



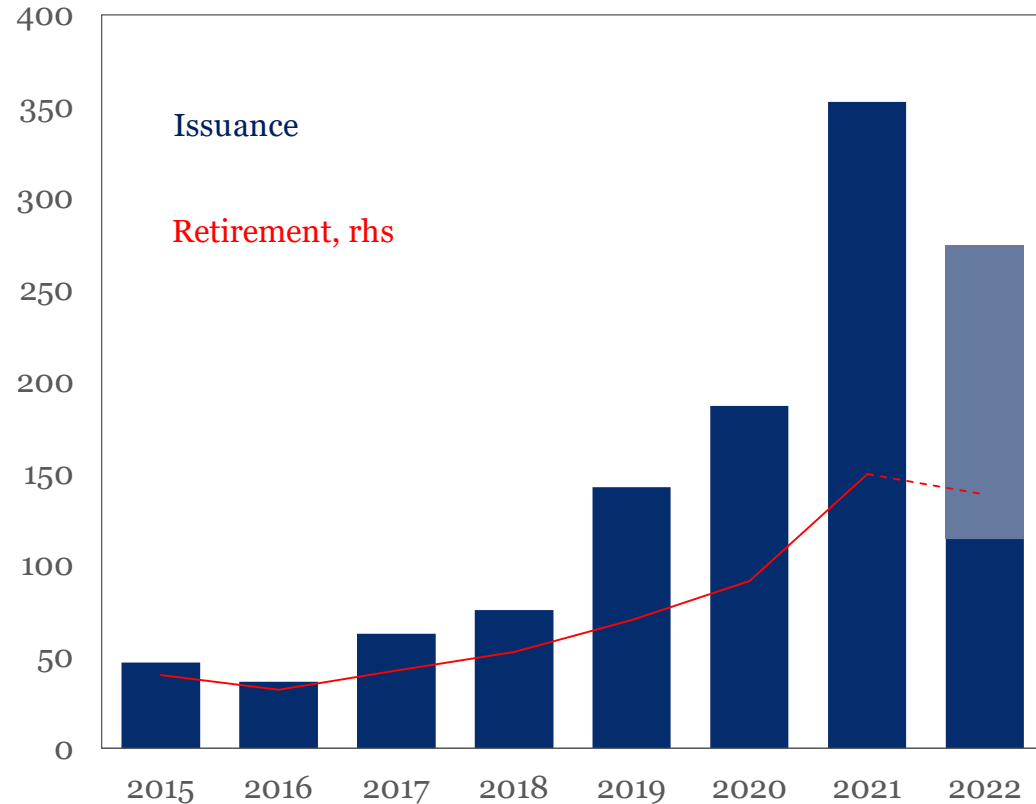
June 2022

The Integrity Council for the Voluntary Carbon Market – presentation for the Commodity Futures Trading Commission

Sonja Gibbs, Managing Director and Head of Sustainable Finance, Institute of International Finance; Member of the Board, the Integrity Council for the Voluntary Carbon Market (The Integrity Council)

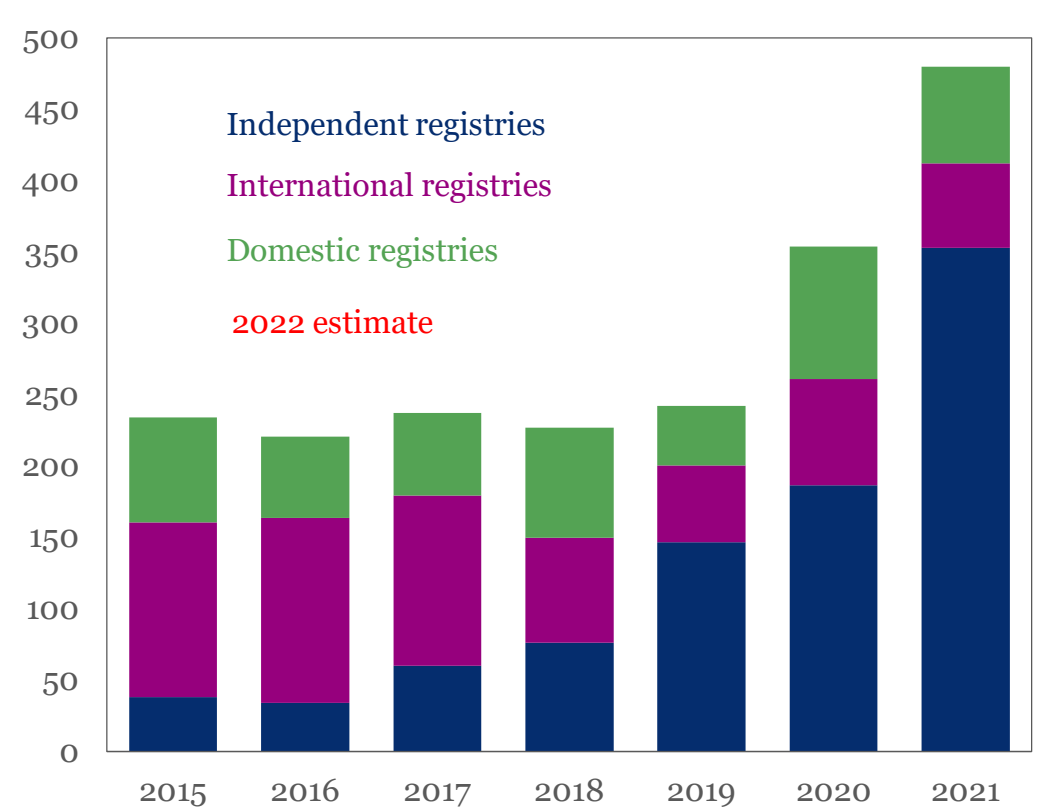
Carbon market offset issuance has slowed this year, with the bulk of issuance coming from independent registries trading in the voluntary carbon market space

MtCO₂e*, 2022 figures are annualized



Source: IIF, VCS, GS, CAR, ACR; excludes ARB eligible issuance

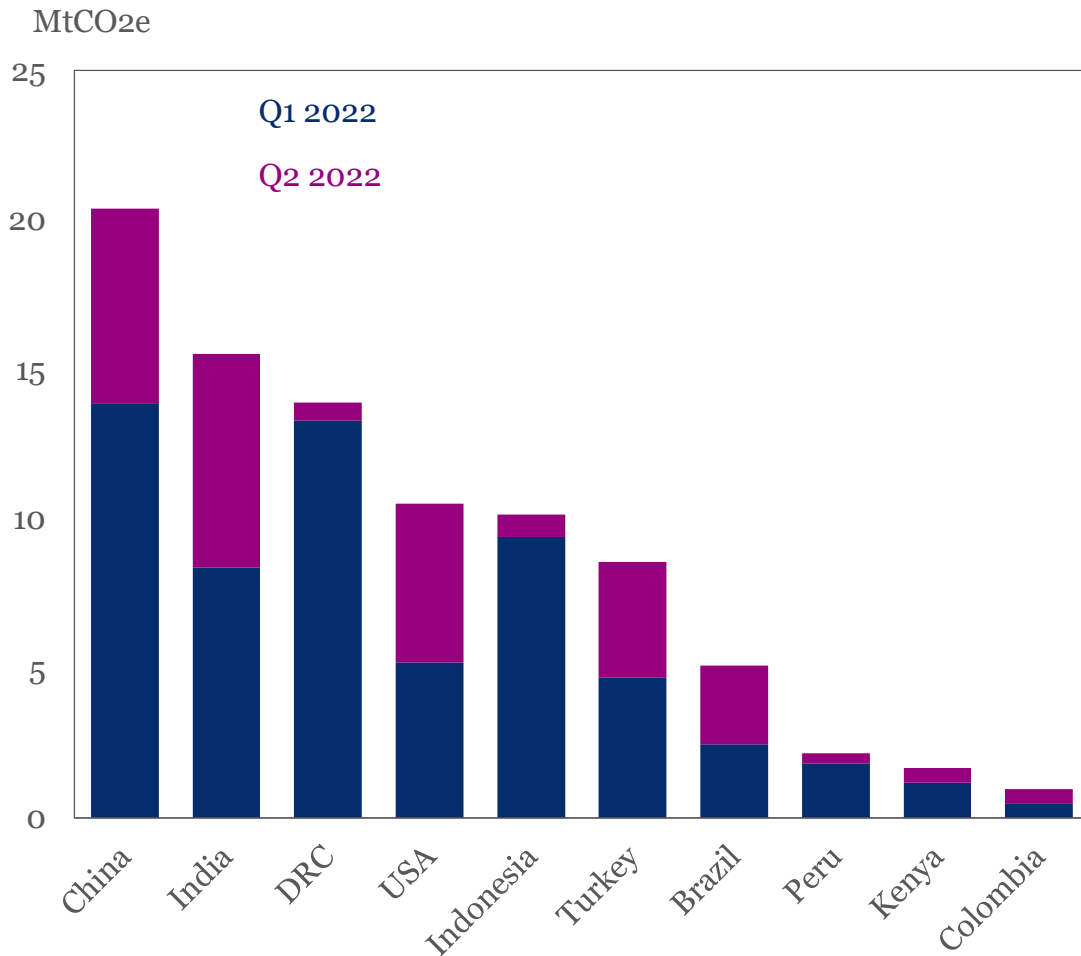
MtCO₂e



Source: World Bank, IIF

*MtCO₂e = million tonnes of carbon dioxide equivalent

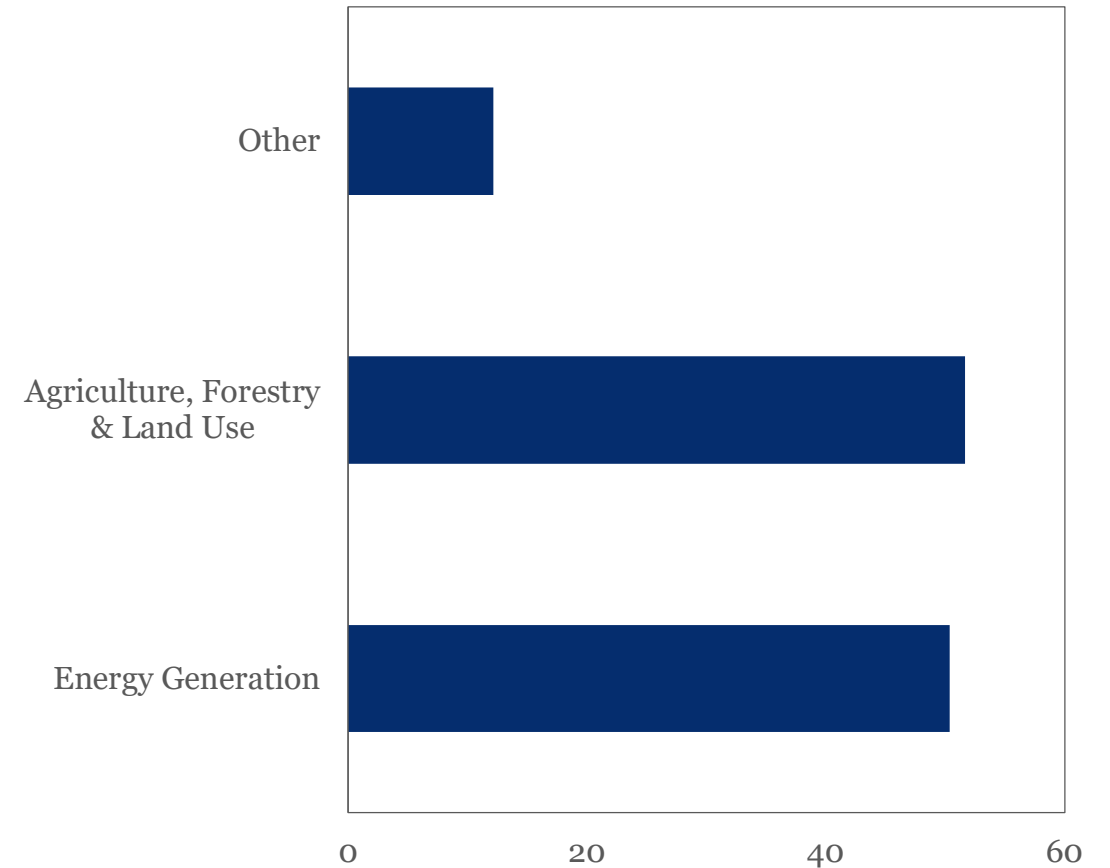
Most carbon offset issuance originates in emerging markets, and agriculture, forestry, and land use credits make up the bulk of that issuance



Source: IIF, VCS, GS, CAR, ACR; excludes ARB eligible issuance

*MtCO_{2e} = million tonnes of carbon dioxide equivalent

MtCO_{2e}, data through 5/31/2022



Source: IIF, VCS, GS, CAR, ACR; excludes ARB eligible issuance

The voluntary carbon market is developing rapidly... with new exchanges and trading platforms set to launch this year

Japan Exchange Group (JPX) and the Japanese Ministry of Economy, Trade and Industry (METI) have commissioned the Tokyo Stock Exchange (TSE) to commence [trial trading](#) of carbon credits in September of 2022.

[Climate Impact X](#) out of Singapore is a global platform for trading international carbon credits and environmental commodities set to launch in 2022.

The London Stock Exchange's [Voluntary Carbon Market](#) will be a designation for closed-ended investment funds focused on investing in climate mitigation projects... currently in a market consultation and expected to finalize towards the end of 2022.

Developed by eight of the world's largest financial institutions, [Carbonplace](#) is an innovative settlement platform designed to facilitate simple, transparent, and secure transfers of certified carbon credits. It is expected to be fully operational by the end of 2022.



THE INTEGRITY COUNCIL FOR THE VOLUNTARY

The Integrity Council for the Voluntary Carbon Market (Integrity Council) is an independent governance body for the voluntary carbon market.

Our purpose is to ensure the voluntary carbon market accelerates a just transition to 1.5°C.

We do this by setting and enforcing a definitive set of global threshold standards that will set a global benchmark for carbon credit quality, drawing on the best science and expertise available, so high-quality carbon credits channel finance towards genuine and additional greenhouse gas reductions and removals that go above and beyond what can otherwise be achieved, and contribute to climate resilient development.

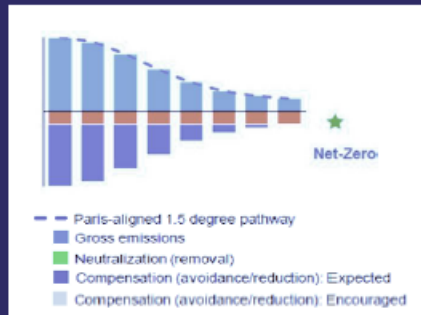
Our purpose is to ensure the voluntary carbon market accelerates a just transition to 1.5°C.

ACCELERATING A JUST

A high-integrity VCM is an important complementary tool to accelerate action and ambition

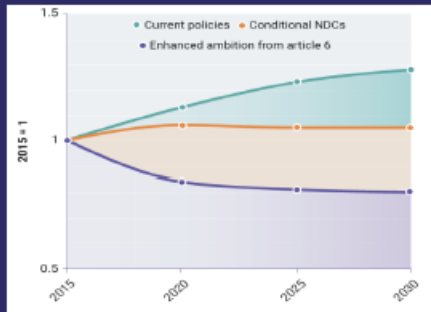
TRANSITION TO 1.5

COMPLEMENT INTERNAL DECARBONIZATION EFFORTS BY COMPANIES



Source: "Calling for a High-Ambition Path to Net Zero," Tim Adams et al., https://www.iif.com/Portals/1/Files/High_Ambition_Path_to_Net_Zero.pdf.

REDUCE EMISSIONS AND INCREASE AMBITION THROUGH ARTICLE 6



By 2030, international cooperation through Article 6 of the Paris Agreement could reduce emissions by ~40%.

CHANNEL CAPITAL FROM DEVELOPED TO DEVELOPING NATIONS

Global North
90% of offset commitments



Global South
90% of potential natural climate solutions

Source: TSVCM Final Report 2021

ACCELERATE INNOVATION AND UPTAKE OF EMERGING BREAKTHROUGH TECHNOLOGIES

Carbon credits supporting emerging climate technologies can help scale down cost curves, bringing these technologies to market earlier and decreasing their "green premiums" against carbon-intensive alternatives.



Source: TSVCM Final Report 2021

PROTECT AND PROMOTE NATURE AND BIODIVERSITY



Nature-based solutions can reduce and remove at least 5 GtCO₂ pa by 2030, and at least 10 GtCO₂ by 2050, and deliver adaptation and biodiversity conservation benefits.

Source: Nature-based solutions for climate change mitigation, UNEP 2021

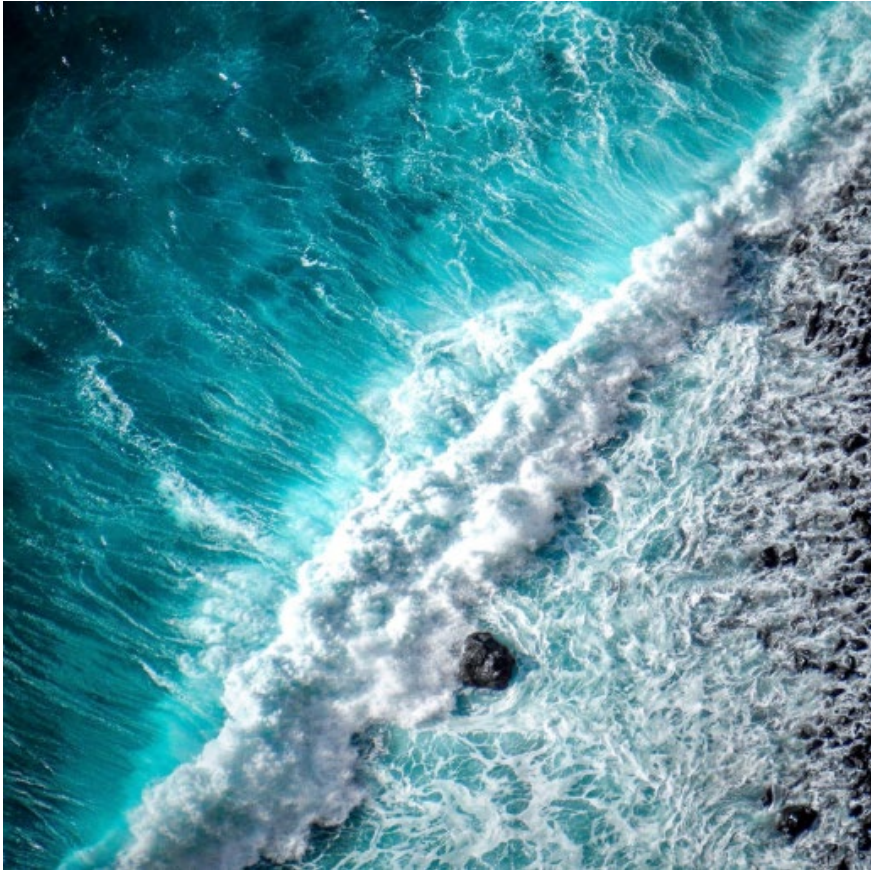
DELIVER SUSTAINABLE DEVELOPMENT CO-BENEFITS



Projects often have high positive impact on water quality, soil quality, and livelihoods, including job creation, support for local communities, and health benefits from avoided pollution.

Source: TSVCM Final Report 2021

A high-integrity, scaled VCM would be...



C

CATALYTIC: mobilizing finance towards mitigation, especially into developing countries, accelerating innovation and market uptake of emerging breakthrough technologies

L

LOCAL: creating jobs and prosperity in local communities, delivering sustainable development co-benefits, protecting and enhancing the livelihoods of marginalized groups, including indigenous peoples

E

EMPOWERING: accelerating implementation of NDCs and Net-Zero commitments, paving the way for increased ambition, helping state and non-state actors go above and beyond

A

ADDITIONAL: channeling finance that would otherwise not be available into GHG removals and reductions that would otherwise not happen

N

NATURE-POSITIVE: protecting ecosystems, particularly forests and natural habitats, promoting nature-based climate solutions

three pillars of a high-integrity VCM



SUPPLY SIDE

ARE CREDITS DOING WHAT
THEY SAY THEY ARE DOING?



THE INTEGRITY COUNCIL
FOR THE VOLUNTARY CARBON MARKET



A DEFINITIVE GLOBAL THRESHOLD
STANDARD FOR HIGH-QUALITY CARBON
CREDITS



MARKET

IS THERE CONFIDENCE IN
PRICES AND CONTRACTS?



A MARKET BASED ON RIGOROUS
STANDARDS AND MARKET
INFRASTRUCTURE



BUY-SIDE

HOW SHOULD CREDITS BE
USED BY COMPANIES?

Corporate claims standard setters
(ie VCMi, GFANZ, SBTi)



ACCEPTED STANDARDS FOR USING
CREDITS AS PART OF A CREDIBLE NET-
ZERO PATHWAY

Our mandate



1

CORE CARBON PRINCIPLES

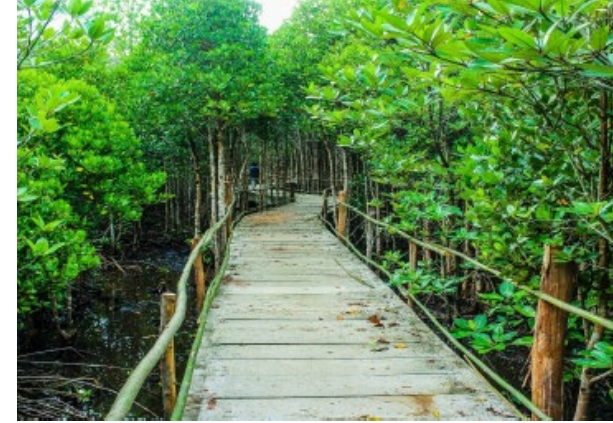
Establish, host, and curate a set of Core Carbon Principles (CCPs), a definitive set of global threshold standards that will set a global benchmark for carbon credit quality.



2

GOVERNANCE

Provide governance and oversight over standard setting organizations on adherence to CCPs as well as on market infrastructure and participant eligibility.



3

DEFINE ROADMAP

Help to coordinate and manage interlinkages between individual bodies; define a roadmap for the responsible growth of the Voluntary Carbon Market.

Draft core carbon principles



HIGH-LEVEL PRINCIPLES

Definition of Core Carbon Principles (CCPs)



A. Quality Principles at Carbon Credit Level

Defines high-level principles for identifying high-quality carbon credits

Additionality

Permanence

Robust Quantification

Validation, Verification & Issuance

No Double Counting

Transition Towards Net-Zero Emissions

Sustainable Development Impacts & Safeguards



B. Integrity Principles at Carbon Crediting Programme Level

Sets out the principles that apply to carbon crediting programs

Program Governance

Robust Independent Third-Party Validation & Verification

Registry

Mitigation Activity Database

Sustainable Development Impacts & Safeguards



Attributes Of Carbon Credits

Sets out which attributes apply to carbon credits qualified under the IC-VCM and specifies the conditions and principles under which these attributes are tagged to carbon credits.

Type Of Mitigation Outcome

Authorization For Article 6 Purposes

Sustainable Development Contributions

Our goal for 2025

1 billion tons (GtCO₂) of additional annual emission reductions or removals

- » **CCPs are widely accepted as delivering high-integrity and legitimately** accelerating a just transition to 1.5°C
 - » CCP-compliant credits are **established as the market 'norm'** and are preferred by the majority of buyers
 - » CCP-compliant credits are **accessible** through standardized and liquid on exchanges and platforms
 - » CCP-compliant credits **benefit from clear price signals**

By mid-2022

- » Establish **Core Carbon Principles and Assessment Framework**

2022

By end-2022

- » Assess and accredit first CCP-eligible programs for key methodology types
- » Establish standards and mechanisms for robust, standardized market operations and infrastructure

2023

By end 2023

- » Regular CCP assessments and ongoing oversight of approved carbon credit standards organizations and methodology types
- » Approve **first CCP-labelled credits** by accredited programs
- » **First prompt trades** of CCP credits
- » **Forward market** emerges for primary CCP contracts
- » Secondary market emerges with first listings of **CCP futures**
- » CCP-accredited credit **market grows ~25% a year**

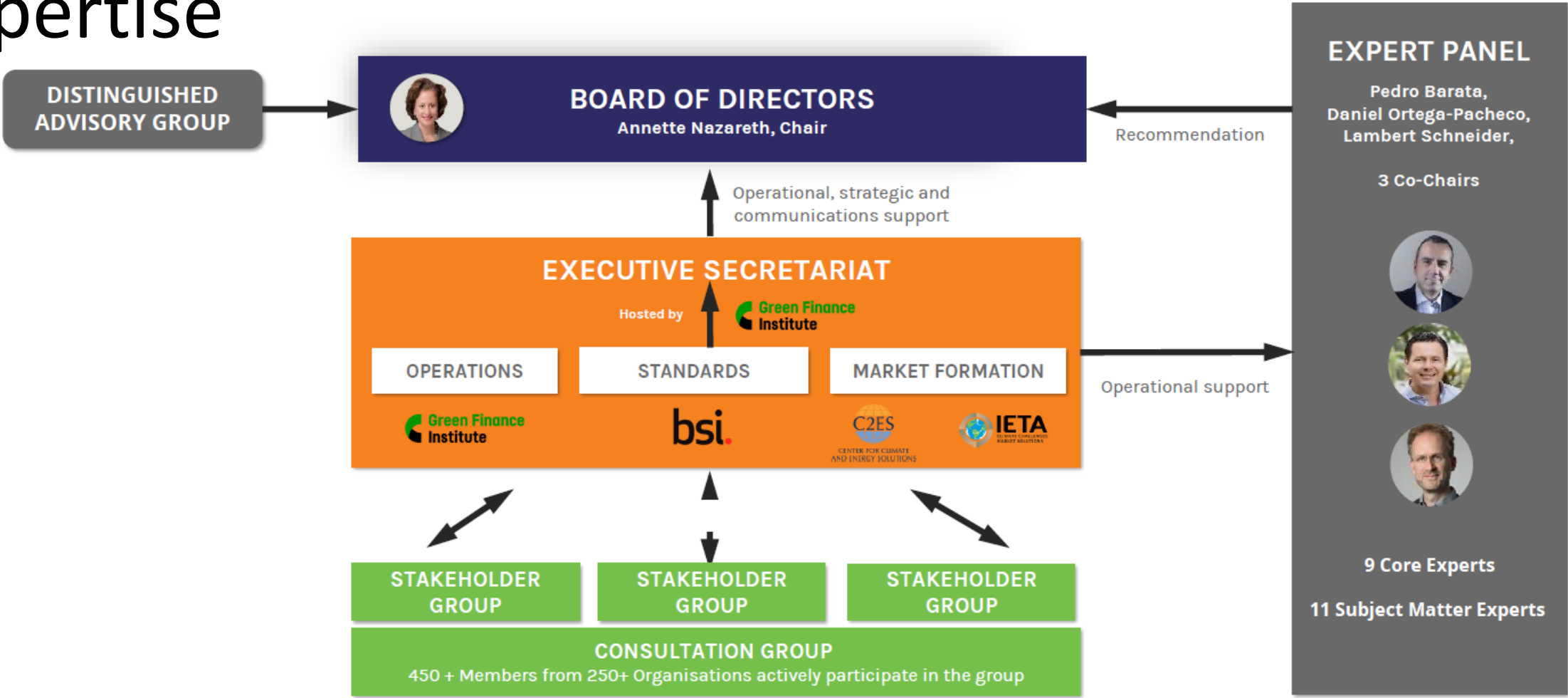
2024

By end 2024

- » The Integrity Council is an independent organization with a sustainable revenue model

2025

The integrity council encompasses deep and varied expertise



Board of directors

The Board consists of 21 Board Members with representation across all key stakeholder groups including experts in carbon market methodologies, sustainable finance, eNGOs, UNFCCC process expertise, regulatory affairs, the corporate sector, science and academia, local community and indigenous peoples.

Chair



Annette Nazareth



Giulia Carbone



Sonja Gibbs



Doris Honold



Michael Hugman



Ma Jun



Farrukh Khan



Mark Kenber



Kelley Kizzier



Dee Lawrence



Ann Mettler



Kavita Prakash-Mani



Agustin Silvani



Rod Taylor



Carl Wesselink



David Antonioli



Chris Leeds



Jeff Swartz

Elected market representatives

Chosen via vote by the Member Consultation Group, acting in their personal capacity



Francisco Souza



Indigenous Peoples and Local Communities

Placeholder for 2 voting Board members from traditionally underrepresented stakeholder communities (e.g. peoples from indigenous groups, rainforest nations, etc.)

Expert panel

Our Expert Panel, which guides the governing body on technical issues, is made up of 12 leading carbon market experts with long-standing experience in the environmental and social integrity of carbon markets, supported by a body of Subject Matter Experts.

EXPERT PANEL CO-CHAIRS



Pedro Martins Barata
Senior Director at EDF and
Partner at Get2c



Daniel Ortega-Pacheco
Director, Center for Public
Policy Development –ESPOL
Polytechnic University



Lambert Schneider
Research Coordinator,
International Climate Policy,
Öko-Institute

CORE EXPERTS



Derik Broekhoff
Stockholm
Environment
Institute



Gilles Dufrasne,
Carbon Market
Watch



Jürg Fussler
INFRAS



Donna Lee
Calyx Global



Jessica Wade-Murphy
Atmosphere Alternative



Felipe de Leon
Independent
Advisor



Ousmane Fall Sarr
West African Alliance on
Carbon Markets



Gabriel Labbate
UNEP



Sudhir Sharma
GEF UNEP

SUBJECT MATTER EXPERTS

11 experts supporting the Expert Panel's evaluation of specific carbon crediting programs and classes of carbon credits with their specialist expertise.

Distinguished advisory group

The Distinguished Advisory Board Group includes around 30 world-renowned leaders from across the voluntary carbon market value chain who provide strategic insight and advice to the Board.



Tim Adams
IIF



Fu Chengyu
Sinopec



Hindou Ibrahim
Association for Indigenous
Women and Peoples of
Chad



Joaquim Levy
Former Managing Director
and World Bank Group
Chief Financial Officer



Emilio Sempis
Former Panama Minister of
Environment



Sandy Boss
BlackRock



Amelia DeLuca
Delta Airlines



Michael Jenkins
Ecosystem Marketplace



Catherine McGuinness
City of London



Vera Songwe
UN Economic
Commission for Africa



Peter Boyd
Yale School of the
Environment



Paula DiPerna
CDP



Tuntiak Katan
Alliance of Territorial
Communities



Renée González Montagut
Fondo Mexicano para la
Conservación de la
Naturaleza



Nicholas Stern
Grantham Research
Institute, LSE



Mark Carney
UN Special Envoy on
Climate Action and
Finance



Clara Furse
London Stock
Exchange and HSBC



John Kilani
Al-Attayah Foundation



Alberto Musalem
Evince Asset
Management



Adair Turner
Energy Transitions
Commission



Jon Creyts
Rocky Mountain
Institute



Jonah Goldman
Breakthrough Energy



Lian Pin Koh
University of Singapore



**Dilhan Pillay
Sangrasegara**
Temasek



Bill Winters
Standard Chartered



Cynthia Cummis
WRI, SBTi



**Blas L. Pérez
Henríquez**
Stanford University



Leonardo Lacerda
The Nature
Conservancy



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