



**Asia Carbon Institute**

# **Voluntary Carbon Market Overview & ACI Standards and Requirements for Validation and Verification Body (VVB)**

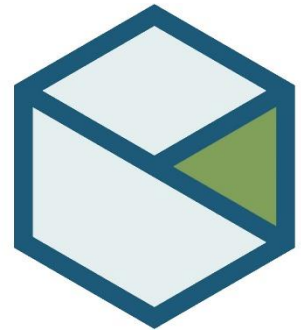
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## Asia Carbon Institute

Founded in Asia in 2022, **Asia Carbon Institute (ACI)** is a non-profit organisation that aspires to become a leading standards organisation for the voluntary carbon market, focusing on technology-based and urban solutions in Asia.





# Asia Carbon Institute

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## MISSION

To accelerate the transition towards a climate neutral economy by creating a credible, transparent and financially inclusive carbon credit certification standard for Asia

## VALUES

- Scientific Basis, Independence, and Transparency
- Inclusivity and Collaboration with International Specialists and Peer Organisations
- Technology Leverage for Improved Efficiency in the Verification Process
- Protection Against Corruption and Greenwashing

# Our Scope

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01

## Issue Carbon Credits

We set standards, certify and issue Carbon Credits with high quality and integrity.

02

## Offer a Trustworthy Platform for Carbon Credits

We setup a blockchain based registry to ensure full carbon credit lifecycle is being tracked.

03

## Conduct Research & Development

We foster carbon credit markets' ecosystem in collaboration with key stakeholders.

04

## Capacity Building and Training of Carbon Talents

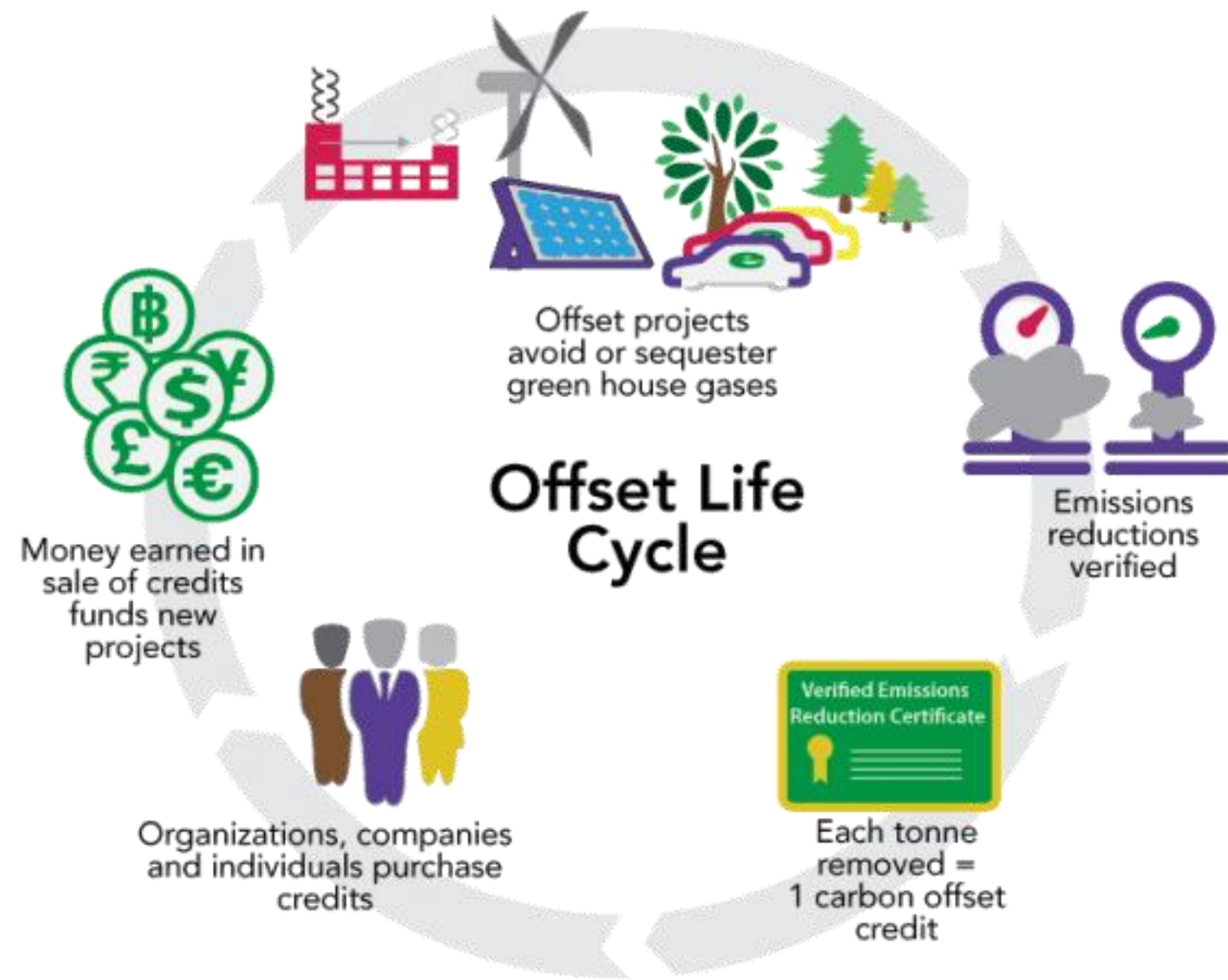
We work with higher education institutes and NGOs to upskill and grow the carbon talent pool in Asia

# Overview

- Voluntary Carbon Market & Evolving Trends



# What Are Carbon Credits?



- **Carbon credits are measurable and verifiable emission reductions** from certified projects, that reduce, avoid or remove GHG emissions.
- Companies can **compensate for their GHG emission by buying carbon credits.**
- **Who needs it?**
  - Corporates that needs to offset emission to meet net-zero targets
  - Companies in the compliance market
  - Traders that want to make profits

# Voluntary Carbon Market

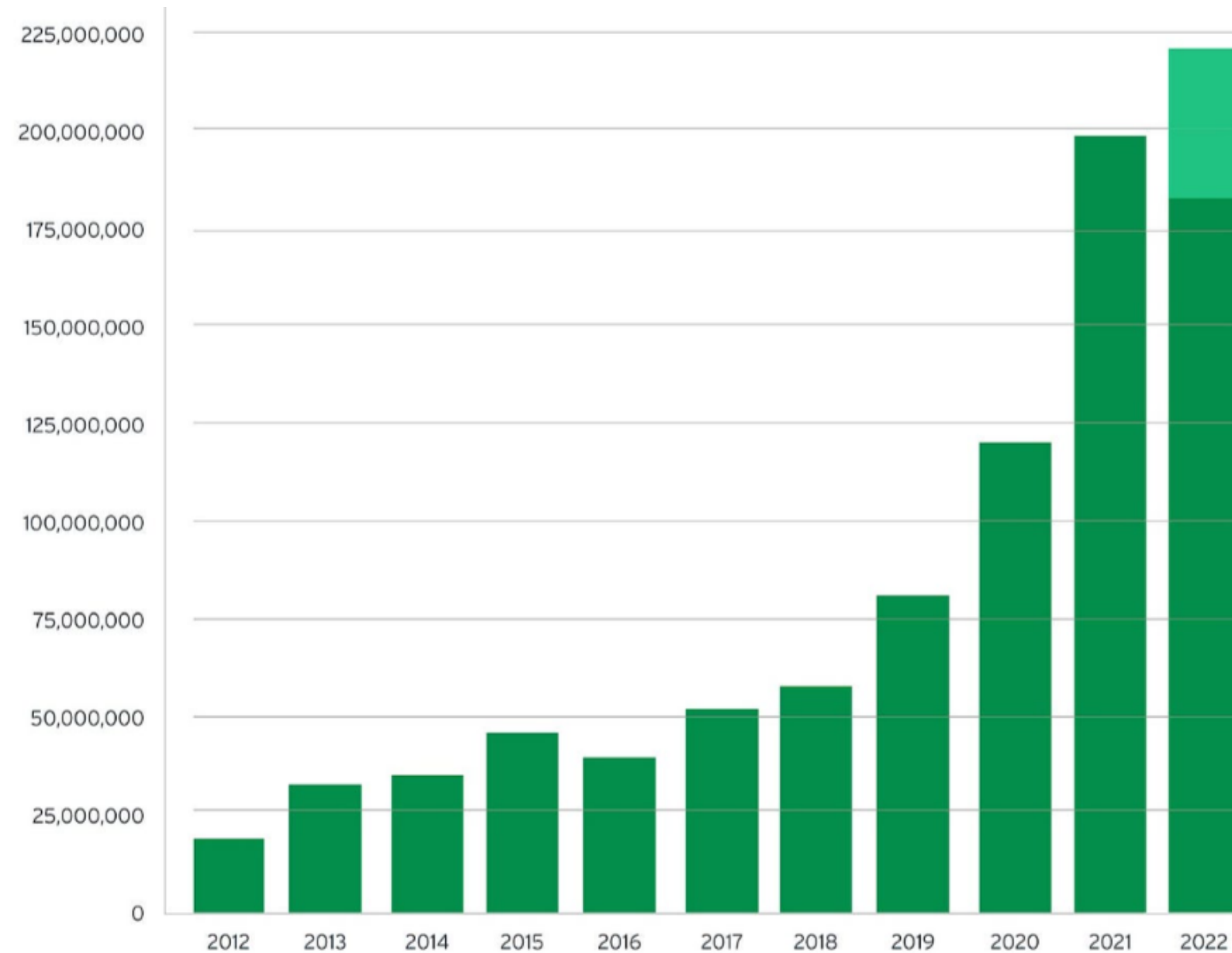
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- **High supply & demand** with 4.1 billion carbon credits issued globally & 891 million credits retired (2023)
- **Expected to grow**, estimating value \$10–40 billion by 2030
- Governments in Asia are introducing frameworks to support VCM growth.
- Recent COP29 agreement on Article 6 will help to drive demand and clarity in the market.

# Evolving Trends of Voluntary Carbon Market

Size of carbon market in USD (2012 – 2022)



Sources: carboncredits.com; AffiedOffsets

- The VCM reached nearly **\$2 billion** in 2022.
- Development of **Article 6** will result in more government involvement in formulating rules for VCM.
- Over 50% VCC generated to date are from NBS, but other **tech- and urban-based solutions** are emerging.

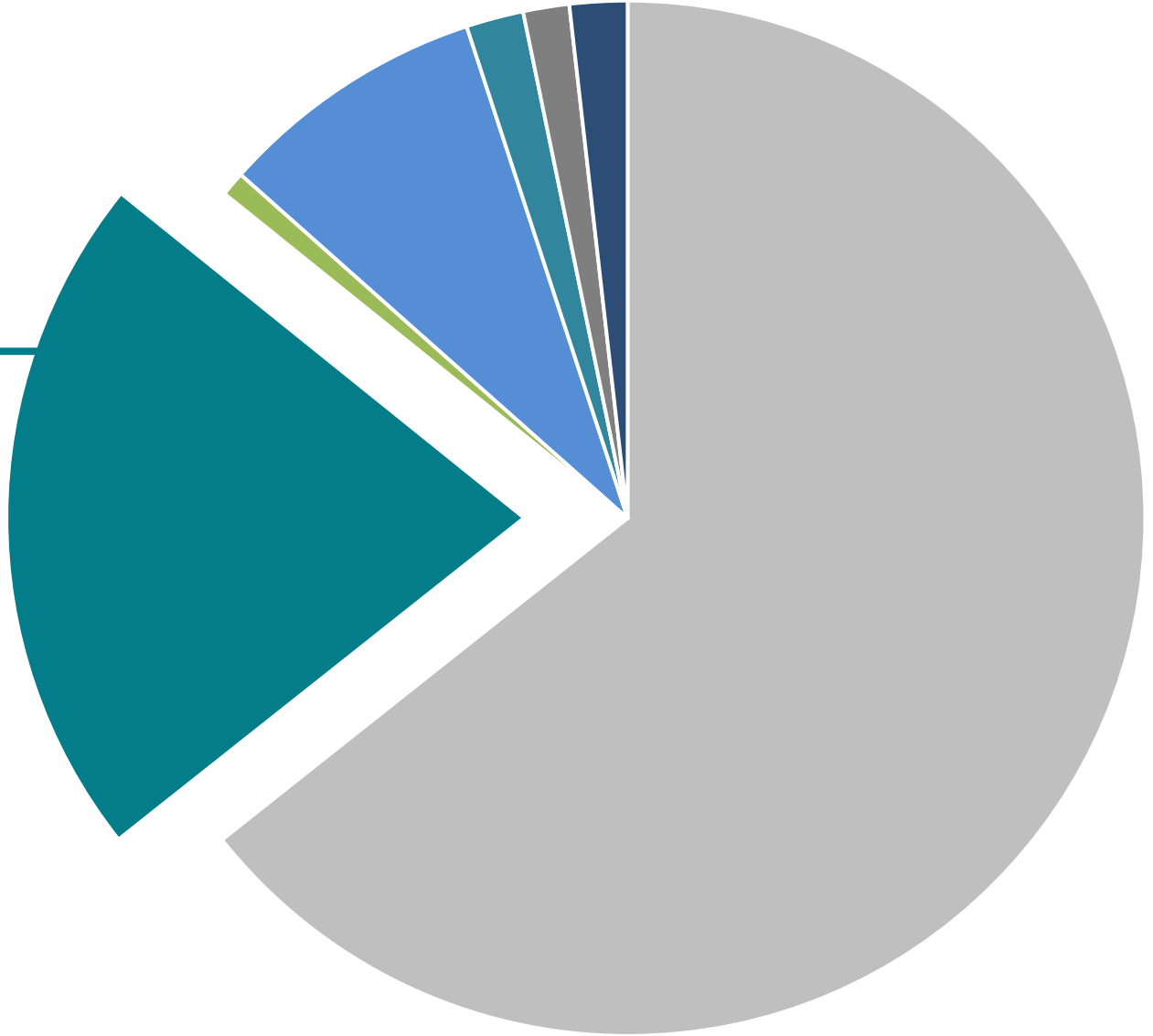


# Potential for More GHG Mitigation Projects in Asia

Number of projects in Verra Registry by region (2022)

Asia only accounts for less than ~20% of global GHG mitigation projects.

Asia has significant potential for more GHG mitigation projects.



■ Africa ■ Asia ■ Europe ■ Latin America ■ Middle East ■ North America ■ Oceania

Source: <https://registry.verra.org/>

# ACI Standards

- ACI Program & Accredited VVBs



# ACI Program

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1. Effective and creditable **governance structure**
2. Robust public and stakeholder consultation and **grievance process**
3. Robust process, **rules and regulatory documents**
4. Effective **registration** on transfer, retirement and addressing erroneous issuance
5. Robust **independent third-party validation and verification**
6. Robust **approval process** to quantify GHG emission reductions or removals
7. Ensure **no double issuance**, no double use and no double claiming
8. Ensure assessment of environment and social risks resulting in **positive SDG impact**

# Adopting Accounting/Auditing Best Practices

## Third Line of Defence

ACI and IEP's independent reviews on the results of project activities with the assessment of the risk environment and level of assurance provided by the project proponent.

- engage stakeholders' consultation
- accredit qualified VVB for review
- engage IEP in certification process
- engage 3<sup>rd</sup> party to perform additional works on verification

## Second Line of Defence

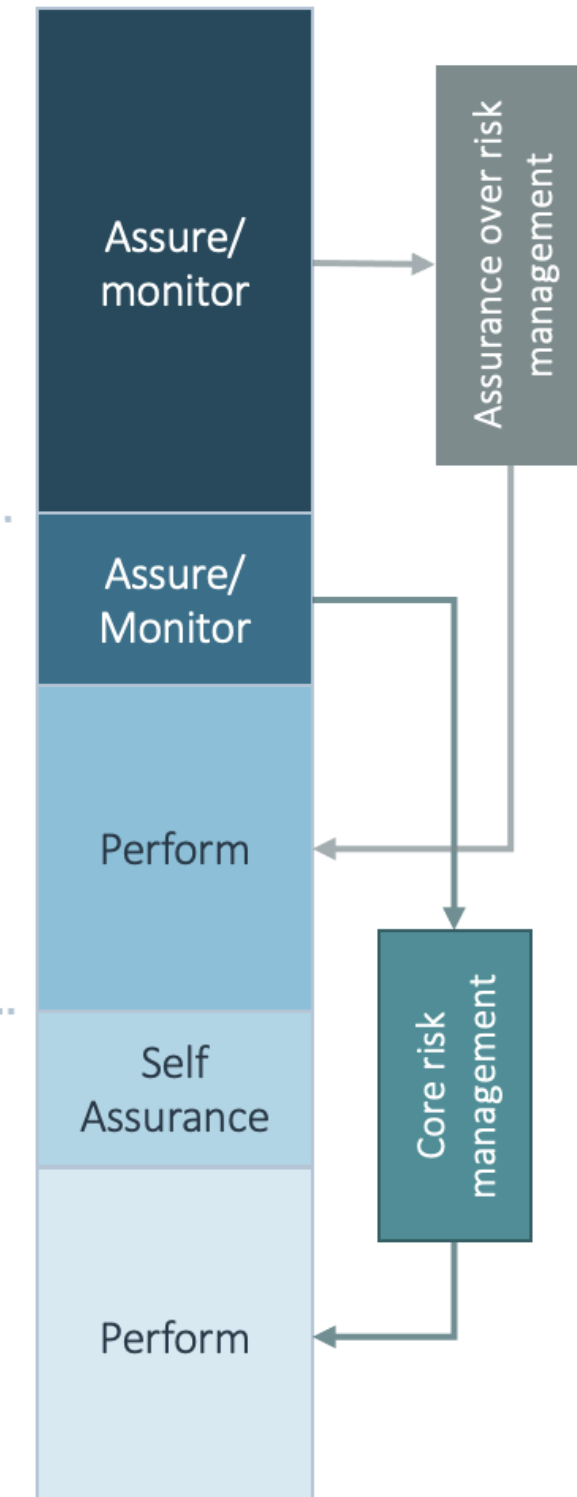
Corporate governance structure of project proponent oversees risk control and management strategy, policy and implementation.

- oversight risk management approach
- set internal policy and procedure
- set & review internal control and audit
- use of technology on monitoring
- engage 3<sup>rd</sup> parties to validate & verify

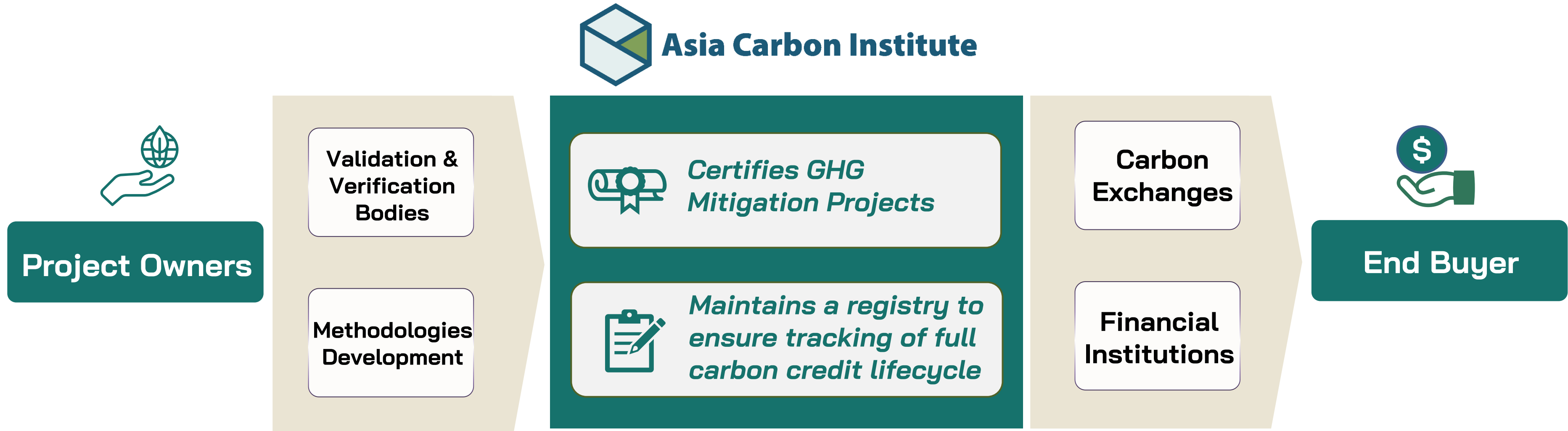
## First Line of Defence

Project proponent performs day to day risk management activities; setup, controls, reviews and adjusts the risk monitoring and mitigation activities.

- identify possible risks
- suggest and implement risk mitigation
- monitor identified risks and control
- constant review of risk environment



# ACI Program Process



# Key Requirements for VVB

A Validation and Verification Body (VVB) under ACI Program

- ❖ Must be a **legally recognised entity** under applicable national or international law
- ❖ Must demonstrate **sound financial standing** to support its performance and functioning on validation and verification activities
  - Audited financial statements
  - Financial plan or support proof for coming two years
  - Insurance coverage or effective corporate guarantee
- ❖ Must be equipped with reasonable manpower, **appropriate management**, and corporate governance structure
  - Organisation chart and corporate governance documents
  - Employees' contracts and CVs
  - Policies and procedures on VVB's operation and control
  - Process and procedures on validation and verification capability

# Key Requirements for VVB

A Validation and Verification Body (VVB) under ACI Program

- ❖ must have the **technical competence** on the requirements as related to GHG emission accounting
  - Valid accreditations by **IAF member(s), UNFCCC**, a recognised international accreditation standard referencing to **ISO/IEC 17029, ISO 14064 and ISO 14065** or per local rules and policies relating to the **UNFCCC CDM** or Paris Agreement Article 6, p.4 Supervisory Board
  - Qualified employee who participates in the **validation/verification team** and **technical review for each sectoral scope**

# Contact Us

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