OBSERVATIONS IN RELATION TO CATEGORY ASSESSMENT

IMPROVED FOREST MANAGEMENT – PART III

JANUARY 2026

1. Purpose of these observations

The Governing Board (the Board) of the Integrity Council for the Voluntary Carbon Market (ICVCM), when considering the assessment of methodologies related to Improved Forest Management (IFM) identified that it would be beneficial to make available their observations for the purpose of supporting the future development of methodologies in this Category.

These observations are non-binding and do not impact or form any part of the Assessment Framework, Assessment Procedure, or any Decision (as defined under the Assessment Framework) and are published by the ICVCM for the purpose of information only.

The ICVCM may, from time to time, publish other observations for other Categories where it considers this may be useful for CCP-Eligible Programs and other stakeholders, and may update and revise its observations from time to time based on further assessment processes or information. Observations are not an exhaustive set of views of the ICVCM, and not all aspects addressed in assessment processes are included. No reliance may be placed on observations, as they are for the purpose of information only, and observations published are without prejudice to other ongoing assessments.

The Governing Board would like to express its gratitude to the experts and other stakeholders engaged in the assessment process who provided input to the ICVCM regarding this Category.

2. Category Details

Improved Forest Management (IFM) projects deliver enhanced forestry practices designed to increase carbon sequestration and reduce emissions. These enhanced practices include extending harvest rotation periods (storing more carbon in trees), production to conservation measures (preserving areas of forest instead of harvesting) and reduced impact logging (using techniques that minimise damage to forests and soils). IFM methodologies typically do not limit the practices that can be applied, and projects may implement several practices at the same time.

3.Observations relating to IFM methodologies

The methodology within this Category considered by the Governing Board and to which these observations relate is Improved Forest Management (IFM) on Non-Federal U.S. Forestlands version 2.0 applied under ACR. Observations Part I (August 2025)[1] and Observations Part II (September 2025)[2] relate to other methodologies within this Category and are also relevant to Improved Forest Management (IFM) on Non-Federal U.S. Forestlands version 2.0.

The Governing Board's observations regarding the assessment of IFM methodologies against the ICVCM Assessment Framework and its Core Carbon Principles generally relate to robust quantification and additionality.

The Governing Board notes that older versions of this methodology as well as the remaining methodologies in this Category remain under assessment.

4. Robust Quantification

A crucial consideration in strengthening the integrity of the voluntary carbon market is ensuring that greenhouse gas (GHG) emission reductions or removals are robustly quantified, which means based on conservative and complete approaches and using sound scientific methods. The Governing Board considered the following issues when taking the Decision for Improved Forest Management (IFM) on Non-Federal U.S. Forestlands version 2.0 applied under ACR.

5. Additionality demonstration and Baseline determination

Emission reductions under an IFM mitigation activity are additional if the activity sequesters carbon dioxide at higher levels than would have occurred in its absence.

ICVCM recognize the tight interdependence between demonstrating additionality and establishing the baseline within the IFM category. As a result, different approaches to demonstrating additionality emerge depending on the baseline methodology – such as net present value (NPV) maximization, historical-based, initial carbon stock, and dynamic baselines.

The ICVCM notes that ACR IFM on Non-Federal U.S. Forestlands version 2.0 quantifies two types of credits: emission reductions and removals. GHG emission reduction credits arise from avoided harvesting relative to the project's baseline and the initial forest inventory. GHG Removal credits, by contrast, reflect increases in carbon stocks over the project period relative to the initial inventory. Maintaining a higher number of standing trees over time – through less intensive harvest rotations – enhances average biomass accumulation, enabling the forest to sequester and store additional carbon and generate removal credits.

[1] More information at: ICVCM Observations in Relation to Category Assessment - IFM PART I
[2] More information at: ICVCM Observations in Relation to Category Assessment - IFM PART II

For removal credits, the methodology quantifies increases in project carbon stocks measured at the end of each reporting period (every five years or less). Credits are issued only for verified carbon stock gains and are typically associated with IFM practices aimed at increasing sequestration, such as extending rotation ages toward optimal carbon storage. Baseline carbon stocks are directly measured through statistically robust sampling within the project area, and all additional sequestration is assessed against the initial forest carbon stock.

For emission reduction credits, the baseline in the methodology assumes that the area is managed to optimize wood product yields and GHG emissions reductions result from changes in this baseline harvest practice. Baseline harvesting scenarios are modelled to maximize the NPV of wood product yields over a 100-year modeling horizon. The modelled baseline is updated at each 20-year crediting period renewal, or when new policies or legal requirements are enacted. While updating the baseline every 20 years is generally appropriate for reflecting changes in forest management plans, it may not fully capture more rapidly changing economic factors, such as market behavior, demand for specific timber products, and/or price fluctuations. The ICVCM observes that these economic factors are likely to have a more direct influence on baseline setting under NPV maximization approaches than under historical-based or initial carbon stock approaches. Therefore, more frequent baseline updates are warranted to better reflect these dynamics.

In addition to the 20-year baseline approach above, project developers may opt for the dynamic baseline approach used in CCP-Approved ACR IFM on Non-Federal U.S. Forestlands version 2.1, operationalized through the ACR Tool for Dynamic Evaluation of Baselines. This tool enables ex-post adjustments to baseline carbon stock estimates at each verification (no less frequent than 5 years), ensuring alignment with observed conditions and supporting increased ambition over time.

6. Environmental and Social Safeguards

The Governing Board underlines the importance of compliance with social and environmental safeguards throughout IFM projects, and notes that robust oversight mechanisms are important components of effective social and environmental protections in IFM, particularly in forestry projects involving non-native species.