Carbon Market

Decarbonisation

Energy

Project Finance

2026 Carbon Market Buyer's Guide

V1.0 Feb 2026

south pole The Climate Company

This guide is designed as a decision-making tool for sustainability leaders, procurement officers and financial strategists.

It goes beyond retrospective market analysis to provide a forward-looking view of the structural shifts defining 2026 and the decade ahead.

In doing so, it seeks to accelerate the shift from climate action being a voluntary choice to an essential part of building business resilience. How you use it depends on your needs. We suggest:

Strategic Alignment

Consider the megatrends on p17 to benchmark your current climate strategy against the converging realities of compliance, integrity and price escalation.

Risk Management

Use the 2026 outlook on p29 to anticipate changes to regulations and best practice frameworks as well as supply crunches.

Action Planning

Apply the top tips and checklist on p38 and p40 to structure multi-year procurement mandates and engage internal stakeholders and C-suite on the importance of transitioning from spot-market purchasing to long-term investment in carbon credits.

Methodology

This report summarises rigorous analysis of primary 2025 data from Tier-1 institutions, including World Bank, BloombergNEF, IPCC, with validation from leading companies and institutions. It translates raw market signals into actionable commercial strategy for carbon credit buyers.

Industry support

Carbon markets are entering a new phase. Quality is no longer an abstract concept, it's now a cornerstone of buyer behaviour. Our research shows that retirements of higher-rated credits have more than doubled since 2022, while lower-rated credits are increasingly left on the shelf. It's this shift towards credible demand, powered by risk-informed decision-making, that enables confident investment in carbon projects by sustainability leaders.

Tommy Ricketts
Co-founder & CEO, BeZero Carbon

This is the time of implementation.
As we enter 2026, buyers must form close partnerships with developers and host countries to scale high-integrity climate action and translate ambition into measurable outcomes. Our future depends on it.

Björn Fondén
International Policy Manager, IETA

As carbon markets evolve, credible, informed participation is essential. This guide supports buyers to navigate change with integrity and confidence.

Dr. Sasha Courville
CEO, Carbon Market Institute

For Bayer, credible carbon markets are part of a broader transition toolkit. High-quality carbon credits, applied with clear governance and integrity principles, can help companies manage transition risks while contributing to global climate and nature objectives.

Daniel Schneiders
Director Climate & Water, Bayer AG

Carbon credits are shifting from a marginal cost to a portfolio asset. Companies that decarbonise and secure high-integrity supply early are better positioned to manage regulatory shifts, future carbon exposure and rising prices as markets converge.

Anshari Rahman
Director (Policy & Analytics), GenZero

Contents

The window to achieve net zero targets is rapidly closing

Marco Magini
Executive Director Projects & Portfolio Management

Companies that want to successfully transition to net zero and build long-term business resilience must invest in carbon credits now and build a diverse, future-proof portfolio.

The carbon market reset of the past few years has been transformative.

Integrity is evolving from an aspirational premium to business as usual, driven by the coordinated effort of multiple market participants including ICVCM (with the introduction of the CCP-label), carbon credits rating agencies, carbon asset developers and project owners on the ground, as well as buyers themselves. Following an intense period of scrutiny, the focus now is on verifiable impact and integrity practices applied to the projects. We all have a role to play in this transition.

As we present the 2026 Carbon Market Buyer's Guide, the central message is clear. Alongside deep decarbonisation, investing in a long-term supply of carbon credits is the definitive strategy for companies to credibly meet their targets while building financial resilience against escalating carbon costs. In short, carbon credits are a valuable hedge against future obligations.

This guide details why the carbon market is indispensable for continuing to fund essential emissions avoidance, scale carbon removals and drive deep decarbonisation of industrial sectors.

The latest science says that global capacity must grow 140-180 times by 2050 to neutralise residual emissions.[1] To help deploy and de-risk these solutions we so urgently need, private-sector commitment, alongside public funding and policy support, will be critical. The carbon market is currently one of the world's most effective incubators for scaling carbon removals technologies.

This strategic imperative is now starting to be enforced by industry frameworks and regulations. For example, the SBTi Corporate Net-Zero Standard V2.0 (CNZS V2.0) draft suggests permanent removal be mandatory for neutralisation,[2] compelling buyers to strategically structure durable removals portfolios.

What's more, the European Union's recent policy shift reinforces this global market reality. Recognising the practical limits of domestic abatement, the EU is moving toward allowing up to 5% of its 90% net emissions-reduction by 2040 target to be met through the use of high-quality international carbon credits.[3] This is, of course, subject to final adoption and detailed rules but the direction of travel is telling.

The actions taken by corporate buyers in 2026, such as securing long-term offtakes and funding the integrity transition, will define market success, creating a credible path for achieving net zero and long-term business resilience against climate, policy and financial shifts.

Global carbon removal market capacity must increase up to

180x

by 2050 to neutralise residual emissions[1]

1. CDR30 (citing Smith School of Enterprise and Environment). The Case for Urgent CDR Scale up: Meeting 2030 and 2050 Net Zero Targets.
2. Science Based Targets initiative (SBTi). Developing the Corporate Net-Zero Standard Version 2
3. European Commission. 2040 climate target: Reducing the EU's net emissions by 90% by 2040

Climate change continues to change our world

2025 was again one of the hottest years on record,[1] underscoring the challenge that current policies, pledges and action will not keep a 1.5° limit within reach.

Climate risk is business risk

Climate change is increasing the probability of companies facing loss or damage due to its impacts. This is known as 'climate risk'.

Carbon credits are moving from a cost to a strategic asset

Alongside decarbonisation, carbon credits provide a credible path for companies to achieve net zero and build business resilience.

1. World Meteorological Organization. Press Release 'WMO confirms 2025 was one of warmest years on record', January 2026

Megatrends shaping the market	The 2026 outlook
Integrity • High-integrity becomes the norm for VCM buyers • Digitalisation unlocks integrity at scale	• Greater standardisation of quality criteria for carbon credits
Supply • Carbon removals accelerate and diversify	• Compliance momentum for CORSIA is building
Demand • Net zero targets guide buying strategies	• Finalisation of SBTi Corporate Net-Zero Standard V2.0 • Legal enforcement of green claims globally
Policy • Global proliferation of carbon pricing and compliance schemes • The end of 'carbon neutral'	• EU Carbon Removal Certification Framework (CRCF) sets new best practice standards • Carbon Border Adjustment Mechanism (CBAM) financial phase 1 commences • Finalisation of Article 6.4 and the Paris Agreement Crediting Mechanism (PACM)
Price • Strong divergence in pricing continues • Carbon credits become a globally recognised asset class	

Top tips for buyers

- Create a credible path to net zero
- Invest now to avoid price shock later
- Match procurement criteria with market realities
- Communicate transparently and meaningfully

The importance of the carbon market

And why to invest now

Climate change continues to change our world

Global warming is accelerating. Current policies, pledges and action (or lack of) are failing to keep pace. 2025 was again one of the hottest years ever recorded.[1] This is irrefutable proof that the relentless, human-caused temperature trend is still climbing rapidly.

1. World Meteorological Organization, Press Release 'WMO confirms 2025 was one of warmest years on record', January 2026

Limiting global warming to 1.5° is becoming out of reach

According to UNEP, new NDCs have slightly lowered global warming projections, but not by enough to avoid a serious escalation of climate risks and damages. This will impact business as we know it.

While holding global warming to 1.5° by 2100 remains possible, the size of the cuts and the time available to deliver them amid a challenging political climate is pushing it further out of reach.[1]

Global warming projections this century are now

2.8°

All temperatures are in Celsius.

This drops to between **2.5° and**

2.3°

if all current Nationally Determined Contributions (NDCs) are met

This is still significantly higher than

1.5°

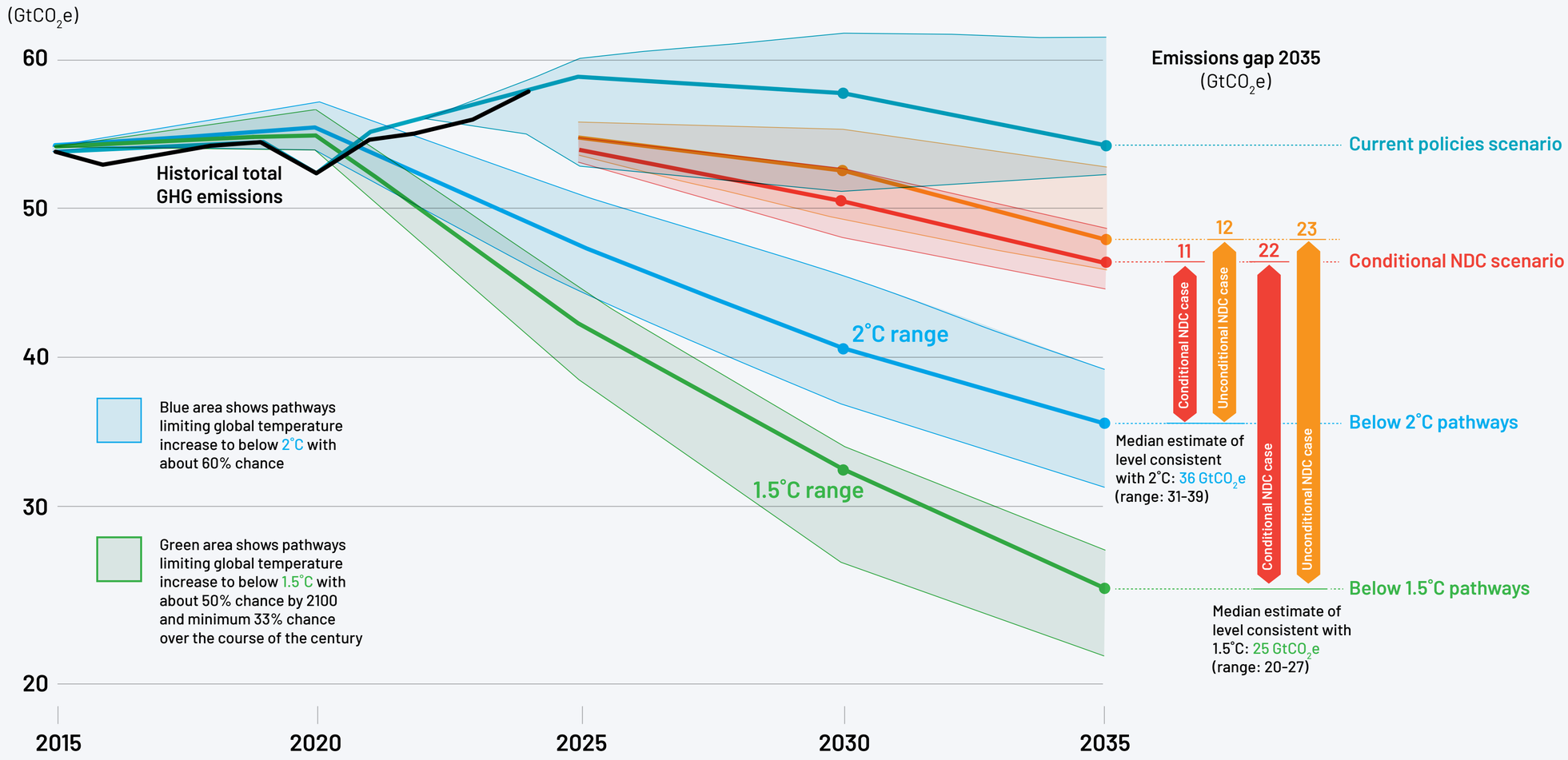
the goal agreed in the Paris Agreement

1. UNEP: Emissions Gap Report 2025: Off target – Continued collective inaction puts global temperature goal at risk

Global GHG emissions under different scenarios

This 2025 graphic from the United Nations Environment Programme tells the story in more detail.

The emissions gap in 2030 and 2035 ($GtCO_2e$)



Source:
UNEP: Emissions Gap Report 2025: Off target – Continued collective inaction puts global temperature goal at risk

2025 saw a mix of setbacks and accelerations

In both climate policy and corporate action

Setbacks

- Trade tensions from tariffs creating financial uncertainty
- Pull back from climate regulation
  - US initiated a second withdrawal from the Paris Agreement
  - SEC moved to stop defending its climate disclosure rule (litigation pending)
  - EU 'Omnibus' proposals to delay/simplify disclosure and due diligence regimes

Accelerations

- Article 6 operationalisation through a surge in bilateral climate agreements
- EU institutions supportive of allowing Article 6 credits to deliver European climate targets
- UK integrating engineered removals into the UK ETS
- EU advancing removals certification and exploring market linkages
- Increased climate ambition in China and other emerging economies
- Creation of domestic carbon markets in response to CBAM
- Draft guidance from SBTi providing a clearer role for carbon credits
- International momentum at COP30 as multiple governments endorsed Shared Principles launched by the 'The Coalition to Grow Carbon Markets'
- COP30's strong carbon market and natural capital agenda

This is important for business

Because climate risk is now a business risk.

Climate changes is increasing the probability of companies facing climate loss or damage.

There are two kinds of climate risk:

Physical risk

Risk of loss due to physical impacts of climate change on an organisation's operations or supply chain.

Includes

- Extreme weather
- Heat waves and cold waves
- Sea level rise
- Drought and water shortages

Physical risks can be acute, meaning they are event-driven, or chronic, meaning they are ongoing and sustained

Transition risk

Risk of loss due to changes in business fundamentals created by the transition to a low carbon economy.

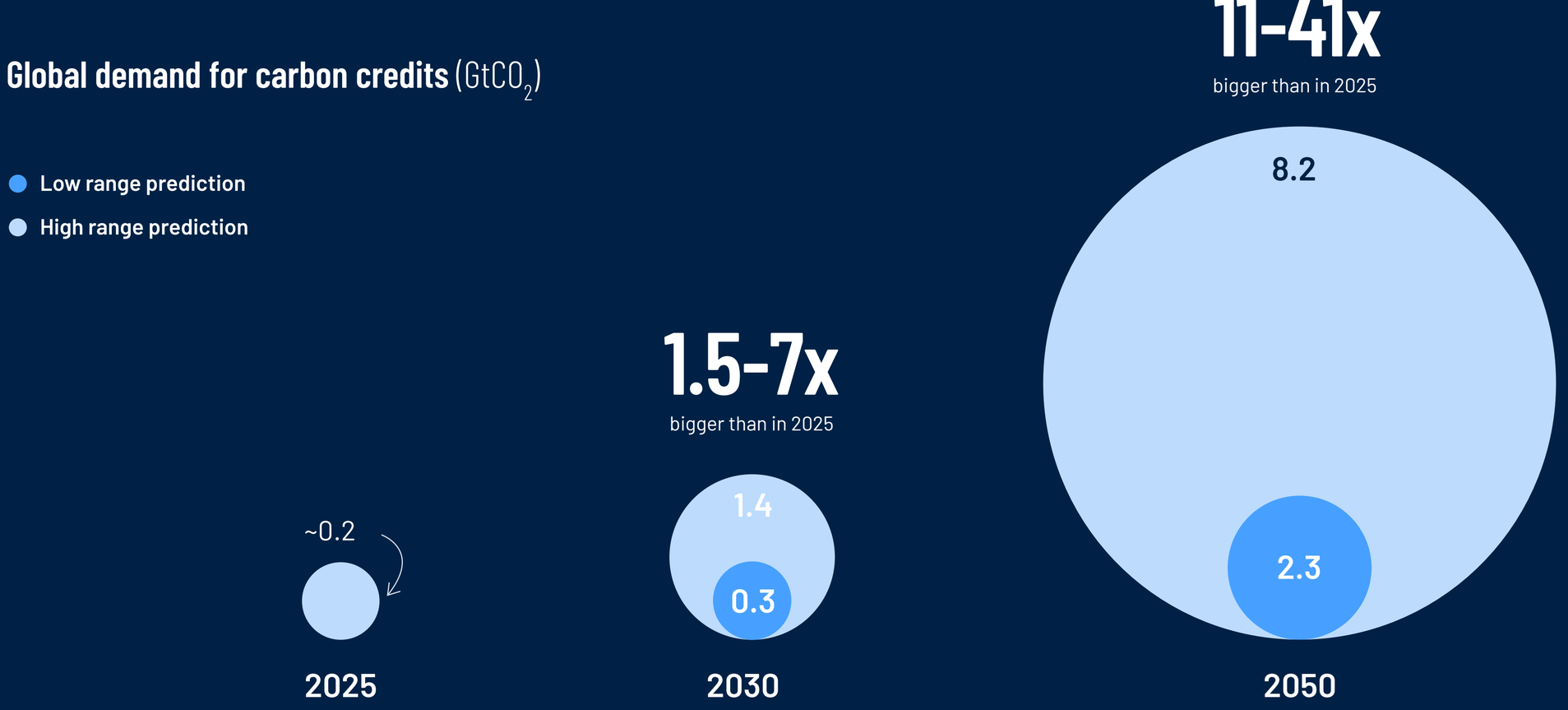
Includes

- Policy change
- Legal risk
- New technologies
- Market changes
- Reputational damage

The good news: under the right conditions, the carbon market can make a significant impact

Studies provide a range of possible future demand based on different underlying scenarios to model the size of the market in 2030 and 2050. Although different assumptions are taken, there is broad agreement on expected robust growth.

Global demand for carbon credits ($GtCO_2$)



Source: For scenarios - BNEF (2024), MSCI Carbon (2025). For 2025 actual data - MSCI Carbon (2025).

Notes: Demand size in 2025 is estimated by total retirements from ACR, ART Trees, BioCarbon Standard, CAR, Carbon Standards International, Climate Forward, CDM (NDC-eligible credits only), EcoRegistry, eva, GCC, Gold Standard, Isometric, JCM, Puro Earth, UK Peatland, UK Woodland Carbon Code and Verra as estimated. '$GtCO_2$' refers to billion metric tons of CO_2 equivalent.

Invest now to build business resilience, achieve net zero and avoid higher prices later

Price projections in USD (per tonne)

	2030	2050
Voluntary market scenario Elastic demand	$13	$14
High-quality scenario Inelastic demand	$20	$238
Removal only scenario Least-cost decarbonisation	$146	$172

Source: BloombergNEF (2024)

Factors affecting future prices

1. Changes in best practices within the VCM
2. Macroeconomic factors
3. National climate policy changes
4. Cost of project development
5. Supply and demand

From cost centre to strategic asset

Long-term investment in carbon credits enables companies to:

Reach net zero

Carbon credits provide one of the only scalable mechanisms to address residual emissions that cannot be eliminated internally by decarbonisation efforts.

By securing access to high-quality removal credits now, companies ensure they possess essential, scarce assets required to reach net zero. This approach is aligned to industry guidelines and frameworks such as the SBTi criteria on mandatory responsibility for ongoing and residual emissions.

Avoid potential price increase

Long-term investment in carbon credits transforms this commitment into a predictable fixed-price on the balance sheet, rather than leaving it as a volatile future cost.

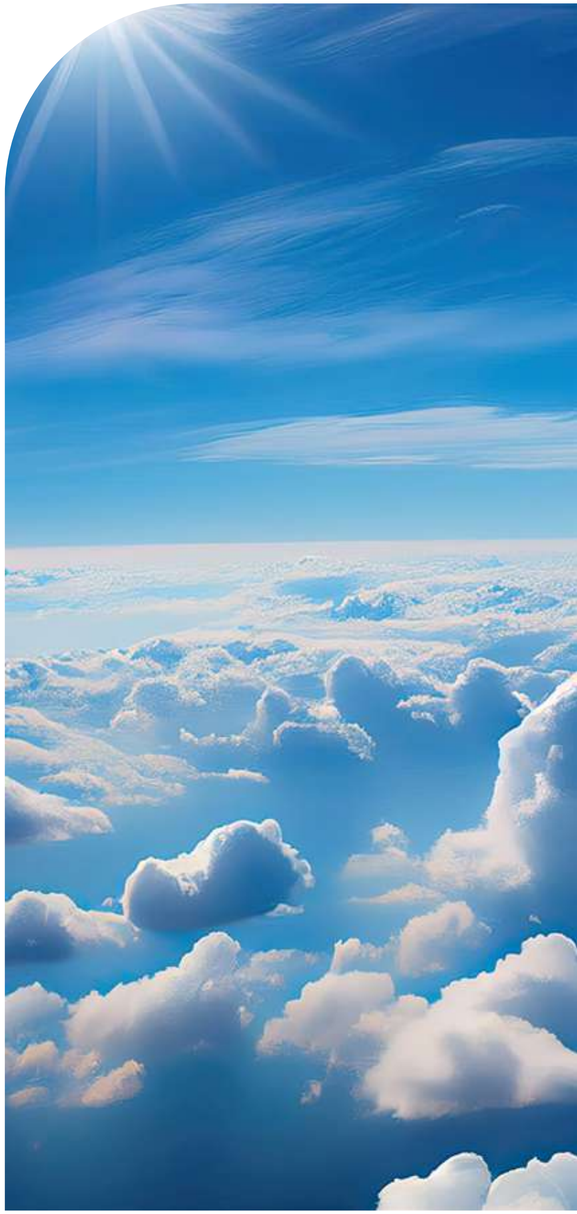
Building a portfolio of high-integrity credits protects the business against projected exponential rises in carbon prices — forecast to reach up to US$238 per tonne by 2050[1] in high-quality driven scenarios.

Build business resilience

Whether by preparing for future compliance requirements or actively helping to mitigate climate change and associated business climate risks, investing in high-integrity carbon credits now provides companies long-term business resilience.

By integrating carbon investment into business strategy, companies insulate future operations and profitability against market volatility and regulatory pressures.

1. BloombergNEF (2024) High-quality scenario - Inelastic demand



> **Alongside decarbonisation, carbon credits provide a credible path for companies to achieve net zero and build business resilience.**

Marco Magini, Executive Director Projects & Portfolio Management

Megatrends

Shaping the next 5 years and beyond

Megatrends

Shaping the next 5 years and beyond

Integrity

High-integrity becomes the norm for VCM buyers

Digitalisation unlocks integrity at scale

Supply

Carbon removals accelerate and diversify

Demand

Net zero targets guide carbon credit buying strategies

Policy

Global proliferation of carbon pricing and compliance schemes

The end of 'carbon neutral'

Price

Strong divergence in carbon credit pricing continues

Carbon credits become a globally recognised asset class

High-integrity becomes the norm for VCM buyers

With standardised definitions and ways of accessing it.

High-integrity is evolving from a differentiating feature to the minimum requirement for voluntary carbon market (VCM) transactions.

In the coming years, we expect the 'integrity reset' and 'flight to quality' to continue with an industry-wide effort to raise the bar on integrity, driven by multiple market participants all playing different yet complementary roles.

On the supply side, issuance volumes are expected to shrink as standards keep aligning with stricter principles and projects incorporate more demanding design, monitoring, reporting and verification requirements.

On the demand side, the focus on integrity will manifest in purchasing patterns. For example, in 2025, total market retirements reached 202 $MtCO_2$ with a total valuation of~US$1.4b. High rated credits (MSCI Carbon rating of A or higher) accounted for over a third of retirement value.[1]

1. MSCI Carbon, '2025 Global Carbon Credit Market: Year in Review',January 14, 2026.

In 2025, total market retirements reached a valuation of roughly

$1.4BN

Credits rated A or higher from MSCI Carbon accounted for

36%

of the retirement value

How key players are shaping carbon market integrity

The definition of 'high-integrity' in the carbon market is constantly being shaped by a comprehensive landscape of initiatives and key players. Beyond the roll-out of ICVCM CCP labels and the accelerating progress in defining the Article 6.4 rules, there is an ecosystem of organisations, standards and frameworks collaboratively building and maintaining the market's credibility.

Benchmark setters such as ICVCM provide overarching foundations for what constitutes a high-integrity carbon credit, aiming to raise the market's common denominator for integrity.

Standard setters define rules and methodologies for climate projects. They accredit independent third-party auditors (known as VVBs) to verify project outcomes and are responsible for issuing carbon credits once verification is successful.

Project developers and implementation partners, as well as other organisations on the ground, translate regulations and methodologies into tangible climate action, providing crucial real-world insights.

Regulators, including government and regulatory bodies, establish and enforce laws, regulations and policies for carbon market activities.

Rating agencies develop their own frameworks to assess carbon credits. This offers an additional, independent layer of scrutiny and transparency.

Buyers and investors, typically companies and financial institutions, drive demand for high-integrity assets through their purchasing and investment decisions. The largest, most sophisticated buyers publicly set their own, proprietary, quality frameworks.

Digitalisation unlocks integrity at scale

Through dMRV, digital twins, a global carbon data schema and tokenised credits.

The adoption of Digital Monitoring, Reporting and Verification (dMRV) is accelerating, creating a continuous, verifiable data stream via remote sensing, digitised field data collection, IoT, and platforms for automated data sharing. This evolution will further facilitate the 'digital twin' concept, allowing project developers to simulate financial viability and optimise design, particularly for complex projects like Carbon Capture and Storage (CCS).

Meanwhile, data sharing is being streamlined through a harmonised global carbon data schema—like CDOP1 and CDSC for G202, genAI-enabled documents processing and Distributed Ledger Technologies (DLTs) for secure storage and verification.

This will lead to fully digitised, AI-powered sales and trades of tokenised credits. Tokenisation extends dMRV, converting verifiable data into liquid, transparently traceable carbon assets. AI agents will match and forecast supply-demand-prices and prescribe or even run transactions.

> "AI agents will match and forecast supply-demand-prices and prescribe or even run transactions.

Market drivers of digital adoption

- Demand for greater efficiency, robustness, transparency and scale in carbon projects.
- Rapid increase in technology and data availability. Notable are the launch of the Biomass Mission by the European Space Agency in 2025, the growth of commercial earth observation and climate tech solutions and embedding of genAI in several processes.
- Frameworks for digital MRV being set by large standard bodies such as Verra and Gold Standard. These include governance and tech requirements, digital platforms to govern data sharing and approval of remote-sensing-heavy methodologies.
- Adoption of APIs by most relevant actors across the carbon value chain.
- Regulatory pressures such as the EU's CRCF and CBAM mandating certified units be audited or tracked in interoperable registries, with Article 6.4 recommending DLTs.
- Increasing market liquidity driving the need for fractional credits.

Learn more:

Carbon Data Open Protocol
Climate Data Steering Committee
Biomass Mission by the European Space Agency in 2025

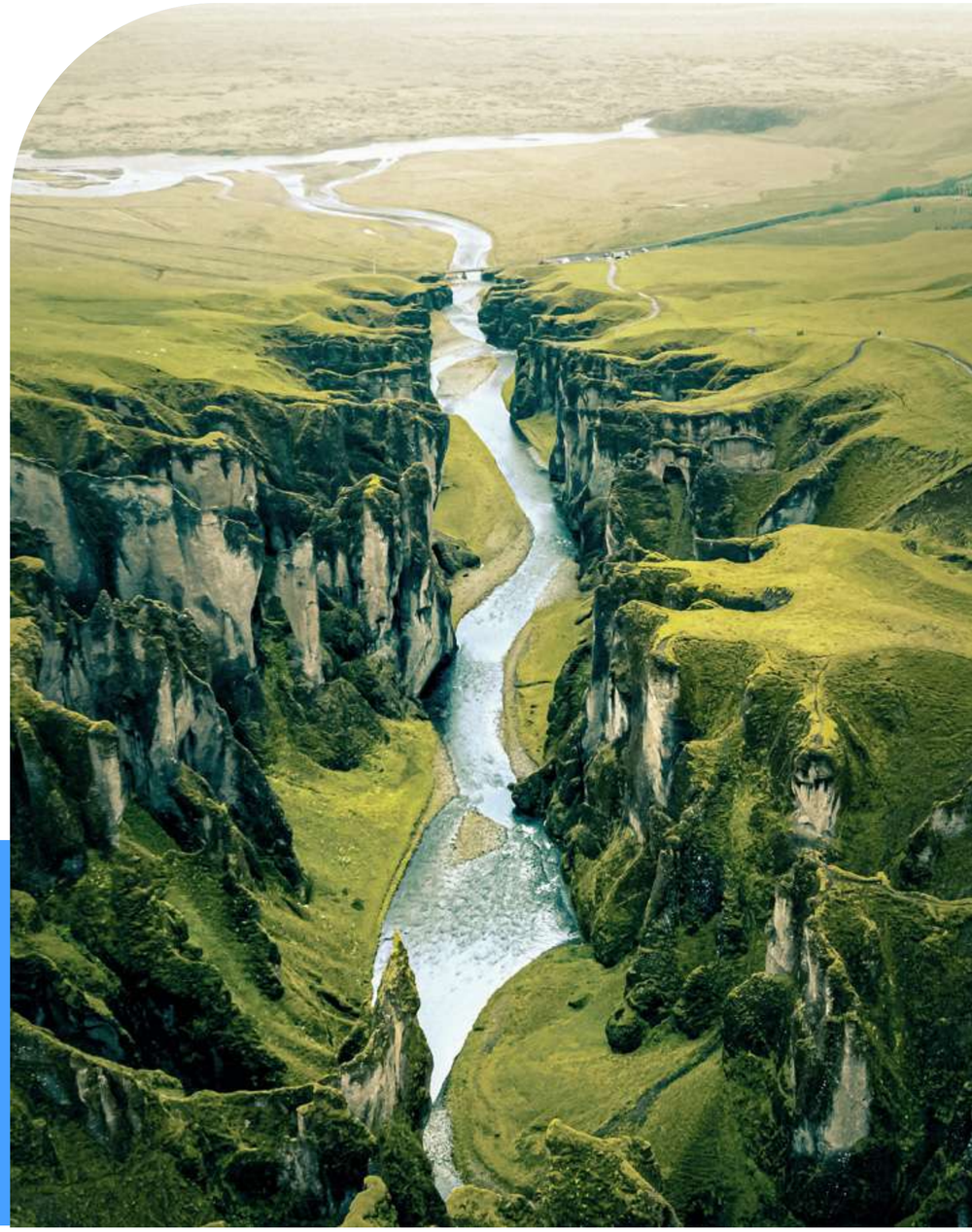
Carbon removals accelerate and diversify

The next decade will be defined by the accelerated scale-up and diversification of global removals capacity, leveraging both Nature-Based Solutions (NBS) and Technology Removals (Tech CDR).

While emissions reduction remains the primary focus, the persistence of 'hard-to-abate' residual emissions necessitates massive scaling of removals. The IPCC confirms this mandate, estimating that 5 to 16 $GtCO_2$/yr of removals will be required by mid-century to align with Paris Agreement goals.[1]

This requires a staggering market growth of between 140 and 180 times current levels.[2] To meet this challenge, the removals market is projected to expand significantly, from roughly US$2 billion today to US$50 billion by 2030.[3]

The Voluntary Carbon Market (VCM) has the potential to become a crucial driver in this space by providing the seed capital and demand signal necessary to catalyse unprecedented growth. Early private finance is vital to mature this dual-track portfolio—supporting NBS Removals for immediate scale and co-benefits, and Technical Removals for durability—to create a diversified asset base essential for robust corporate net zero contribution strategies.



1. World Resource Institute, 10 Big Findings from the 2023 IPCC Report on Climate Change
2. CDR30 (citing Smith School of Enterprise and Environment). The Case for Urgent CDR Scale up: Meeting 2030 and 2050 Net Zero Targets
3. Future Markets, The Global Carbon Dioxide Removal (CDR) Market 2025-2 045

Up to

16

$GtCO_2$/yr of removals will be required by mid-century to align with Paris Agreement goals[1]

This will require market growth of up to

180x

current levels[2]

And create a roughly

50BN

market by 2030[3]

Net zero targets guide carbon credit buying strategies

With avoidance and removals playing complementary roles.

Net zero commitments are fundamentally restructuring corporate buying strategies, with companies moving away from ad-hoc carbon credits purchases towards strategic portfolios guided by voluntary frameworks such as the Science Based Targets initiative (SBTi), the VCMI Claims Code and the Oxford Principles.

These frameworks recognise the complementary roles of avoidance and removal carbon credits on the path to net zero.

While emissions reduction remains the overwhelming priority (requiring deep cuts of over 90% in the long term[1]), SBTi has confirmed the role of avoidance and removal carbon credits in addressing ongoing emissions during the transition in its latest CNZS V2.0 draft,[2] allowing companies to achieve 'Recognized' or 'Leadership' status. This strategy complements market frameworks like the VCMI Claims Code of Practice.

From 2035, SBTi introduces a mandatory requirement to address a portion of ongoing emissions exclusively through removals. For neutralisation (addressing residual emissions at the net zero date), SBTi's CNZS V2.0 draft specifies a mandatory credit mix based on durability. 41% of residual emissions must be neutralised using long-lived removals (engineered/geological storage), while the remaining 59% can be met with short-lived removals (nature-based).

These new criteria highlight the value of all carbon solutions today and the need to transition to long-lived removals to reach long-term net zero goals.

1. Science Based Targets initiative (SBTi). The Corporate Net-Zero Standard
2. Science Based Targets initiative (SBTi). Developing the Corporate Net-Zero Standard Version 2

> "While emissions reductions remains the overwhelming priority, SBTi recognises the role of avoidance and removal carbon credits in addressing ongoing emissions during the transition

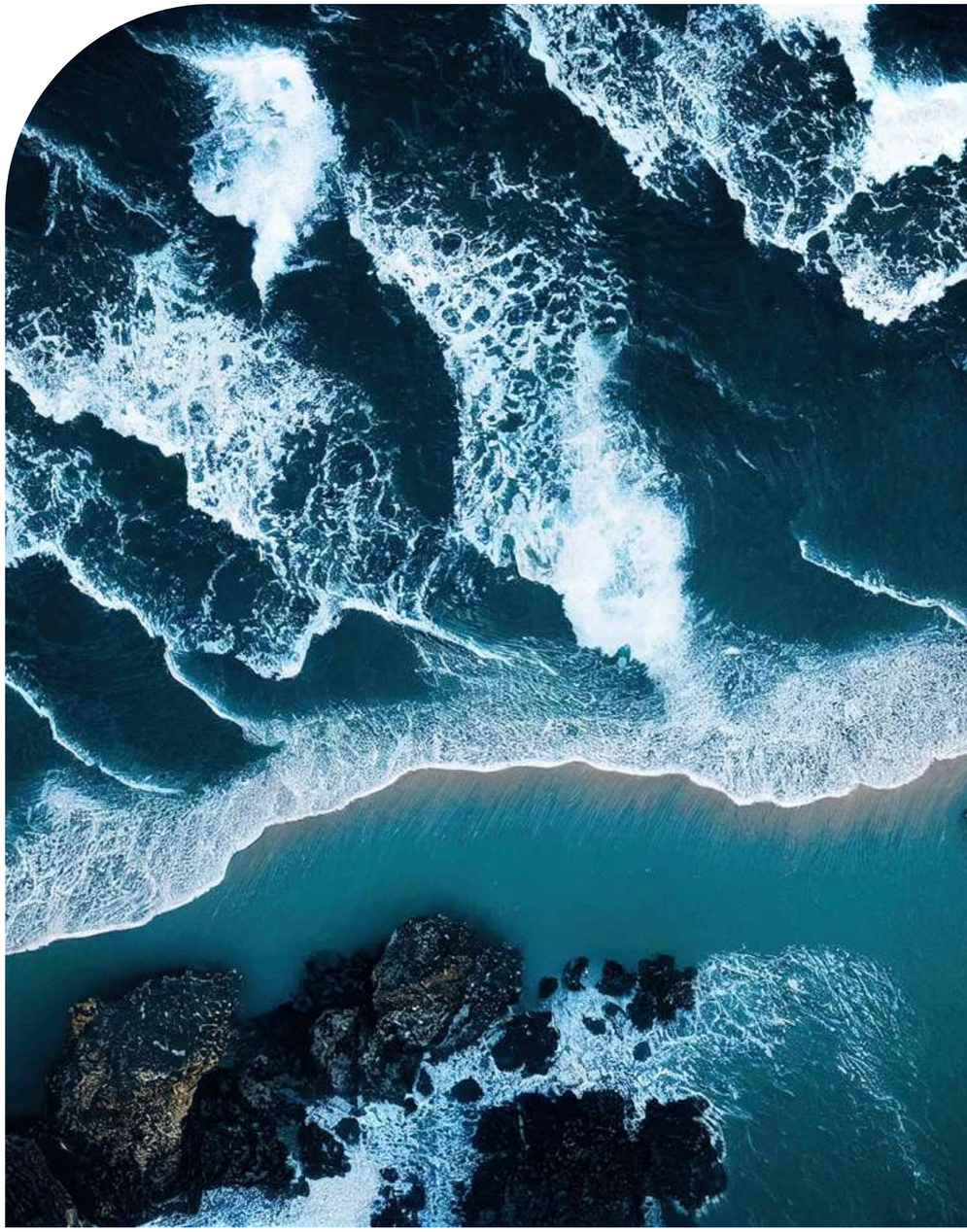
Global proliferation of carbon pricing and compliance schemes

Despite some climate policy frameworks being softened, the proliferation of national carbon pricing mechanisms (ETS and carbon taxes) and the formal integration of voluntary credits into compliance frameworks are rapidly reshaping market supply-demand dynamics across the globe.

Carbon pricing now covers approximately 28% of global emissions, driven by 80 instruments worldwide.[1] This trend creates both significant opportunity and intense supply pressure. Crucially, compliance demand is beginning to directly tap market supply. The World Bank's 2025 report notes that compliance markets drove growth in retirements, accounting for nearly one-quarter of all observed credit demand in 2023.[1]

The aviation sector's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is the sharpest indicator of this supply constraint. Projected cumulative demand for CORSIA Phase I (2024–2026) is substantial, ranging from 105 to 236 million tonnes of CO_2e.[2,3] However, as of mid-2025, fully eligible supply remains severely constrained, contributing to tightening markets and elevated prices for high-integrity credits.[4]

The supply pressure created by compliance demand affects price, something that is important for buyers to be aware of and consider in procurement strategies.



1. World Bank. State and Trend of Carbon Pricing 2025.
2. ICAO. ASSEMBLY 42ND SESSION EXECUTIVE COMMITTEE
3. IATA's updated CORSIA Sectoral Growth Factor Forecast
4. Fastmarkets. Demand tailwinds meet supply headwinds: forecasting CORSIA's impact on carbon credit markets

Emission trading systems and carbon taxes around the world

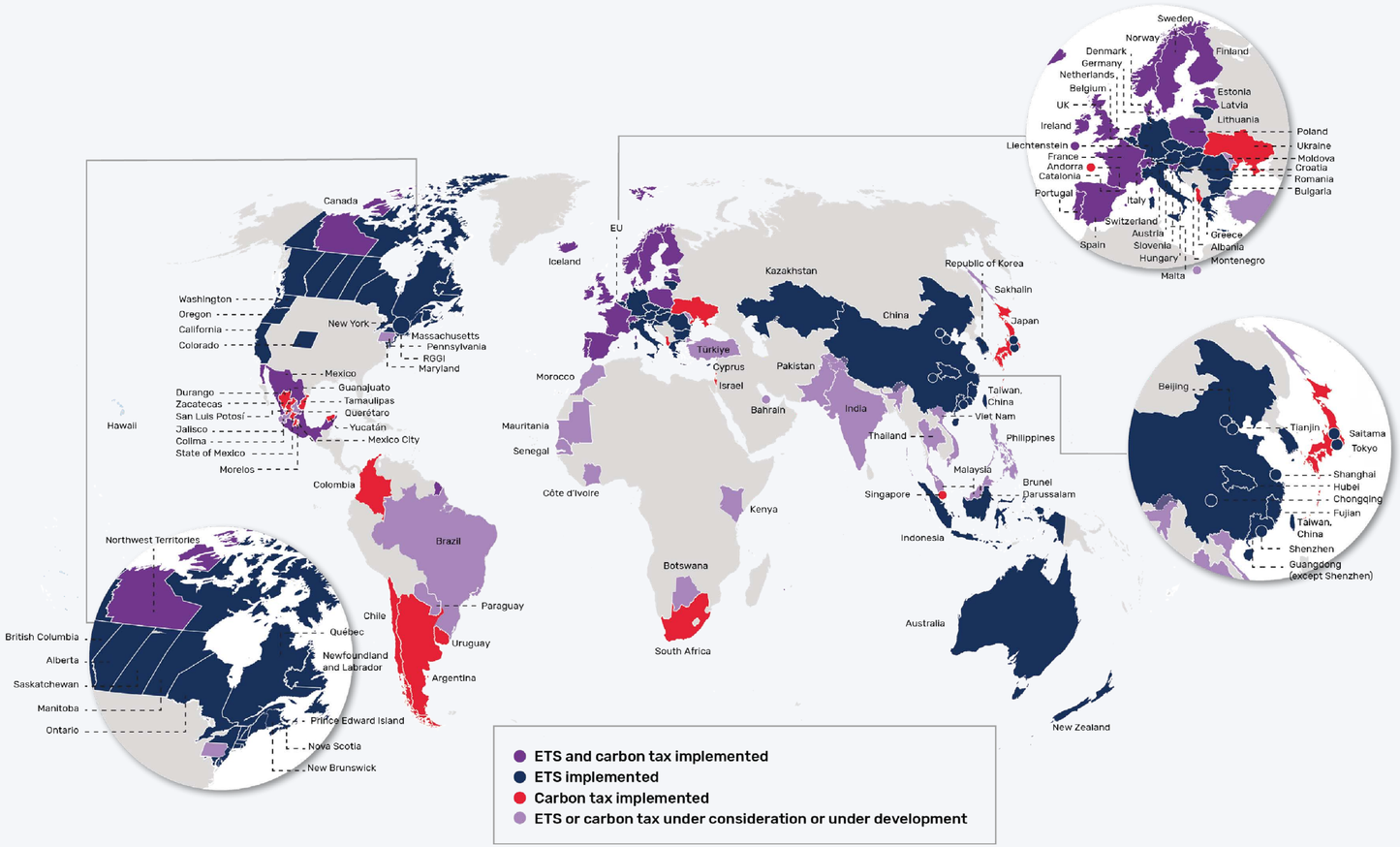
80

carbon pricing instruments are now operational worldwide, up from 75 in 2024. This includes 37 emissions trading systems and 43 carbon taxes, as countries increasingly adopt market-based approaches to drive climate action and generate public revenue.

28%

of the world's emissions are now covered by carbon pricing.

Global map of ETS and carbon taxes implemented, under development, or under consideration



Source: 2025 State and Trends of Carbon Pricing, World Bank.

In Europe, the EU Emissions Trading System (EU ETS) has grown beyond power and heavy industry to include maritime shipping, with a new ETS2 in the works for buildings and road transport.

In Asia, China's ETS is broadening to cover cement, steel and aluminium, whilst Japan is making its GX League mandatory and Vietnam is rolling out its own market-based system.

In Australia, ACCUs are compliance units that remain highly sought after by voluntary buyers. Growing compliance demand places upward pressure on supply and pricing, which voluntary purchasers should factor into procurement strategies.

The end of ‘carbon neutral’

Following growing scrutiny, the era of voluntary, high-level green claims is coming to an end, replaced by regulated claims, evolving disclosures and verifiable climate action.

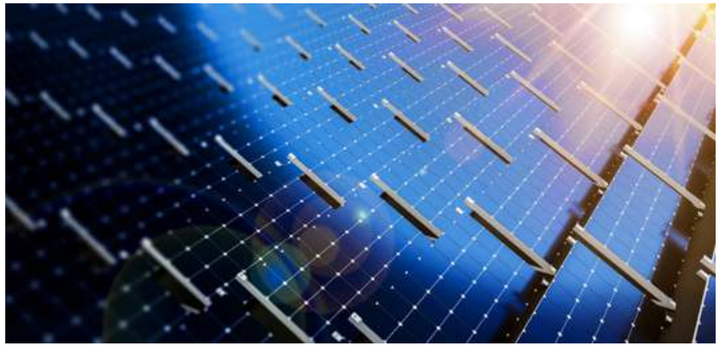
A wave of new EU and global regulation and integrity guidance is compelling companies to shift from broad 'carbon neutral' claims to those grounded in deep decarbonisation and verifiable climate action. This trend is accelerating due to direct legal scrutiny and mandatory requirements for transparent claims.

The Empowering Consumers Directive (ECD), applicable from September 2026, and the EU's Green Claims Directive (GCD) will prohibit generic claims such as ‘climate neutral’ if they are entirely based on compensation. Penalties for non-compliance can be severe, including fines of up to 4% of annual EU turnover.[1]

Australia’s government-backed Climate Active programme, which issues the nationally recognised ‘carbon neutral’ certification to encourage voluntary corporate climate action aligned with national policy, has come under scrutiny and is expected to undergo major reforms, with a new public consultation scheduled for 2026.

Similarly, the VCMI Claims Code requires corporate climate action to align with the hierachy that reduction must be the overwhelming priority, requiring deep cuts of over 90% in the long term.[2]

In the latest CNZS V2.0 draft, SBTI suggests official 'Leadership' recognition for companies applying an internal carbon price of at least US$80 per tonne and committing 40% of that budget to verified external mitigation.[3] The market is demanding a clear separation between primary reduction and complementary climate finance.



1. Devera. EU green claims penalties explained
2. VCMI. Claims Code of Practice
3. Science Based Targets initiative (SBTi). Developing the Corporate Net-Zero Standard Version 2

Increasing disclosure regulations worldwide

USA

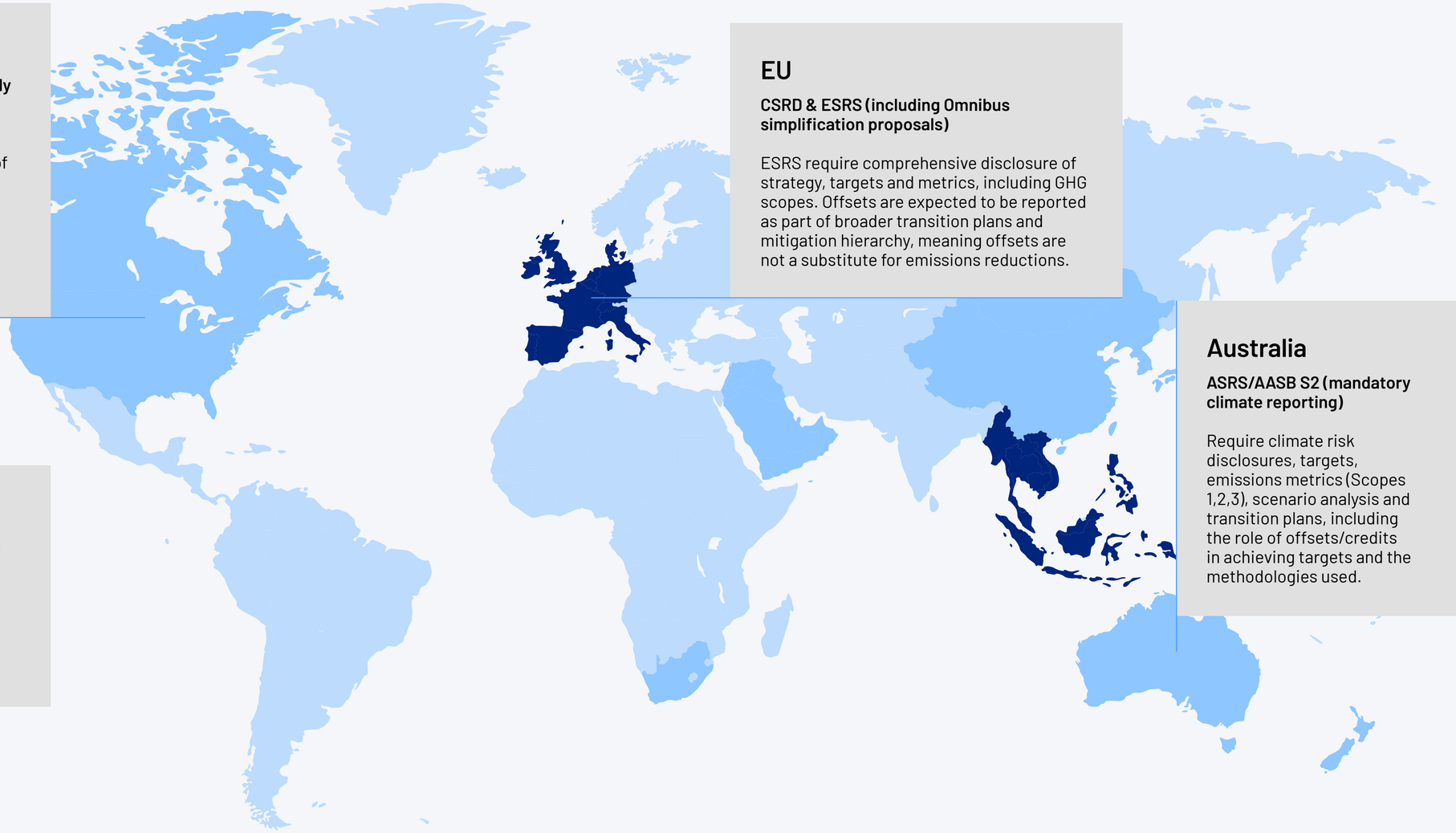
SEC (2024 climate rule, not currently in effect pending ongoing legal challenges)

The rules would require disclosure of the use of carbon offsets and RECs when used to meet climate-related targets (and related climate risk/target disclosures), but they are not currently in effect.

EU

CSRD & ESRS (including Omnibus simplification proposals)

ESRS require comprehensive disclosure of strategy, targets and metrics, including GHG scopes. Offsets are expected to be reported as part of broader transition plans and mitigation hierarchy, meaning offsets are not a substitute for emissions reductions.



Australia

ASRS/AASB S2 (mandatory climate reporting)

Require climate risk disclosures, targets, emissions metrics (Scopes 1,2,3), scenario analysis and transition plans, including the role of offsets/credits in achieving targets and the methodologies used.

Global

ISSB/IFRS S1 & S2 (global baseline)

ISSB S2 focuses on climate risks/opportunities, governance, metrics and targets and disclosure of use of offsets when material.

Strong divergence in carbon credit pricing continues

While the average price of credits has recently softened,[1,2] a strong divergence is emerging where high-quality credits command premiums.[2,3,4]

Prices for these high-quality credits are expected to continue to increase, driven by the shift toward quality and integrity, as well as increasing demand created by compliance markets and companies for meeting climate commitments.

While substantial uncertainty exists, specialised market intelligence providers expect prices of high-quality credits to be in the range of US$20 by 2030 and US$238 by 2050.[5]

1. World Bank. State and Trends of Carbon Pricing 2025
2. CarbonCredits.com / MSCI / Sylvera / BNEF. Carbon Credit Prices Hit New 2025 Highs: 7 Safe Platforms Every Buyer Should Know
3. MSCI. 2025 State of Integrity in the Global Carbon-Credit Market
4. Calyx-State of Quality and Pricing in the VCM 2026
5. BloombergNEF (BNEF). Long-Term Carbon Credit Supply Outlook 2025

What influences price?

Pricing of carbon credits is highly heterogeneous and depend on many factors such as supply and demand balance, project location and co-benefits created.

Carbon credits become a globally recognised asset class

Carbon credits are transitioning from a bespoke climate instrument to a recognised asset class, driven by the need for market liquidity, transparency and price discovery.

This financialisation enables institutional capital to enter the Voluntary Carbon Market and scale funding to deliver impact at scale.

Financial infrastructure around carbon credits is expanding and maturing by learning from regulated markets. Spot exchanges such as Xpansiv CBL, CIX and ACX already facilitate trading for both standardised baskets of credits and specific projects, providing liquidity and access. Future contracts on venues like ICE (e.g. CORSIA Phase 1 -CP1 contract) and CME provide risk management tools.

In addition, forward purchases of high-integrity credits are becoming common procurement practice for large corporates, de-risking future supply. This institutional maturity is necessary to unlock market value that could reach US$1.1 trillion annually by 2050[1] in certain scenarios, solidifying carbon as a recognised global asset class.

Did you know?

While there is not yet a harmonised definition, some jurisdictions already classify carbon credits as a financial product.

In Australia, Australian Carbon Credit Units (ACCUs) and Eligible International Emissions Units (EIEUs), such as Certified Emission Reductions (CERs), are classified as financial products under the Corporations Act 2001.

Units issued under other carbon credit standards, where the transaction occurs over a period exceeding one business day, are characterised as a derivatives trade and accordingly also constitute a financial product. This classification subjects trading and advice to regulation by ASIC.

1. BloombergNEF, Carbon Credits Face Biggest Test Yet, Could Reach $238/Ton in 2050, According to BloombergNEF Report

The 2026 outlook

Expected market developments and implications for buyers

The 2026 outlook

Integrity

Greater standardisation of quality criteria for carbon credits

Demand

Finalisation of SBTi Corporate Net-Zero Standard V2.0

Legal enforcement of green claims globally

Supply

Compliance momentum for CORSIA is building

Policy

EU Carbon Removal Certification Framework (CRCF) sets new best practice standards

CBAM financial phase 1 commences

Finalisation of Article 6.4 and the Paris Agreement Crediting Mechanism (PACM)

Greater standardisation of quality criteria for carbon credits

The question

Which criteria must be assessed when selecting high-integrity carbon credits?

Context

The definition of 'high-integrity' in the carbon market is constantly being shaped by a comprehensive landscape of initiatives and key players. Beyond the roll-out of ICVCM CCP labels and the accelerating progress in defining Article 6.4 rules, there is an ecosystem of organisations, standards and frameworks collaboratively building and maintaining the market's credibility.

Our view

The ongoing assessment conducted by ICVCM of category and high volume methodologies[1] is empowering carbon credit buyers with one more layer of evaluation and consideration when assessing carbon credits integrity.

However, this should be complemented with other checks, such as ratings provided by carbon credits rating agencies and quality assessments conducted by the carbon credits provider (if applicable).

It is important to note that CCP labels are program-level assessments, while ratings and other quality assessments mentioned are project-level.

What to expect

Continuous assessments of category and high volume methodologies from ICVCM and ongoing disclosure of projects ratings from carbon credits rating agencies, reinforcing an ongoing market flight to quality.

What to watch

- Ongoing CCP assessment of high-volume methodologies

1. Integrity Council for the Voluntary Carbon Market (ICVCM). Assessment Status & CCP Rulebook

Implications for buyers

Buyers must consider a combination of factors before purchasing carbon credits. On p40 we have provided a step-by-step approach to guide your procurement process and evaluate integrity.

It's worth noting that not meeting one of the criteria within the checklist does not necessarily disqualify a project. The final decision depends on your credit preferences, price sensitivity, risk tolerance and ability to manage it.

Compliance momentum for CORSIA is building

The question

How does the compliance momentum for CORSIA impact the overall supply of EEUs in the market?

Context

For the first time in Phase 1, aeroplane operators have started receiving state notifications indicating their 2024 offsetting requirements. EU has also communicated EU specific eligibility requirements for CORSIA credits, limiting the list of host countries to states participating in both the Paris Agreement and CORSIA. Meanwhile ICAO's eligible crediting mechanisms for Phase I have been expanded, and eligibility requirements for Phase II published for the first time.

Our view

This compliance momentum is triggering more demand side activity, with more aeroplane operators focusing on long-term procurement strategies. While SBTs remain important for long-term voluntary decarbonisation, CORSIA is now the primary mandatory framework governing near-term climate action in global aviation. Early procurement locks in cost certainty ahead of expected post-2026 price rises and supply crunch.

What to expect

Procurement is expected to increase as aeroplane operators implement strategies to secure CORSIA Eligible Emissions Units (EEUs) against tight supply. Projected cumulative demand for CORSIA Phase I (2024–2026) is substantial, ranging from 105 to 236 million tonnes of CO_2e.[1,2]

What to watch

- **30 November 2027:** deadline for regulators to notify aeroplane operators of their total Phase I offsetting requirement.
- **31 January 2028:** final deadline for aeroplane operators to cancel/surrender required EEUs for Phase I compliance.

1. ICAO, ASSEMBLY 42ND SESSION EXECUTIVE COMMITTEE
2. IATA's updated CORSIA Sectoral Growth Factor Forecast

Implications for buyers

As compliance deadlines approach, aeroplane operators with CORSIA offsetting obligations may face supply crunch and increasing price competition for CORSIA-eligible emissions units (EEUs). Procuring a portion of required EEUs in advance can help secure sufficient volumes and reduce exposure to potential price volatility in the CORSIA market.

Additionally, EU based aeroplane operators should ensure the units they procure satisfy both ICAO's CORSIA eligibility criteria and the specific EU eligibility requirements.

Finalisation of SBTi Corporate Net-Zero Standard V2.0

The question

How will the V2.0 Standard change net zero target validation and the balance of avoidance and removal credits required to address ongoing emissions?

Context

The Science Based Targets initiative (SBTi) is revising its Corporate Net-Zero Standard to enhance clarity on the credible use of carbon credits in net zero. The public consultation phase concluded in late 2025.[1]

Our view

The final V2.0 standard will eliminate lingering uncertainty surrounding the role of carbon credits in helping achieve net zero. It formally recognises companies for addressing their ongoing emissions early and clarifies the mandatory role of permanent removal credits in achieving neutralisation targets.

What to expect

The final Corporate Net-Zero Standard V2.0, launching in 2026, will introduce the Ongoing Emissions Responsibility (OER) framework. This framework standardises the actions companies take beyond value chain reductions and provides flexibility and different recognition tiers for these actions, closely aligning with the Voluntary Carbon Market Integrity Initiative (VCMI) Claims Code of Conduct.

New guidance will be issued regarding the setting of interim carbon removal targets, accelerating early CDR procurement strategies.

What to watch

- **Early 2026:** expected final launch of SBTi Net-Zero Standard V2.0 (available and recommended for new targets).
- **Throughout 2026:** issuance of detailed transition guidance for companies with existing V1.3 targets.

1. SBTi, SBTi releases second draft corporate net-zero standard V2 for consultation
2. SBTi, Developing the Corporate Net-Zero Standard Version 2

Implications for buyers

Companies must benchmark existing portfolios against the CNZS V2.0 OER framework and removal requirements.

Companies with SBTi targets must plan for scaling removals for neutralisation while continuing to invest in high-quality avoidance and removals for ongoing emissions responsibility. Targets set under the V1.3 version remain valid until 2030.[2]

Legal enforcement of green claims globally

The question

What new legal developments can we expect on green claims and what do we need to do to stay compliant?

Context

Regulators across major jurisdictions are working to eliminate greenwashing and unsubstantiated claims. Moving beyond voluntary guidance, 2026 sees the simultaneous activation of mandatory legal regimes in the EU,[1] US[2] and Australia[3] that ban generic environmental claims and impose severe financial penalties.

Our view

Companies face a unified global risk landscape where 'carbon neutral' claims based solely on compensation are subject to intense legal scrutiny. Each voluntary standard and institution, such as VCMI and SBTi, plays a significant role in shaping the market, providing updated credible best-practice guidance on the voluntary use of carbon credits.

What to expect

EU (ECGT Directive)
Applies from 27 September 2026[1] and implements a hard ban on generic claims such as 'climate neutral' based on offsetting. It is important to note that this is the final deadline for all EU nations to comply, however individual member states may have local rules that will come in sooner than this date.

Australia (ACCC)
Environmental claims are listed as a key enforcement priority for 2025–26.[3]

What to watch

- **USA (California)**: Enforcement of SB 261 (Financial Risk) is enjoined pending appeal. CARB confirmed it will not enforce the 1 January 2026 deadline during the stay. Conversely, SB 253 (Data Accountability) remains in force, with CARB rulemaking ongoing.
- **EU: EU ECGT Directive** enters full application, creating a ban on generic offsetting claims.

1. Europe Union, Directive - 2022/2464 - EN - CSRD Directive - EUR-Lex
2. SEC, The Enhancement and Standardization of Climate-Related Disclosures for Investors
3. AASB, An Overview of Australian Sustainability Reporting Standards

Implications for buyers

Buyers operating globally should review their climate-related claims, both at a company level and a product level. To mitigate the risk of greenwashing and penalties, companies should retire 'neutrality' language in favour of accurate, factual claims about 'contribution' to global climate goals, supported by high-integrity credits.

EU Carbon Removal Certification Framework (CRCF) sets new best practice standards

The question

Which methodologies are expected to be EU CRCF approved and how should this influence our removals procurement approach in the EU?

Context

The CRCF establishes the first EU-wide, voluntary carbon removal certification system for the quantification and verification of certain types of removals. This includes permanent carbon removals, carbon farming and carbon storage in products.

Our view

The CRCF provides a critical, high-integrity standard for removals generated in the EU, distinct from existing VCM standards. Its focus on permanence (storage for several centuries) and robust reporting will set best practice for carbon removals and turn removals into an regulated commodity benefiting from EU approval.

1. European Commission, Commission adopts rules and launches initiatives to boost carbon removals and carbon farming in the EU
2. EUR-Lex. Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system (Text with EEA relevance)

What to expect

The Commission is expected to formally adopt the first set of methodologies through delegated acts in early 2026, covering key methods like Direct Air Capture and Storage (DACCS), Bioenergy with Carbon Capture and Storage (BioCCS) and Biochar.[1] Certification of the first CRCF units is expected to begin throughout 2026. This will be vital for determining their fungibility. In addition, the Commission must report if and how there is potential to include permanent carbon removals in the EU ETS.[2]

What to watch

- **Early 2026:** expected adoption of first permanent removal methodologies (Delegated Acts).
- **Throughout 2026:** first certified CRCF units expected to be issued.
- **July 2026:** Commission report due on the feasibility of integrating permanent removals into the EU ETS.

Implications for buyers

When sourcing removals from EU projects, buyers should clarify whether the developer intends to transition to the CRCF. This affects whether credits may become eligible for future compliance use, which is especially important for companies covered by the EU ETS.

CBAM financial phase 1 commences

The question

How can companies importing into EU accurately cost and manage the new carbon tariff risk across their entire global supply chain?

Context

The CBAM transitional phase runs from 1 October 2023 to 31 December 2025 (reporting only). From 1 January 2026, CBAM enters its definitive (financial) phase, aligned with the phase-out of EU ETS free allowances. CBAM certificates will first be available from 1 February 2027, allowing importers to buy certificates retroactively for their 2026 imports.[1]

Our view

CBAM makes carbon price exposure a direct, material cost for EU-bound supply chains. Paired with the phased-down EU ETS free allocation in covered sectors, it increases incentives to decarbonise and obtain high-integrity, verified emissions data from suppliers. This rewards more carbon-efficient supply chains.

What to expect

Liability tracks the EU ETS price. CBAM applies to the share of emissions not covered by free allocation until free allocation is completely phased out in 2034.[1] Final CBAM benchmarks are expected in early 2026. Companies must use verified embedded emissions data for their declarations, with foreign carbon prices paid at origin creditable against the CBAM liability where evidence is provided.

What to watch

- **1 January 2026:** definitive phase begins.
- **1 February 2027:** certificate sales begin. Importers can purchase certificates for 2026 volumes.
- **30 September 2027:** first annual declaration and certificate surrender deadline (for 2026 imports).

Implications for Buyers

CBAM must be treated as a direct material cost. Impacted companies must urgently engage with suppliers to secure verified emissions data and integrate CBAM liability into financial modelling, product costing and overall supply chain strategy to mitigate significant new tariffs.

An operational Paris Agreement Crediting Mechanism (PACM)

The question

How will PACM redefine high-integrity supply and what is its strategic relevance for voluntary buyers?

Context

Following the procedural breakthroughs at COP29, Article 6.4 is evolving into a functional UN standard. The Paris Agreement Crediting Mechanism (PACM), the UN-governed successor to the CDM, is now launching its first methodologies and infrastructure. This introduces a new tier of carbon units backed by multilateral oversight and UN-administered rules and certification.

Our view

PACM represents a fundamental evolution in global carbon markets. It is expected to emerge as a new source of Paris-aligned mitigation units issued under direct UN oversight, with accounting approaches designed specifically for Paris Agreement rules. While PACM units are likely to be sought by compliance buyers, we believe the emergence of Mitigation Contribution Units (6.4 MCUs), units that contribute to host-country climate targets without requiring a 'Corresponding Adjustment', will also be seen as a credible and attractive option for voluntary buyers. In short, PACM provides an added sign of quality.

What to expect

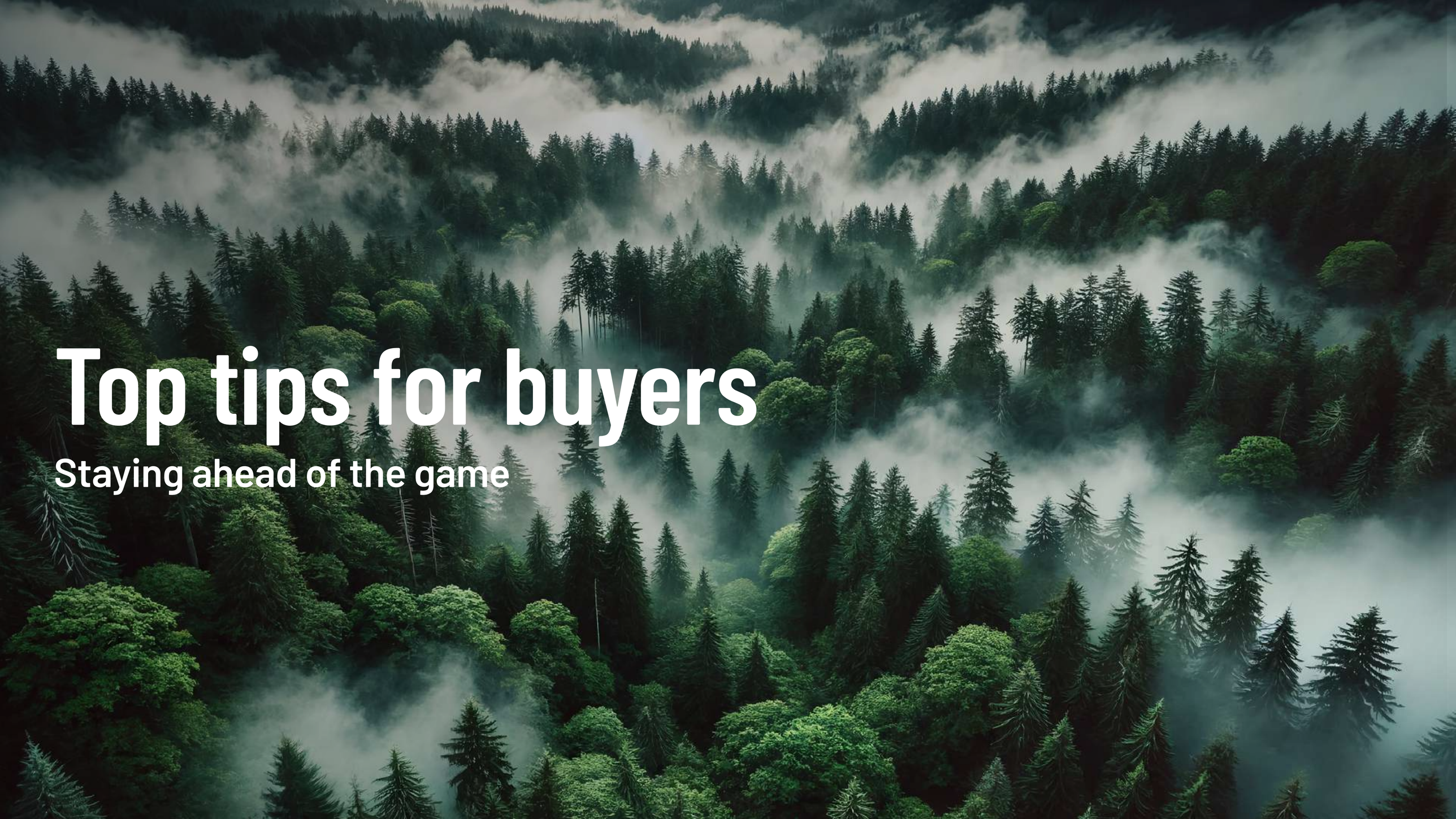
- First PACM issuances: Initial Article 6.4 units issued, primarily through transitioned CDM activities that have completed UN and host-country processes.
- Roll-out of PACM methodologies for priority project types (e.g. renewable energy, clean cooking), enabling new certifications.
- Emergence of MCUs: Article 6.4 Mitigation Contribution Units (MCUs) becoming available as a UN-governed option for voluntary use.
- Early market anchoring: PACM beginning to establish itself as a Paris-aligned reference point for crediting.

What to watch

- Pipeline formation: which project types and countries generate repeatable PACM supply.
- Sovereign readiness: which countries move first with predictable Article 6 participation, signalling reliable PACM supply.
- Market recognition: how will PACM be recognised in integrity frameworks and buy side regulations relative to other voluntary standards.

Implications for buyers

PACM operationalisation represents a positive structural signal for buyers focused on long-term credibility. It is increasingly relevant for strategic procurement planning, especially where buyers value multilateral oversight, regulatory foresight and a UN-anchored reference point for Paris alignment.



Top tips for buyers

Staying ahead of the game

Top tips for buyers

1

Create a credible path to net zero

Taking responsibility for ongoing emissions can be a critical ‘bridge’ that allows your company to demonstrate leadership by funding climate action immediately while investing in long-term decarbonisation.

At the same time, preparing for neutralisation of residual emissions is essential to confidently achieve net zero.

Start by securing high quality removals, including long-lived ones, to balance out the final ~10% of unavoidable residual emissions.

Aligning your portfolio with the SBTi Corporate Net-Zero Standard V2.0 (once finalised) can help demonstrate climate maturity and, where applicable, support ‘Recognized’ or ‘Leadership’ status as part of the draft ongoing-emissions framework.

2

Invest now to avoid price shock later

Long-term procurement can convert future credit needs into greater cost certainty rather than leaving them as a volatile future expense. While integrity standards tighten and demand for quality-verified credits increases, high-quality supply can be constrained. This is forecast to drive carbon prices to reach up to US$238 per tonne by 2050 in high-quality driven scenarios.[1]

Securing long-term supply through multi-year offtake agreements can improve price predictability and reduce procurement risk.

3

Match procurement criteria with market realities

A robust portfolio should combine cost-effective avoidance credits to prevent carbon release with durable removals required for long-term neutralisation.

While labels like ICVCM CCPs provide essential integrity signals, they should be used as guides rather than strict thresholds.

To de-risk your approach, combine these external benchmarks with ratings from independent agencies, as well as quality assessments performed by carbon credit providers.

Together these steps ensure your investment supports both high-integrity climate impact and business resilience in an increasingly supply-constrained market.

4

Communicate transparently and meaningfully

Transparency in carbon market buying goes beyond listing tonnes purchased. It’s about explaining the why behind your investment and the real impact it delivers for people and the planet.

Go beyond product-level claims and build a company-wide narrative that explains why supporting high-integrity climate projects matters for your business, value chain and the wider transition. Anchor your approach in recognised best practice, such as the VCMI’s Claims Code of Practice, which encourages climate investment proportional to your remaining footprint and ensures your contributions signal real ambition.

Commit to reporting annually on how carbon credits fit into your overall strategy and the value they deliver. And as a golden rule: don’t make ‘carbon neutral/climate neutral/net zero’ (or similar offsetting-based) claims unless the underlying credits have been retired and you can substantiate the claim with clear, ready-to-publish documentation.

1. BloombergNEF (2024) High-quality scenario - Inelastic demand

Perfecting your portfolio

A step-by-step approach

Perfecting your portfolio: a step-by-step approach

Carbon credits can appear complex but by asking the right questions, it's not hard to assemble a portfolio that meets your organisation's needs. This page outlines the questions to ask and why each is relevant to making good purchase decisions. Each step is expanded on the following pages.

1. Objective
What is the primary reason for purchase?

2. Frameworks
Which climate reporting standards or industry guidelines are you following to guide your purchases, if any?

3. Volume and timeframe
How would you like to structure the quantity and timing of your purchase?

4. Geography
Where would you prefer your carbon projects to be located? Are there any regions or countries you wish to exclude?

5. Mitigation outcome
Do you require emission reductions or removals?

6. Project type
What are your preferred project types?

7. Standard
Which registry would you prefer the credits to be issued from?

8. Vintage
What is the maximum age of the credits?

9. Quality approval
Do you have a preference for specific 'labels' or tags?

10. Credit rating
Which rating agencies do you use? What is the minimum acceptable rating?

11. Additional quality checks
Has the carbon asset provider performed extra integrity checks?

12. Co-benefits
Does the project develop co-benefits?

13. Contractual requirements
Are there any specific contractual or delivery needs?

14. Claims and communication
How are you planning to communicate about your credits ?

1. Objective

Questions to ask:

What is the primary reason for purchase?

Options:

- ☐ **Take responsibility for ongoing emissions:** addressing current annual emissions as part of your decarbonisation journey.
- ☐ **Prepare for neutralisation:** specifically using removal credits to 'neutralise' residual emissions to reach a net zero state.
- ☐ **Both:** a portfolio approach that tackles today's footprint while preparing for long-term net zero.
- ☐ **Other:** for example, product-level claims, brand-specific goals, or internal climate funds.

South Pole recommends:

Make sure to align your carbon credit purchases with your net zero strategy and wider business goals.

Taking responsibility for ongoing emissions through voluntary contributions is a critical 'bridge' that allows your company to demonstrate leadership and fund climate action right now. This is achieved by purchasing carbon credits from a wide variety of projects and technologies which, at this stage, do not necessarily need to be closely linked to your specific industry or operations.

At the same time, preparing for neutralisation requirements is critical to confidently achieving net zero. This involves securing access to high-permanence removals to balance out the final ~10% of unavoidable residual emissions, ideally by selecting projects and technologies that are closely linked to your industry and operations.

Leading organisations increasingly choose a blended portfolio that ensures they are making a maximum climate contribution now, through diverse voluntary actions, while proactively securing the long-lived removal supply needed to reach their net zero targets in the future with confidence.

And are you aiming to shape a climate resilient business through this carbon purchase program in the long run?

- ☐ **Yes**
- ☐ **No**
- ☐ **Maybe**

We strongly recommend viewing carbon procurement as a tool for business resilience rather than a one-off cost.

A resilience-focused program uses long-term investments and offtake agreements to transform volatile future carbon liabilities into predictable fixed costs on the balance sheet. By securing high-integrity credits now, your organisation insulates itself against projected exponential price rises and helps safeguard against increasingly stringent global regulations.

In addition, further focus on projects that has direct or indirect links with your value chain will help to further build resilience within the whole value/supply chain, a win-win climate resilient scenario for all upstream to downstream entities involved, further reducing climate risks for your company and industries linked to it.

2. Frameworks

Questions to ask:

Which climate reporting standards or industry guidelines are you following to guide your carbon credits purchases, if any?

Options:

- ☐ **SBTi**
- ☐ **VCMI Claims Code**
- ☐ **Oxford Principles**
- ☐ **ISO**
- ☐ **No specific framework, following internal CSR goals**
- ☐ **Other**

South Pole recommends:

Ideally, your carbon credit purchasing strategy should align with one or more of these framework.

SBTi (particularly under the latest V2.0 CNZS draft) emphasises taking responsibility for ongoing emissions as you transition to net zero. The VCMI Claims Code provides a leading benchmark for high-integrity claims, ensuring that your use of credits is transparent and credible. The Oxford Principles provide a science-based pathway for evolving your portfolio, advocating for a progressive shift from emission reductions toward carbon removals with long-lived, durable storage to ensure residual emissions are counterbalanced permanently. However, as global guidance frameworks are still evolving, it is important to establish your own robust internal goals.

A partner like South Pole can help you interpret these complex guidelines and guide you on how to adapt them to your specific business and climate strategy.

3. Volume and timeframe

Questions to ask:

How would you like to structure the quantity and timing of your carbon credit purchase?

Options:

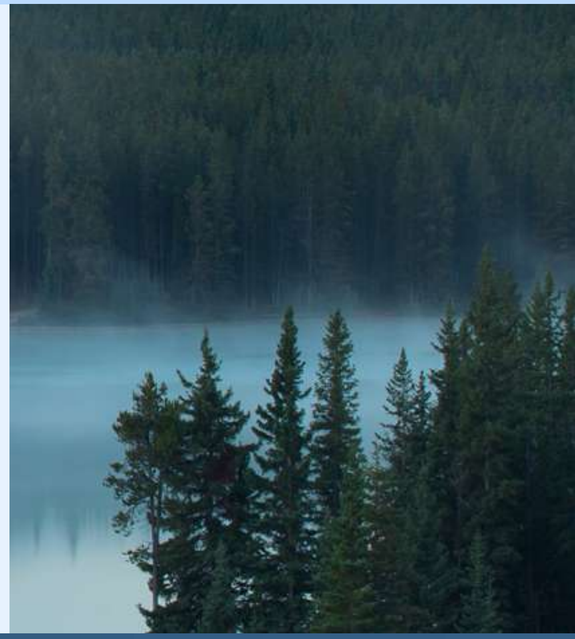
- ☐ **Spot purchase**
- ☐ **Multi-year forward offtake**
- ☐ **Investment in project development**

South Pole recommends:

Your choice depends on your budget, carbon credit preferences and risk appetite.

Spot purchases are ideal for meeting immediate annual targets or trialling different project types, but they leave you exposed to price volatility and tightening supply. To build a future-ready portfolio, we suggest moving towards multi-year forward offtakes or direct project investments.

These strategic mid-term to long-term approaches allow you to lock in prices, guarantee access to high-quality credits and provide the essential climate finance needed to scale these essential carbon projects.



4. Geography

Questions to ask:

Where would you prefer your carbon projects to be located?

Options:

- ☐ **Your choice of a specific continent or region**

South Pole recommends:

We suggest selecting continents or regions that are closely linked with your core business operations or supply chain.

While carbon has a global impact regardless of where it is avoided or removed, choosing locations where your organisation has a physical presence or significant supplier base allows you to create a positive impact where you operate and have a more authentic and tangible climate contribution and narrative.

This strategic alignment can also help mitigate regional climate risks within your own value chain and demonstrate a direct commitment to surrounding communities.

Are there any regions or countries you wish to exclude?

- ☐ **Your choice of a specific continent or region**

Exclusions are typically a matter of risk management and internal corporate policy.

You may wish to exclude specific regions due to geopolitical sensitivities, or areas where your organisation's sustainability standards are difficult to verify on the ground. By defining these exclusions early, you ensure that your portfolio aligns strictly with your broader corporate governance and reputational risk guidelines.

5. Mitigation outcome

Questions to ask:

Do you require emission reductions or removals?

Options:

- ☐ **Emission reductions/avoidance:** preventing emissions from occurring
- ☐ **Carbon removals:** physically removing CO_2 from the atmosphere
- ☐ **Balanced portfolio:** a specific percentage split between both types

South Pole recommends:

Both outcomes are essential but play distinct roles in a credible climate strategy.

Avoidance projects are a critical first line of defence as they stop carbon from being released by protecting existing natural sinks like forests and peatlands. These projects tend to be more cost-effective and are vital for slowing the pace of global warming immediately.

Removals are equally necessary as they are the only way to neutralise residual emissions that cannot be abated through direct decarbonisation. We recommend companies buy and invest in both, supporting avoidance to slow down carbon emissions and preserving our remaining nature, while simultaneously scaling up the removals needed to achieve a true net zero state.

6. Project type

Questions to ask:

For avoidance mitigation outcomes, what are your preferred project types?

Example options:

- ☐ **Renewable energy**
- ☐ **Improved cookstoves**
- ☐ **Water filters / safe water**
- ☐ **Improved Forest Management (IFM)**
- ☐ **Reducing Emissions from Deforestation and Forest Degradation (REDD+)**
- ☐ **Manure management**
- ☐ **Feed additives**
- ☐ **Landfill gas capture**

South Pole recommends:

Your choice of project type often depends on the specific impact or story you wish to support. Selecting avoidance carbon credits usually involves balancing multiple factors such co-benefits generated, quality criteria, location, price, availability and more. For example, community-based projects are highly regarded for their direct impact on health and social equity, that is, the co-benefits generated. On the other hand, when selecting Renewable Energy (RE) projects, we generally recommend a targeted approach to ensure high additionality. This involves focusing on grid-connected projects within Least Developed Countries (LDCs), where financial barriers are highest. In other regions, we suggest prioritising off-grid or mini-grid technologies, as these smaller-scale solutions typically rely on carbon finance to become economically viable. Ultimately, a mix of project types can help diversify your impact while supporting different sectors of the global transition.

For removals mitigation outcomes, what are your preferred project types?

- ☐ **Afforestation, Reforestation and Revegetation (ARR)**
- ☐ **Soil organic carbon**
- ☐ **Direct Air Carbon Capture and Storage (DACCS)**
- ☐ **Concrete mineralisation**
- ☐ **Biochar**
- ☐ **Enhanced Rock Weathering (ERW)**
- ☐ **Wastewater treatment**

Selecting removals involves balancing current availability with long-term durability.

Nature-based solutions are more readily available today and offer significant co-benefits, such as biodiversity restoration and community support. Technical removals provide a higher level of permanence and are increasingly required for the long-term neutralisation of residual emissions.

Because both approaches must scale rapidly to meet global climate targets, we suggest companies invest in a pipeline of both nature-and technology-based removals now. Early support for technical solutions is particularly vital to help scale the critical infrastructure needed to achieve future net zero milestones with confidence.

7. Standard

Questions to ask:

Which registry would you prefer the credits to be issued from?

Example options:

- ☐ **Gold Standard**
- ☐ **Verra (VCS)**
- ☐ **ACR**
- ☐ **CAR**
- ☐ **Puro.earth**
- ☐ **Other**

South Pole recommends:

Gold Standard and Verra are the most widely recognised registries globally for a broad range of project types. Puro.earth has emerged as a leader specifically for tech removals.

While these are the primary global benchmarks, there are also reputable registries tailored to specific regions, such as ACR and CAR, which are prominent in the North American market.

We suggest prioritising well-established, independently governed standards to ensure your carbon credits meet the highest levels of transparency and market acceptance. Regarding CDM, this mechanism is currently being phased out. While CER certificates are still available, we only recommend them in a limited manner.

8. Vintage

Questions to ask:

What is the maximum age of the credits?

Options:

- ☐ **Less than 3 years**
- ☐ **Less than 5 years**
- ☐ **Older (pre-2020)**

South Pole recommends:

Generally, more recent credits may be verified using the most up-to-date and rigorous scientific methodologies, offering higher alignment with the latest market standards. However, 'recent' is relative to the project type.

Technical removals (e.g. biochar) can often issue credits annually, whereas nature-based projects (e.g. reforestation) typically have longer issuance cycles of 3–5 years to allow for measurable biological growth.

If your priority is high reputational integrity, we suggest selecting newer available vintages.
If you are balancing a tighter budget, a mix of older and newer credits can offer a practical and cost-effective solution, provided they still meet modern quality benchmarks.

9. Quality approval

Questions to ask:

Do you have a preference for specific ‘labels’ or tags?

Options:

- ☐ **ICROA**
- ☐ **ICVCM CCP-labeled**
- ☐ **Removals registry tag**

South Pole recommends:

We suggest using these labels as a signal of methodology-level quality, but not as a strict threshold for purchase.

ICVCM and its Core Carbon Principles (CCPs) set vital global integrity benchmarks for the supply side, while ICROA ensures best practice on the demand side. However, the CCP label currently only evaluates projects at the methodology level and available supply remains limited. To ensure the highest integrity, you should combine these labels with project-level checks, such as ratings from independent agencies and quality assessments performed by carbon credit providers.

If integrity is your top priority, we recommend purchasing a mix of credits that represent the ‘highest available’ quality in the market, rather than waiting for a single label to cover the entire portfolio.

10. Credit rating

Questions to ask:

Which carbon credits rating agencies do you use?

Options:

- ☐ Sylvera
- ☐ BeZero
- ☐ Calyx
- ☐ MSCI
- ☐ Other

South Pole recommends:

Using a carbon rating agency can help provide a sense of rigor above and beyond what the respective standards may provide.

Rating agencies are relatively new to the market so not all projects have ratings at this time. It is important to note that currently, no universally accepted and validated framework for rating carbon project quality exists. Each rating agency uses its own proprietary approach, outside of the standard certification frameworks. This often leads to divergent ratings for the same project.

Projects that have ratings above the median possible rating are in high demand, and will likely be priced accordingly. There may be limited supply of highly rated removals projects, for example, which tend to be highly desirable for certain buyers.

What is the minimum acceptable rating from your selected carbon credits rating agencies?

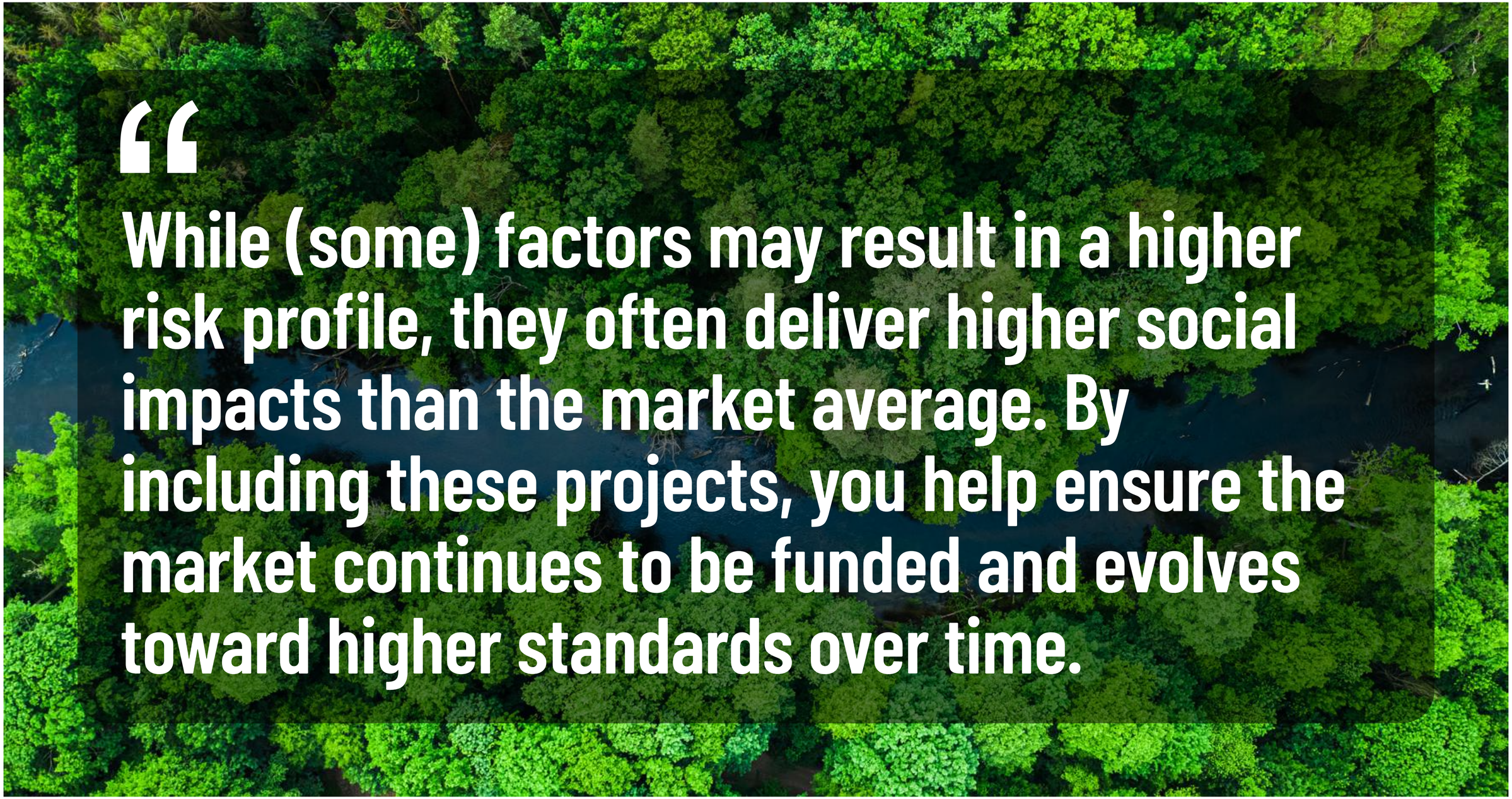
- ☐ BBB
- ☐ Technology-specific

Your choice should balance your integrity goals with what is practically available on the market.

While projects rated 'BBB' or higher are generally considered high quality or 'investment grade', supply can be limited. Additionally, rating agencies apply proprietary frameworks and rely primarily on publicly available information. Therefore, we advise clients to treat ratings as a baseline signal rather than a strict threshold.

Furthermore, it is important to account for technology-specific characteristics when benchmarking project ratings against each other. Some types of projects, such as community-based nature-based solutions, navigate inherent complexities, including local community engagement and uncertain land rights in remote areas.

While these factors may result in a higher risk profile, they often deliver higher social impacts than the market average. By including these projects, you help ensure the market continues to be funded and evolves toward higher standards over time. If high integrity is your top priority, we recommend understanding current market availability and selecting the highest-rated options within your preferred project types, rather than setting a strict threshold that might exclude high-impact opportunities.



> While (some) factors may result in a higher risk profile, they often deliver higher social impacts than the market average. By including these projects, you help ensure the market continues to be funded and evolves toward higher standards over time.

11. Additional quality checks

Questions to ask:

Has the carbon asset provider selling the carbon credits performed extra integrity checks?

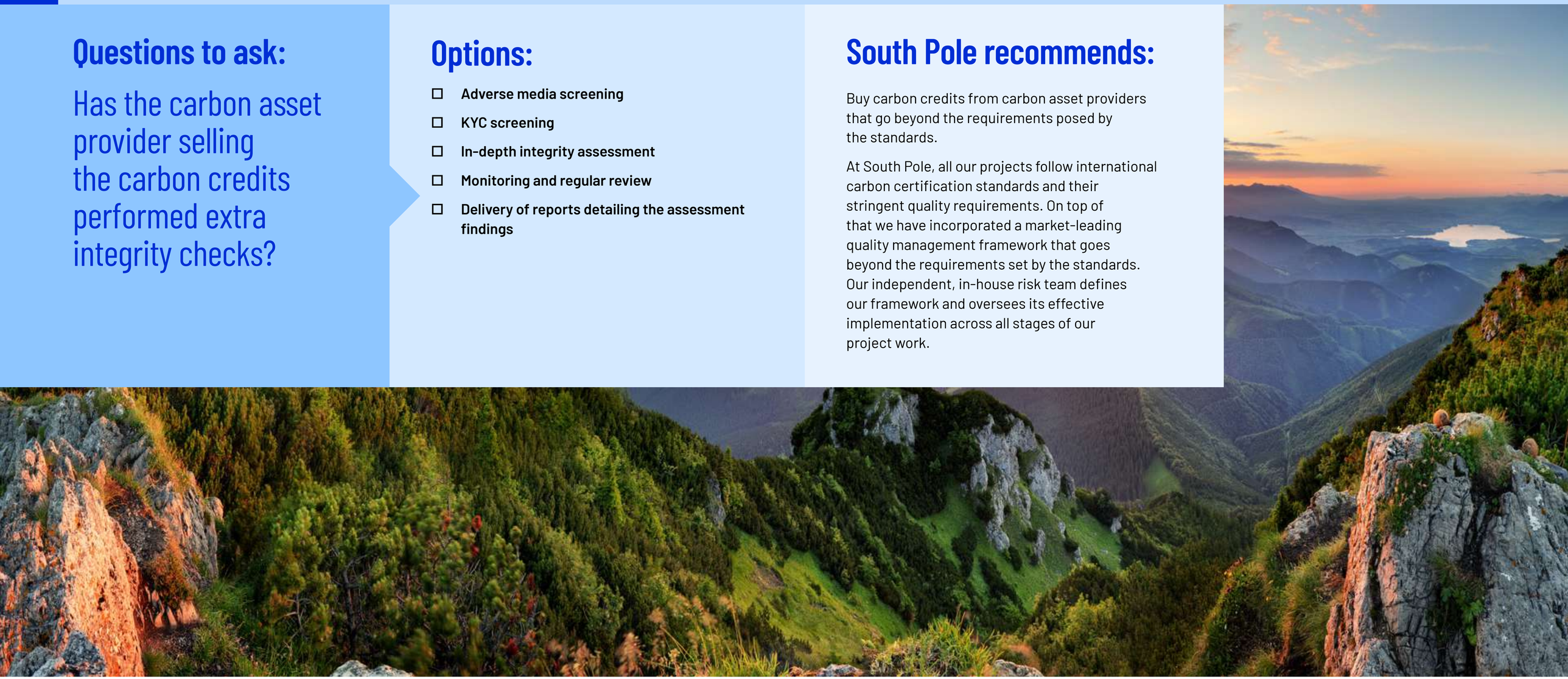
Options:

- ☐ **Adverse media screening**
- ☐ **KYC screening**
- ☐ **In-depth integrity assessment**
- ☐ **Monitoring and regular review**
- ☐ **Delivery of reports detailing the assessment findings**

South Pole recommends:

Buy carbon credits from carbon asset providers that go beyond the requirements posed by the standards.

At South Pole, all our projects follow international carbon certification standards and their stringent quality requirements. On top of that we have incorporated a market-leading quality management framework that goes beyond the requirements set by the standards. Our independent, in-house risk team defines our framework and oversees its effective implementation across all stages of our project work.



12. Co-benefits

Questions to ask:

Does the project develop co-benefits?

Options:

- ☐ **Social and community**
- ☐ **Environmental and biodiversity**
- ☐ **Economic and infrastructure**

South Pole recommends:

Co-benefits turn a transaction into a social investment. We recommend projects with verified SDG impacts if you intend to feature the project in your annual reports.

13. Contractual requirements

Questions to ask:

Are there any specific contractual or delivery needs?

Options:

- ☐ **Varies depending on each situation**

South Pole recommends:

As a leading global carbon asset developer, South Pole is uniquely positioned to provide custom support for a wide range of procurement requirements, with different levels of complexity.

We suggest defining your delivery needs early. Our team can tailor contracts to align with your internal legal, financial and sustainability protocols, ensuring that your credit delivery is as seamless and risk-managed as possible.

14. Claims and communication

Questions to ask:

How are you planning to communicate about your credits ?

Options:

- ☐ **Company-wide climate narrative:** establishing a holistic vision for why the organisation supports specific projects and the global impact they create
- ☐ **Carbon integrity claim:** (e.g. VCMI Silver/Gold/ Platinum) based on your level of credit investment
- ☐ **Climate contribution:** framing the purchase as a financial contribution to global climate action
- ☐ **ESG disclosure:** using purchase data for formal sustainability reporting (e.g. CSRD/ESRS) and shareholder updates

South Pole recommends:

We recommend moving away from generic labels like 'carbon neutral' in favour of more transparent, action-based claims.

One of the most robust approaches today is the VCMI Carbon Integrity framework, which rewards companies for taking responsibility for their emissions above and beyond internal science-based targets. Additionally, under the SBTi Corporate Net-Zero Standard V2.0, taking responsibility for ongoing emissions allows your organisation to reach 'Recognized' or 'Leadership' status, providing a gold-standard benchmark for your climate journey.

Alternatively, framing your purchase as a 'climate contribution' is a highly effective, lower-risk strategy. It demonstrates leadership by funding vital projects without the legal complexities of claiming to 'cancel out' your footprint.

Regardless of your choice, transparency is key. Always disclose exactly which projects you are supporting and ensure your credits are officially retired before making any public statement.

Learn more

Video

This 2 minute video demystifies carbon credits, explaining how they work and their crucial role in fighting climate change.

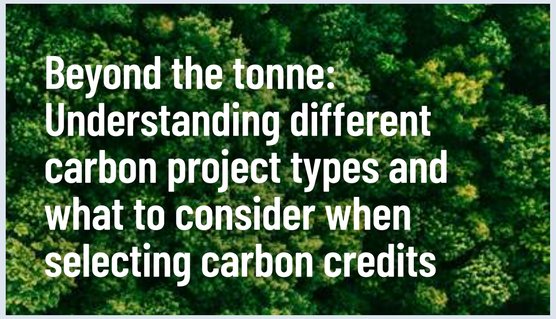
Quickguides

Explores what creates integrity and how to confidently engage in the carbon market.

Explains Article 6 of the Paris Agreement, why it's important and how it helps countries and companies meet their climate targets.

Blog

Unlock carbon market confidence. Learn what are high-integrity carbon credits, who sets quality and how South Pole helps.



Understand the benefits and integrity of different project types to make confident investments that drive real climate impact.

South Pole

South Pole offers one of the world's largest portfolios of climate action projects to help you make an immediate, cost-effective, strategy-aligned impact on climate change.

South Pole aims to lead the carbon industry with enhanced risk, quality and compliance protocols. Explore our commitment to ethical practices and transparency here.

How we can help

The South Pole offer

South Pole. The Climate Company.

Helping organisations decarbonise and navigate the complexities of climate in ways that are good for business, people and planet for 20 years.

Established
2006
in Zurich, Switzerland

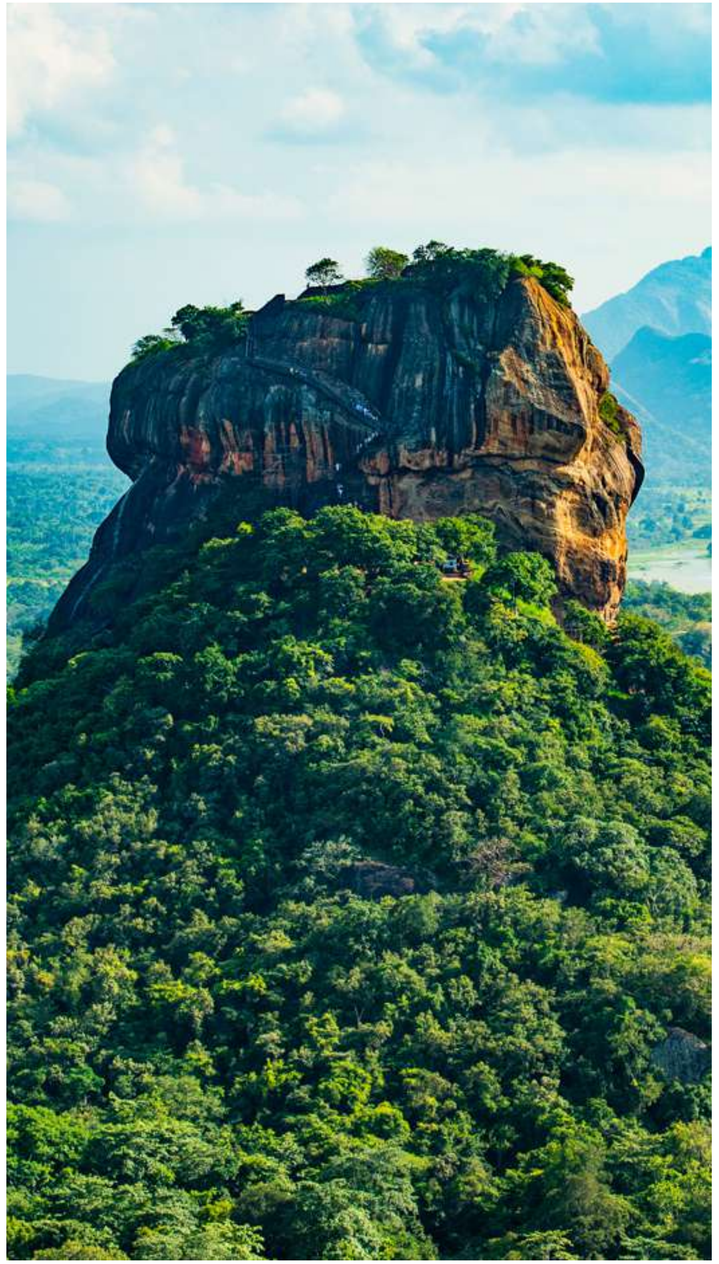
650+
employees

1,000+
organisations helped to decarbonise

World's
#1
expert in climate projects

Experts in
30+
countries with projects in many more

200+
million metric tonnes of CO_2 abated



Unique experience

With 20 years of experience, we can help you navigate challenges and changes in the market.

Specialist expertise

Climate is not something we do, it's what we do.

Global presence

With offices and representations in over 30 countries, we think global and act local.

Three areas of expertise. One world class offer.

Climate Advisory

Ready your business for a sustainable future

- Measure & report impact, opportunities & risks
- Set targets & net zero roadmaps
- Act on value chain & engage stakeholders

Environmental Certificates

Find and fund a world of impact projects

- Carbon credits
- Energy Attribute Certificates
- Biodiversity & other environmental credits

Project Finance

Finance decarbonisation at scale

- Evaluate feasibility, establish methodology
- Design, action & certify your project
- Commercialise voluntary or Article 6 credits

Ready your business for a sustainable future

Comply

Navigate regulations. Measure & report impact & risks.

- Environmental footprint
- Risk & opportunities
- Reporting & compliance

Transform

Set targets & roadmaps. Mitigate risks & build resilience.

- Targets & net zero roadmaps
- Finance & funding
- Nature, removals & renewable energy

Engage

Act on value chain, engage internal & external stakeholders.

- Value chain action
- Stakeholder engagement
- Brand & communications

1,000+ organisations helped on their decarbonisation journey

We can also advise on

- Science Based Targets
- Biodiversity
- Insetting & certificates
- Power purchase agreements
- Climate labels
- Planetary boundaries

Specialist

in all global and regional frameworks, including:

- ISO
- CDP & GRI
- CSRD
- Net-Zero
- ISSB
- ASRS
- TPT
- SBT

Digitally enabled

Without good climate data you are in the dark. Our digital platform, Luumo, gives you insights and tools to streamline sustainability actions, supported by experts every step of the way.

Find and fund a world of impact projects

Plan

Understand the fast changing market, plan a future-ready portfolio

- Sourcing strategy
- Portfolio planning
- Net-Zero integration

Purchase

Choose purchase-ready carbon credits & environmental certificates

- Carbon credits (tech-based, nature-based, industrial)
- Energy Attribute Certificates
- Other environmental certificates

Invest

Secure a long-term stream of removals or Article 6 credits

- Nature-based removals
- Tech-based removals
- Article 6 credits

#1 expert in carbon projects, globally

We can also advise on

- Biodiversity credits
- Biomethane credits
- Plastic credits
- Credible claims

World leading verification

As a pioneer of global carbon markets, South Pole invests heavily to ensure the quality and verifiability of all certificates.

Finance decarbonisation at scale

Evaluate

Evaluate your project's feasibility. Establish the best methodology.

- Feasibility assessment
- Methodology design & selection

Develop

Design and action your project. Earn carbon market certification.

- Design
- Certification
- Compliance with regulations

Commercialise

Commercialise voluntary or Article 6 credits.

- Investor acquisition
- Credit commercialisation
- Ongoing monitoring, reporting & verification

850+ climate projects enabled across 20+ countries

Specialist

in the carbon market and all project types, including:

- Article 6
- CORSIA
- Community projects
- Heavy industry
- Insetting
- J-REDD
- Removals

Examples include

Coal plant decommissioning

Low-carbon cement processing

EV charger network creation

Large scale removals

Article 6 projects

Our framework for integrity

South Pole is at the forefront of the evolving carbon market. We are committed to driving sustainable change, unlocking climate finance and achieving genuine climate impact. To prepare for the future, we are taking several proactive measures within our framework for integrity

Enhancing due diligence and compliance

We are continuously improving our due diligence and compliance processes to ensure the highest standards of project development and carbon credit issuance.

Leveraging technology

We are harnessing the power of digital technologies to streamline operations, enhance transparency and accelerate project development.

Building strong partnerships

We are collaborating with governments, businesses and other organisations to advance climate action and promote the adoption of innovative solutions.

Advocacy and policy engagement

We are actively engaged in policy discussions and advocacy efforts to shape the future of the carbon market and climate policy.

High-integrity projects

We are prioritising projects that deliver real and measurable climate impact, focusing on nature-based solutions, renewable energy and energy efficiency.

Abbreviations explained

(d)MRV – (digital) Monitoring, Reporting and Verification

ARR – Afforestation, Reforestation and Revegetation

BVCM – Beyond Value Chain Mitigation

CBAM - Carbon Border Adjustment Mechanism

CCP – Core Carbon Principles (by ICVCM)

CNZS V2.0 draft - SBTi's Corporate Net-Zero Standard V2.0 draft

CORSIA – Carbon Offsetting and Reduction Scheme for International Aviation

COP29 – 29th UN Climate Change Conference (2024, Azerbaijan)

COP30 – UN Climate Change Conference - Belém, November 2025

EAC – Energy Attribute Certificates

GHG – Greenhouse Gas

GtCO2e – Billion metric tonnes of carbon dioxide equivalent

ICAO – International Civil Aviation Organization

ICVCM – Integrity Council for the Voluntary Carbon Market

ITMOs – Internationally Transferred Mitigation Outcomes

NBS – Nature-Based Solutions

NDCs – Nationally Determined Contributions

PPM & PPB – Parts per million & parts per billion (gas concentration measurements)

SBT – Science Based Targets

SBTi - Science Based Targets initiative

VCM - Voluntary Carbon Market

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