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Efforts to Improve the Credibility of Voluntary Carbon Credits

Trends in standard-setting of key international initiatives and future focus

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Summary

- The issuance of voluntary carbon credits certified by private organizations has been expanding, but there has been a slight decrease since 2022. The background includes factors such as criticism regarding the quality and usage of the carbon credits, which has led to users refraining from purchasing carbon credits due to growing concerns about greenwashing (behaviour or activities that make people believe that a company is doing more to protect the environment than it really is). As a result, the issuance of carbon credits is being postponed.
- Under such circumstances, the ICVCM (The Integrity Council for the Voluntary Carbon Market), an international initiative aiming to set a global standard in the voluntary carbon market, launched the Core Carbon Principles (CCPs) in 2023, which set out the requirements for high-integrity carbon credits. The CCP label can be used on carbon credits generated using certain methodologies. It is expected to improve credibility and make it easier for purchasers to judge the quality of the carbon credits.
- In addition, VCMi (Voluntary Carbon Markets Integrity Initiative), an international initiative to drive participation in the voluntary carbon market, released the "Claims Code of Practice," a set of guidelines for use in 2023, and companies are able to claim their credible use of carbon credits. Although there are hurdles to overcome, such as the requirement to use high-integrity carbon credits following the CCPs, this could lead to improved credibility in terms of usage.
- Future points requiring attention include, on the supply side, efforts to expand the creation of carbon sequestration/removal credits, which are expected to remove greenhouse gases (GHG) from the atmosphere, and on the demand side, enhanced information disclosure on their use. If credibility and transparency are further improved through a series of initiatives, the voluntary carbon market is expected to expand.

Attention

This report is a summary translation. The official document is only in Japanese.