

Session 3: Ambition in Voluntary Climate Commitments, 18 June 2025

UK Government Voluntary Carbon Markets principles and consultation update

Dexter Lee, Head of Carbon Markets Negotiations



Context

- **We see a role for the voluntary use of high integrity carbon credits as part of climate strategies – and seek to support and unlock this.**
- **Why?** High integrity Voluntary Carbon Markets (VCMs) can:
 - Enable higher mitigation ambition.
 - Mobilise finance, relevant in the NCQG and Baku to Belem Roadmap context.
 - Deliver social, environmental and other co-benefits.
- **Challenges?** Credit quality; Greenwashing; Lack of transparency; Absence of guidance and/or regulation.
- **We published “Principles for Voluntary Carbon and Nature Market Integrity” at COP29 to provide direction:**
 - Use credits in addition to ambitious actions within value chains.
 - Use high integrity credits.
 - Measure and disclose the planned use of credits as part of sustainability reporting.
 - Plan ahead.
 - Make accurate green claims using appropriate terminology.
 - Co-operate with others to support the growth of high integrity markets.
- **We published a consultation which elaborates on these principles to clarify and test our proposed policy framework – with the overarching goal to unlock greater finance whilst promoting environmental integrity in the VCM.**



Key consultation elements

- **Supply-side:**
 - Endorse outputs of ICVCM (Core Carbon Principles and Assessment Framework) as representing the minimum quality standard.
 - Role of carbon credit ratings agencies to provide supplementary assurance.
 - Paris Agreement Crediting Mechanism (PACM) – Article 6.4 “MCUs”.
- **Demand-side:**
 - Recognise VCMI’s Claims Code as representative of international best practice.
 - Potentially explore additional interim claim or standards?
- **Disclosure:** Reflect VCMI disclosure requirements in UK Emissions Reporting Guidelines.
- **Transition Plans:** Role that voluntary credits may play in Transition Plans?
- **Green claims guidance:** Value in different claim types? Official definitions?
- **International cooperation:** More effective/efficient capacity building? Initiatives to support global interoperability?



Next steps

- **Public consultation**
(<https://www.gov.uk/government/consultations/voluntary-carbon-and-nature-markets-raising-integrity>) **closes on 10 July 2025.**
- We will **assess responses** from stakeholders and **Government will issue a response on next steps.**
- We see **value in harmonisation of VCM principles and policy across jurisdictions** - as this can provide consistent and coherent signals to participants that operate in international carbon markets.
- We are engaging with other countries and external partners on this work – **please get in touch if you are interested in exploring opportunities to work together!**