

DEPARTMENT FOR ENERGY SECURITY AND NET ZERO

Voluntary carbon and nature markets: raising integrity

Call for response:

**Submission from the Agriculture and Horticulture Development Board
(AHDB)**

8 July 2025

AHDB

AHDB is a statutory levy board funded by farmers and others in the supply chain. Its purpose is to be a critical enabler, to positively influence outcomes, allowing farmers and others in the supply chain to be competitive, successful and share good practice. It equips levy payers with easy-to-use products, tools and services to help them make informed decisions and improve business performance. Established in 2008 and classified as a Non-Departmental Public Body (NDPB), AHDB supports the following industries: meat and livestock (beef, lamb and pork) in England; dairy in Great Britain; and cereals and oilseeds in the UK.

AHDB's response

Principle 1: Use credits in addition to ambitious actions within value chain

1. Do you agree with the Government's proposal to recognise VCMI's Claims Code as representative of international best practice?

Overall, yes, however the EU is in process of developing the Carbon Removal Certification Framework (CRCF) and considering the aforementioned global ambitions, it would be beneficial to include the CRCF's scope within VCMI as well so to ensure a level playing field with the EU.

It is important to note that the recognition of the VMCI's Claim Code, should not devalue current carbon credit project, punishing first movers.

2. Do you have any views on VCMI's guidance for Scope 3, noting that the final version may be published during this consultation period?

No Comment

3. Should the UK Government explore this concept further?

Point of consideration is that fairness across the supply chain must be maintained. Stakeholders downstream in the supply chain should be supported to undertake action, not pressured into action.

4. Do you have views on the proposed criteria above and others that could apply?

In addition to a report outlining the barriers, a report capturing actions to be undertaken to alleviate barriers should be published alongside it (a principle to reward the try/intent to encourage uptake and participation, not penalise failure).

Further clarification required on 'current approach to be time limited'. How will the time limitation be set and what support will be available for organisation to achieve the requirements of the time period.

5. Is there alternative language to 'towards Paris alignment' that could recognise the above actions in a way that is attractive, accurate and understandable?

Could say 'towards meeting agreed global targets'.

Need to expand the wording to make it clear that the long-term goals are statutory requirements.

6. Which organisation(s) could help develop and apply the concept?

A mix of the aforementioned bodies mentioned before Question 1.

7. Is there an appetite amongst stakeholders for further standardisation of high-integrity inseting approaches for industries, particularly the FLAG sector?

Scope 3 reporting holds many unknowns and inconsistencies, as listed on page 24. This does not incentivise inseting activity.

Standardisation is important as it adds transparency and rigor to the products and therefore value to the carbon and nature markets, creating a high-quality credit. It is important that a clear framework and standards are set from the start so not to punish the first movers.

8. What other support could help reduce barriers to, or facilitate, insetting?
 - Providing financial support to enable farmers to environmental baseline their land and understand what carbon sequestration is taking place and what carbon stocks their land is holding
 - Clarity on who in the supply chain will be the responsible body for the insetting action and who will be covering the cost of the insetting action as many will be reporting their emissions based on those actions
 - Clarity on who in the supply chain will be the responsible body and cover the cost for addressing reversal events and insurance
 - Knowledge exchange across supply chain stakeholders. Address asymmetry of information regarding value regarding the supply chain.
 - Grants to offer financial support for upfront costs like subscription fees to private schemes
 - Contract fairness in terms of length, repayment period, management fees etc.

Principle 2: Use high integrity credits

9. Do you have any concerns with, or feedback related to the proposal to endorse ICVCM's CCPs and their accompanying Assessment Framework, as representing a minimum quality requirement?

The supplier has many responsibilities and the minimum quality requirement would add additional burden on the supplier. The responsibility determining the quality of the products should be shared along the supply chain.

Several concerns of which the burdens will likely be greater per unit of output for small and medium-sized farmers.

- Cost and requirements of baselining
- Cost of independent validation and verification
- Cost (and time requirements) of MRV
- Knowledge and expertise
- Permanence and risk/liability of reversal event
- High transaction costs

Ways for these to be addressed:

- Opportunities for knowledge development and exchange between farmers and across the supply chain
- Have clear, consistent, and straightforward MRV accompanied by evidence-based guidance tailored for the agricultural sector
- Financial support to address barrier to entry, for example the provision of funds to complete baselining across the UK.

10. Do you have any views on the accompanying use of carbon credit ratings assessments by CCRAs, or any other steps or guidance that could help identify high integrity credits at the project level?

Assessment has shown there to be key differences between CCRAs¹. How does this impact the credits that are being assessed and the additional assurance they are supposedly offering?

11. Do you have any views on the potential measures above that could accompany CCP endorsement, or any others not listed?

We agree with establishing minimum buyer requirements and encourage requirements for UK crediting schemes to meet CCP requirements.

They are robust measurements that if done well could improve confidence in carbon markets. With wanting to boost voluntary markets the measures should happen soon so to encourage and help boost engagement.

12. What are the necessary components to effectively mobilise VNMs to deliver against international nature finance targets? How can the UK support development of these components?

Equivalence of international standards on VNM VCM. Border adjustment mechanism to allow for differences where identified, to allow for fair trade that represents the true value of the market.

13. Do you think there are any additional considerations around assurance for BSI Nature Investment Standards that the Government should take into account?

BSI Nature Investment Standards are currently going through consultation (BSI Flex 701, 702, and 703 have been and 704 is currently open for consultation). Should be mindful about this and ensure feedback and adjustment is incorporated.

There needs to be consistency and clarity regarding what requirements need to be met. Incorporating BSI standards will aid in accomplishing that.

A point for further consideration is that to engage with carbon and nature markets one must have baseline data however there is limited detail provided in the BSI Flex standards on the requirements to establish a baseline. For example, the number of years a baseline needs to capture data. More evidence is required to ensure that the land has met minimum requirements. Furthermore, consideration of how nature markets link with the carbon offset market must be undertaken, especially when farm baseline data may cover carbon and biodiversity, and nature markets become a more accessible option to pursue.

We welcome the recommendation of needing to have a single consistent route for certification.

14. Do you believe that current standards adequately reflect the potential impacts of indirect land use change and fully account for net environmental impacts, and if not, how could environmental impacts be fully accounted for to help prevent leakage?

Domestically, there is no standardised methodology to assess and quantify the risk of leakage. Currently the suggested methodology for this differs between UK standards and the UK standards often do no account for risk of international leakage. For example, the Woodland Carbon Code focusses on UK-scale displacement not international, yet if the project involves agricultural land, the displacement of food production can have international consequences.

It is difficult to fully understand the implications of projects at a project scale. Impacts are often a result of a cumulation of projects yet that standards assess it on a project-level. A local project on its own will have a different risk of leakage than a project at a regional scale or several local project within close vicinity to each other.

15. Do you think there are any capacity barriers or other issues faced by validation and verification bodies in the UK or internationally?

- Misalignment of UK standards with international standards
- Gaining agreements of equivalent of international standards
- Budget and resource constraints regarding the development of knowledge and expertise as well as time constraints
- Clarity and understanding regarding the understanding of what needs to be validated and verified

Principle 3: Measure and disclose the planned use of credits as part of sustainability reporting

16. Does your organisation use the ERG to guide engagement with voluntary markets? If so, could it be improved, and how?

No Comment

17. Do you agree with the proposal to reflect VCMI's disclosure elements into the ERGs for carbon credit related disclosure?

No Comment

18. Are there any elements missing from the list under VCMI's Claims Code of Practice, above, which could significantly enhance the quality of available information related to carbon credits and their use, and any which might be impractical to disclose or subject to sensitivity?

No Comment

19. Should similar disclosure elements also apply for voluntary disclosures of nature credits, noting that nature disclosures will require additional reporting on location? If not, what should be included on nature credit reporting?

No Comment

Principle 4: Plan ahead

20. What role, if any, could the use of voluntary carbon and nature credits play in net zero aligned transition plans?

Voluntary carbon credits have a role to play in the transition towards net zero. They allow the users of the credits to address part of their emissions. Though it should be noted achieving net zero cannot solely rely on credits. The use of carbon credits should not discourage action toward decarbonisation.

Voluntary nature credits can equally help support an organisations path towards net zero. Nature credits can also build in climate resilience into a nature system through nature recovery and restoration of ecosystem services, offering protection against reversal/leakage events.

Furthermore, the capital acquired through the sale of voluntary carbon and nature credits could financially help sellers reduce their carbon footprint, for example by being able to purchase solar panels or electric vehicles.

By ensuring the quality of the voluntary market, it reduces the need to rely on legislation to reach net zero ambitions and also starts to educate the supply chain of the value of natural capital. It encourages investment in the generation of credits which will aid progress towards net zero.

21. Drawing on the TPT guidance and other relevant sources, please provide your views on what additional types of information on voluntary carbon and nature credit usage would be important for inclusion in transition plans.

No comment

22. Is there a need for additional guidance on how organisations could use credits on their transition to net zero? This could be for the purposes of supporting compliance with any transition plan requirements, or to support voluntary transition planning and transition plan disclosures by a wider range of organisations.

No comment

Principle 5: Make accurate green claims using appropriate terminology

23. Outside of any pre-existing disclosure requirements you might already be subject to, do you see value in making 'net emissions' claims and/or 'contribution' claims in respect of your use of carbon credits, and if not, why?

Claims which are made in respect to carbon credits and business emissions reduction need to be fully substantiated (for example through Science Based Targets initiative) to ensure integrity of markets is withheld, which in turn supports the value of credits supplied into the market.

Claims which are unsubstantiated risk compromising the integrity of carbon markets which could hold back long-term demand and in turn, cap value.

24. To what extent is a lack of clarity on claims inhibiting wider use of voluntary credits? And is what, if any, is the role of the UK Government in addressing any challenges, e.g. through official definitions?

The lack of clarity on claims is causing distrust and diminishing transparency and integrity of the voluntary environmental markets, hindering engagement with the voluntary market. Sellers are reluctant to use the credits as they might be accused of greenwashing

Clear requirements for both buyers and sellers are essential. In turn, safeguarding transparency of the markets and preserve integrity and therefore value.

25. What are your views on Option 1, specifically: the value of UK Government-defined credit related claims terminology, and any terms that should be prioritised?

Provision of market definitions provide welcome clarity and consistency in the market which in turn will support integrity. However, as acknowledged, difficulty would remain in verifying definitions against company claims being met, and this remains a risk to the integrity of claims.

26. What are your views on Option 2, specifically: the value of a UK claims standard as a mechanism for supporting greater use of high integrity carbon credits?

Supporting clarity and consistency for suppliers into the market is essential, and therefore, further guidance would be welcomed to support market integrity and substantiate claims made by supply chain businesses to consumers.

Should a standard be developed, clear messaging should be detailed on risk to ensure risk does not disproportionately sit with one party in the supply chain but shared equally.

It is important for companies to pursue environmental baselining as an essential for claims to be made on carbon and nature market credit creation.

27. What other options could the Government consider to (a) support companies in making accurate claims, that use appropriate terminology, about their use of credits in voluntary action on climate and nature, and (b) support wider understanding of, and confidence in, such claims amongst relevant stakeholders? Clear guidance on how claims are substantiated and will in turn support stakeholder confidence in claims made.

Knowledge exchange and financial support to upskill the relevant people within the supply chain. By building an understanding one creates clarity and consistency regarding the market. In turn this builds trust and encourages engagement with the environmental private markets.

Principle 6: Co-operate with others to support the growth of high integrity markets

28. How could global carbon market capacity building be more effectively and efficiently deployed?

- Transparency – clear and consistent messaging for stakeholders across the supply chain requirements to enter and supply in VCM, risk and price
- Integrity of markets withheld supporting value of credits – fair price for value supplied to market
- Robust risk and liability management
- Environmental baseline essential for VNM and VCM entry

29. Do you see any role for additional initiative(s) to support global interoperability of carbon markets?

Clear and consistent requirements regarding framework and VCN requirements, for example the EU CRCF.

There are numerous frameworks and certification schemes operating on different scales (national, EU-scale, international), that though have a similar focus, differ in requirements. To ensure interoperability of carbon markets at a global scale consistency (or an agreed equivalence) is required across frameworks and schemes to provide a levelled playing field for credits from across the globe.

30. For existing initiatives, do you see any barriers that would stop your organisation, or others, from participating?

The complex private market for carbon, BNG, and other ecosystem services offers new income streams but with significant risks and barriers. These include long-term inflexible contracts (often 30-100 years), restrictive eligibility that can exclude tenants, and unresolved integrity issues around 'additionality' and permanence.

The primary driver for uptake of both public and private schemes is financial incentive, supplemented by personal values and public recognition. Private schemes have the appeal of non-government income to counter the uncertainty around public funding.

Key barriers include administrative burden, policy confusion, and the perception that payments do not cover all on-farm costs. If a farmer or landowner decides to engage, startup costs and administration burdens will likely be greater per unit of output for smaller scale suppliers.

It is important to note, a high-quality credit can only occur if the operator knows what their carbon emissions and sequestration starting point is. If carbon is not measured, steps cannot be taken to capture and store it. Without an accurate baseline and plans for re-measuring there can be no recognition of the improvement delivered. This lack of recognition makes incentivisation challenging.

31. Do you think the legal status of credits in the UK is sufficiently clear? Please explain your answer and include examples where possible.

No, further clarification regarding the legal status of credits in the UK would be welcomed, including information on the differentiation between credits for international and domestic use.

32. What role, if any, should the UK play in promoting a consistent legal treatment for credits internationally?

The UK is taking steps towards creating high integrity carbon and nature markets. To safeguard the quality at an internationally level the UK should promote consistent legal treatment for credits at an international level. This should be the case for not just legal treatment but also regarding credit creation requirements, MRV etc to ensure the integrity of international credits and so to create an equal playing field for UK credit providers internationally.

33. Will the accounting treatment for credits affect your ability to participate in voluntary credits markets? What characteristics of the credit and the market for credits will be necessary to maximise participation?

Credit agreements are long-term and require continuous MRV across the duration of the credit's lifespan. There is a risk that these agreements will devalue the land as when selling the land, the credit's requirements are legally binding, but the capital brought in from the sale of the credit may no longer be available. Thus, the new landowner will be left with full responsibility and no financial reward.

Moreover, the duration of a private environmental market agreement may be challenging for farmers and land managers (tenant farmers in particular). Nature-based market opportunities require long-term commitment, longer than some tenant farm agreements. The lack of ownership also means tenant farmers require the landlord's approval to engage. Tenant farming agreements can often include restrictions that prevent the land managers from making significant changes to the farming operation that could deliver on the principles. For example, the planting of trees in an agroforestry set-up could be regarded as a change of land use, away from agriculture, which would not be permitted by some tenancy agreements. There are also limitations for those farming in Protected Landscapes or under other designations

to access private nature markets due to the demonstration of additionality or minimal local developments.

34. Do you agree with the functional requirements set out for a high integrity UK market governance framework: standards; assurance; accreditation; and regulatory oversight?

Concern with the following sentence:

“The precise rules needed will in part depend on the maturity of the market and the Scope of other governance aspects such as standards.”

We acknowledge that policy mechanisms need to accommodate and aid in the creation of opportunity to engage with voluntary carbon and nature markets. However, it is important that policy, as well as a clear governance framework and standards are set from the start so not to punish the first movers, including projects and credits will be monitored in the long run. This is important as monitoring costs need to be covered accordingly in the sale of the allowance and agreements may span across decades.

35. Do you agree that the measures set out in this consultation will help to provide appropriate regulatory oversight for UK VCNMs at their current stages of development? If not, what other interventions may be appropriate?

No Comment

36. Do you agree with the considerations for the cross-regulatory working group, and are there any additional priorities for inclusion?

No Comment

Cross-cutting enablers

37. How can the LNRS and English Devolution framework be developed to:

- a. encourage private funds and funders to use the spatial targeting available through LNRSs; and
- b. better support increased private sector investment in nature and the development of nature and environmental markets?
 - Spatial data needs to be interoperable between what is provided by LNRS and what is required by the voluntary markets. Private funders need to be able to compare LNRS and project opportunities so to understand the risks and opportunities.
 - Spatial targets could be of great benefit additional to LNRS, with private finance contributing to regional and national nature and climate goals.
 - Provision of financial incentive to encourage private funders towards undertaking projects in LNRS areas. Similar to how BNG credits are valued when created in a strategic location.
 - Ensure LNRS has clearly stipulated nature recovery targets and requirements and that the Devolution Framework's establishes responsible bodies so it is clear with whom private funders will need to engage.

- Be mindful that adding a new layer to private finance engagement does not add to the administrative burden e.g. ensuring MRV requirements of the voluntary markets align with LRNS requirements.

38. Would you want the UK to consider and put in place governance arrangements to enable UK project developers to sell MCA6.4ERs through the Paris Agreement Crediting Mechanism? Please provide your reasons for your response.

No Comment

39. If applicable, what interest do you have in buying credits through the Paris Agreement Crediting Mechanism?

No Comment

40. Is there a further role for the Government to play in enabling access to high-integrity VCNMs for UK land and coastal managers to support the pipeline of credit supply? In particular, are there any Monitoring, Reporting and Verification (MRV) or auditing requirements for private finance schemes that you would like to bring to our attention?

Currently, a long-term land use vision is absent and there is inconsistency in public funding, making it hard for farmers and landowners to plan ahead and feel confident in land use decision making.

Policy, including ELM, the Land Use Framework, the Food Strategy, and the 25-year Farming Roadmap, needs to be clear and consistent, so to derisk land use decisions and encourage the uptake of projects to create credits.

The voluntary carbon market lacks clear standardisation and transparency. Carbon and nature credits should reflect genuine environmental improvement, and the asymmetry of information needs to be addressed so to prevent farmers from undervaluing their assets. Moreover, clarification on permanence framework and liability regarding a reversal event is required.

41. Do you agree that the Government should trial a greater degree of stacking to gather real-world data on the benefits and challenges?

Yes, this will help build integrity and maximise value from natural capital.

42. What are the biggest challenges and opportunities of such a trial?

The need to avoid paying for the same natural capital twice.

43. What further information or actions do companies need to see to feel confident and encouraged to engage in the Voluntary Carbon Market and purchasing of high-quality engineered removals credits?

- Knowledge development and exchange
- Quality and rigor in the standardisation (or equivalent) for the credit, nationally and globally
- Financial incentives to overcome barriers to entry and pump prime for market

- Longevity and consistency for policy to allow for confident forward planning
- Development of a dispute mechanism to address possible disputes and safeguard market integrity

Further information

AHDB would welcome the opportunity to contribute our expertise, to help Defra shape a Land Use Framework built on robust evidence which will encourage on the ground action, working towards a national vision.

Any queries relating to this submission should, in the first instance, be directed to Andy Hutson, AHDB Senior Media Relations and External Affairs Manager, Agriculture and Horticulture Development Board, Middlemarch Business Park, Siskin Parkway East, Coventry CV3 4PE. T: 024 7647 8822 E: andy.hutson@ahdb.org.uk