON MARKET

The Integrity Council was set up in September 2021 in response to the final recommendations of the Taskforce on Scaling the Voluntary Carbon Markets, an initiative launched by Mark Carney, UN Special Envoy for Climate Action and Finance and former Bank of England Governor, and backed by more than 250 organisations. We are applying familiar principles from regulated financial markets to build a high-integrity, transparent voluntary carbon market.

We have worked collaboratively to set robust requirements that balance ambition with pragmatism. We engaged stakeholders throughout the voluntary carbon market to build a common understanding of what high-integrity means for carbon credits, including carbon-crediting programs, environmental NGOs, and IPs and LCs. Our CCP Rulebook, published in July 2023, reflects the insights and experience of hundreds of organisations.

The CCPs are analogous to standards set by financial regulators. They set rules relating to a product – carbon credits – and to the carbon-crediting programs that issue them. We will assess and approve programs and methodologies, but will not assess individual projects.

Once CCP-labelled credits are available, we will oversee the market to ensure integrity. We will audit programs, make spot checks and respond to complaints. If we find material failings we are able to suspend or terminate the eligibility of the program or methodology.

A STRONG VOICE FOR INDIGENOUS PEOPLES

We are committed to working with Indigenous Peoples and local communities (IPs and LCs) and giving them a strong voice in shaping a high-integrity VCM that protects and promotes their rights and livelihoods. We have recruited eight representatives from diverse regions and cultures in a self-governing **IPs and LCs VCM Engagement Forum** that will:

- Help ensure that the VCM contributes to the climate objectives of the Paris Agreement while safeguarding the rights and interests of IPs and LCs;
- Identify IPs and LCs' priorities and strategically engage with the Integrity Council and other organisations working to build high-integrity markets;
- Identify opportunities for IPs and LCs and support and empower communities on the ground, providing technical assistance and sharing best practice; and,
- Strengthen and coordinate IPs and LCs' engagement with the market and enable other market participants to collaborate more effectively with Indigenous Peoples.

PATHWAY TO HIGHER AMBITION

The Integrity Council aims to ratchet up ambition in successive versions of the CCPs, learning lessons from experience, reflecting scientific and technical advances, and taking market developments into account. Multi-stakeholder work programs, public consultations and workshops with key market participants including programs, project developers and IPs and LCs will all feed into the next version of the Assessment Framework.

We are also establishing expert groups to study complex topics of importance to the future of the voluntary carbon market. [Continuous Improvement Work Programs](#) will assess:

- the implications of **Corresponding Adjustments** under Article 6b of the Paris Agreement;
- whether all carbon credit projects should make a **contribution towards climate adaptation**;
- how best to **align projects with host country climate commitments**;
- how to further **strengthen the sustainable development requirements**, including how to further increase transparency over the use and management of revenues for benefit sharing;
- how to further **strengthen the permanence requirements**, including developing and stress-testing pooled buffer reserves and lengthening the compensation period;
- how best to ensure the **integrity of jurisdictional projects** at national and sub-national level;
- developing **universal data standards for digital and remote sensing technologies** that can verify, monitor and report on projects, such as satellite imagery and machine learning;
- developing **standards for disclosing credit pricing and revenue**, standardised contracts and the market infrastructure needed to support this;
- strengthening **oversight of companies that verify and validate** carbon-crediting projects;
- simplifying paths to **CCP-Approval for small projects**, while avoiding loopholes.

REFERENCES

For more information on key topics see these pages of the [CCP Rulebook](#):

- Core Carbon Principles – p14
- Assessment Framework (for programs and credit categories) – p50
- Assessment Procedure – p110
- Continuous Improvement Work Programs – p46
- CCP Attributes – p45