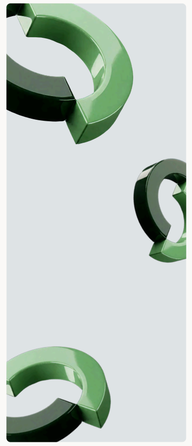
Sylvera

# The State of Carbon Credits

2025

REPORT



















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# Foreword

## The carbon markets have turned an important maturity corner - and why this matters.

Welcome to our State of Carbon Credits Report. Since publishing our first edition in 2022, we've watched carbon markets navigate unprecedented scrutiny, evolving standards, and fundamental questions about its integrity.

This fourth edition arrives at what is a critical point. One where quality, compliance integration, and market transparency are no longer aspirational but essential as the market continues to mature.

I'm proud to say that Sylvera now has the most comprehensive dataset we've ever assembled. The real-time pricing, quality, demand and supply data, and granular buyer behavior insights that our customers rely upon to navigate this market, are the same insights we've used to build this report.

And this year, we're seeing that despite political headwinds and continued skepticism, corporate demand for high-quality credits remains robust, with buyers increasingly willing to pay premiums that reflect genuine climate integrity.

The emergence of a quality premium across the market is clear. High-integrity projects now command significantly higher prices, with the gap widening. This is evidence that ratings, enhanced methodologies, and improved transparency on both supply and demand sides are reshaping market value.

And, as compliance markets integrate project-based credits into regulatory frameworks globally, we're entering an era where voluntary and mandatory demand will compete for the same high-quality supply.

Organizations that build strategic positions now will navigate the coming years from a position of strength rather than scarcity. And for project developers, the window to align with emerging quality standards and compliance criteria has never been more critical - or more valuable.



Allister Furey
CEO
Sylvera

# Executive Summary Pt.1

## 2025 marked a transition point where market growth is being driven by two separate trends: price premium for quality and burgeoning compliance use cases driving volume

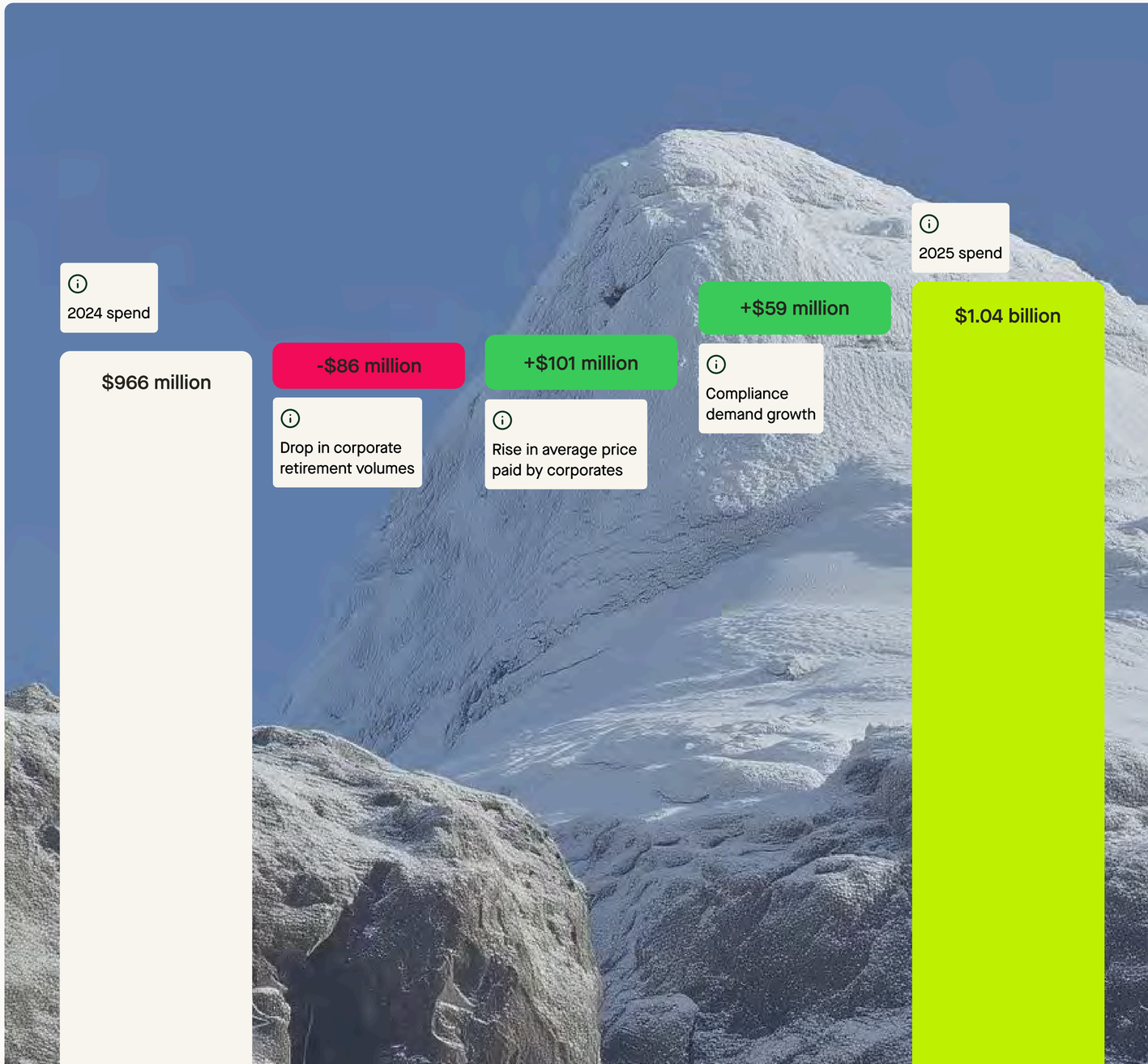
For carbon markets, 2025 marked a turning point into a new phase for carbon markets.

Total credit retirements marginally declined 4.5% to 168 million, and new issuances markedly declined by 6.9% to 270 million tonnes

Despite that, spending on carbon credits has not declined and in fact we estimate the primary market grew over 6% to $1.04 billion during 2025.

Corporate voluntary use of credits continued its shift toward higher quality. Amongst projects rated by Sylvera, the share of higher-quality (Sylvera-rated BB or above) credits retirements increased from 44% in 2024 to 50% in 2025 and, more dramatically share of spend rose from 61% to 70%

Separately, increased compliance use cases for credits are clearly emerging as volume growth drivers in a trend that will reshape the market through to 2030.



# Executive Summary Pt.2

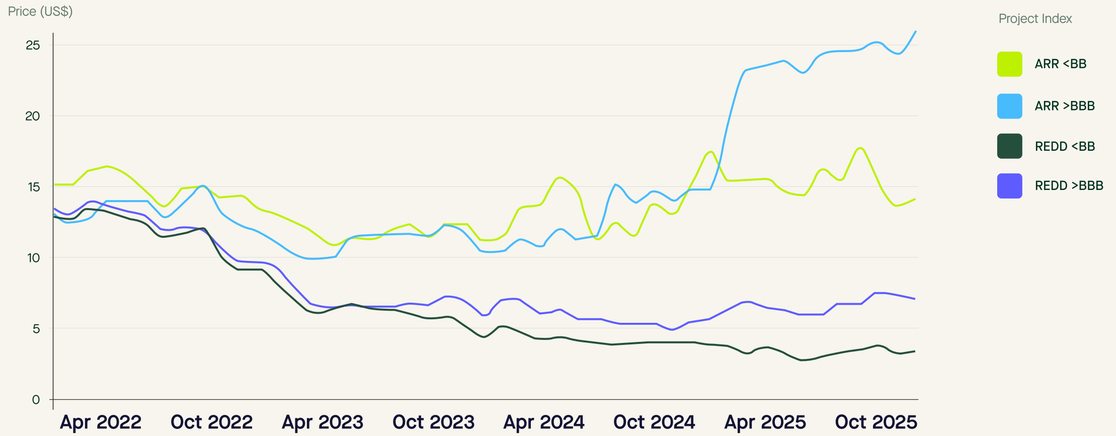
## Quality premiums reshape pricing and buyer composition shifts while offtakes surge in value

Credit prices showed measured growth in 2025, as a growing quality premium emerged across major project types, particularly for ARR and REDD+ projects. This price differentiation marks a maturation point for the market, where quality has become a primary driver of value.

This move to quality continues to create notable supply challenges. Highly-rated credits experienced their third consecutive year of market deficit, with cumulative decline in inventory of BBB+ credit inventory since 2023, as demand outpaced new issuances. This tightening supply of high-quality credits makes early positioning through forward contracts and offtakes increasingly important.

The growth in the quality premium - page 23

Prices indices



# Executive Summary Pt.3

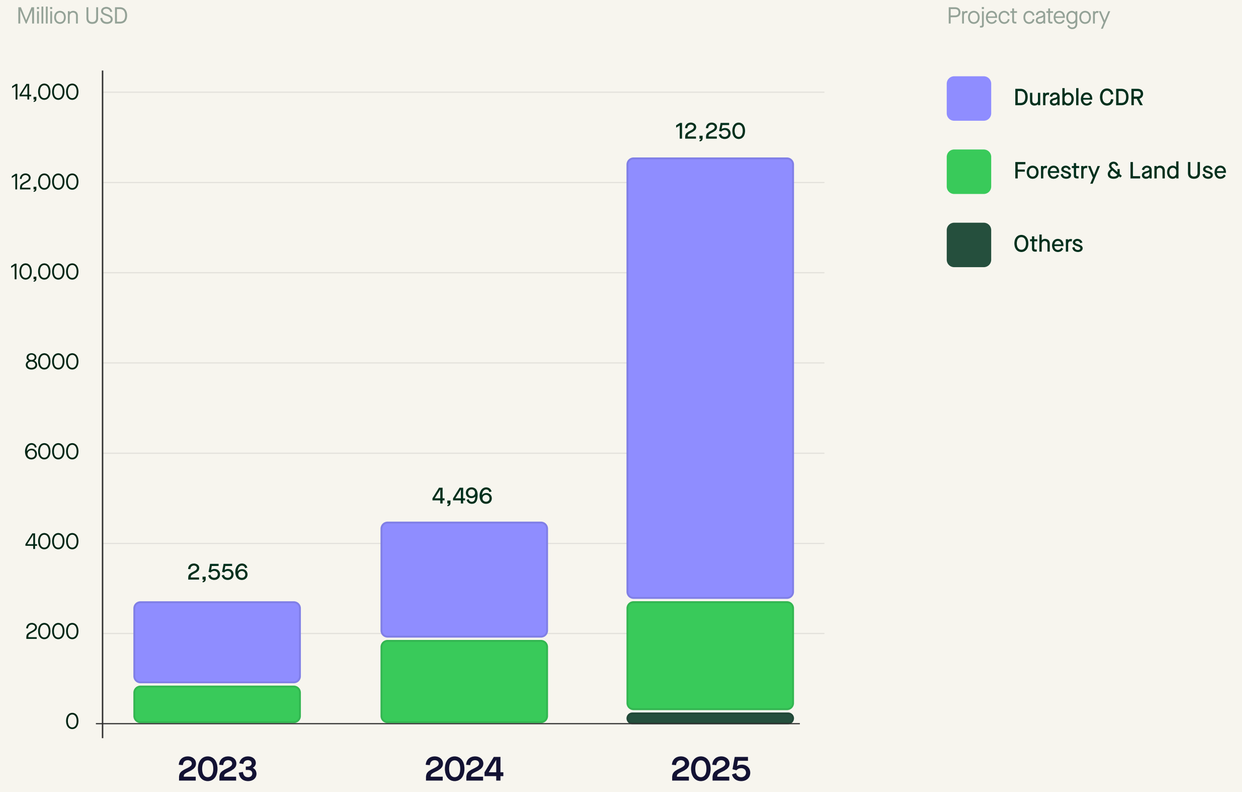
The forward market signals dramatic market expansion ahead. Offtake deals announced in 2025 totaled $12.25 billion, up from $3.95 billion in 2024. Though these commitments will deliver just ~10 million credits annually through 2035 at a weighted average price of $160 per credit. The implications are striking, as this represents over $2 billion in annual market value from less than 10% of current retirement volumes.

If this pricing dynamic extends across the broader voluntary market, it suggests potential for 3x market value growth even without volume growth, showing how the quality premium is fundamentally reshaping carbon market value.

‘If this pricing dynamic extends across the broader voluntary market, it suggests potential for **3x market value** growth even without volume growth’

## Value of forward offtakes announced each year

Estimated contract value assuming full delivery




Offtake value, by announcement year
- page 12

# Executive Summary Pt.4

## Policy milestones lay groundwork for compliance-driven demand to reshape markets

Sylvera's modeling suggests compliance demand could exceed voluntary demand as early as 2027, driven by CORSIA's Phase 1 deadline, with domestic compliance systems becoming the dominant demand source by the mid-2030s.

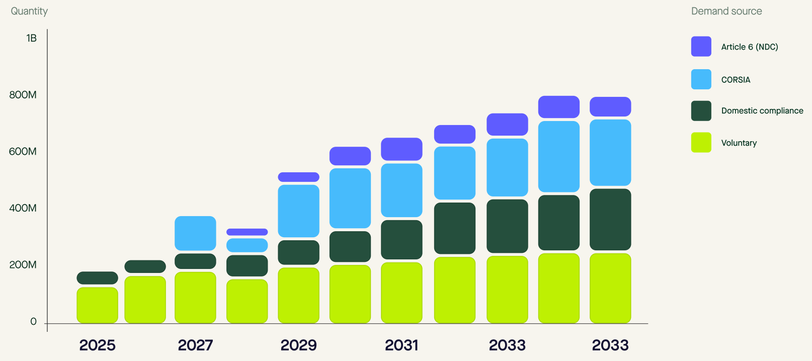
The Open Coalition on Compliance Carbon Markets launched at COP30 highlights the role of compliance demand from large domestic systems such as China and Brazil. The EU and UK announcements to explore international credit use in the 2030s add further positive signals.

The operationalization of Article 6 accelerated, with multiple new bilateral deals signed and the first major trades completed, demonstrating growing momentum in international carbon credit transfers.

And, as markets converge, corresponding adjustments have emerged as a critical differentiator, potentially becoming a separately traded element.

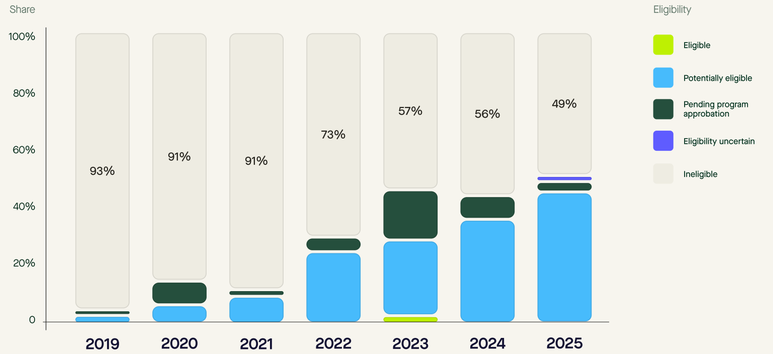
In terms of other policy-related milestones, 2025 also set foundations for corporate demand. These include the approvals of methodologies under ICVCM's CCP and the updated draft of the SBTi Net Zero Standard, alongside CORSIA methodology approvals.

Annual demand (credits retired or cancelled)




Projected annual demand by source (using Sylvera's modelling) - page 38

By CORSIA 1st phase eligibility




Credit issuances from methodologies recognized by CORSIA - page 19

SECTION 1.

# Structural shifts within the market

# Structural shifts in the market

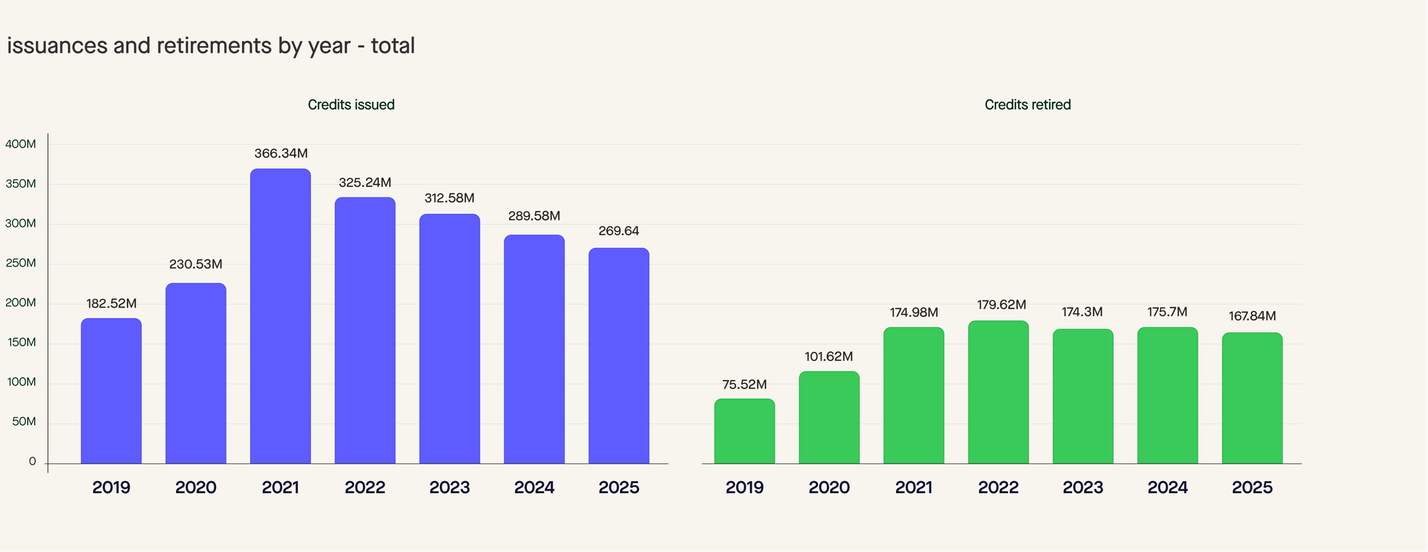
The headline numbers tell a story of volume decline: 168 million credits retired in 2025, down 4.5% from 2024. Yet market value rose to $1.04 billion as quality and price drove economics - rather than volume.

Carbon markets are undergoing fundamental restructuring. There is clear market fragmentation, between high-integrity projects commanding quality premiums and tightening supply, and legacy projects languishing with abundant but unwanted inventory - potentially stranded assets.

Compliance demand now accounts for nearly a quarter of all retirements. And while spot market retirements are the focus for the here and now, a parallel offtake market worth over $12 billion is taking shape, largely due to several large buyers of removals credits. 92% of total offtake volumes in 2025 went to just 3 buyers, with Microsoft alone accounting for 85%.

**This chapter unpacks the forces reshaping market structure**, from the rise of compliance programs and the diversification of registries, to the growing supply-demand imbalance for highly-rated credits.

# 1.1 Total credit issuances and retirements




## Despite declining total volumes, structural shifts are happening in carbon credit markets

Credit retirements marginally declined 4.5% to 168 million, and new issuances markedly declined by 6.9% to 270 million tonnes, the lowest level since 2020, attributed partly to a decline in renewable energy credits.

The narrowing gap between issuances and retirements signals potential future supply constraints, particularly for high-quality credits where demand already exceeds new supply.

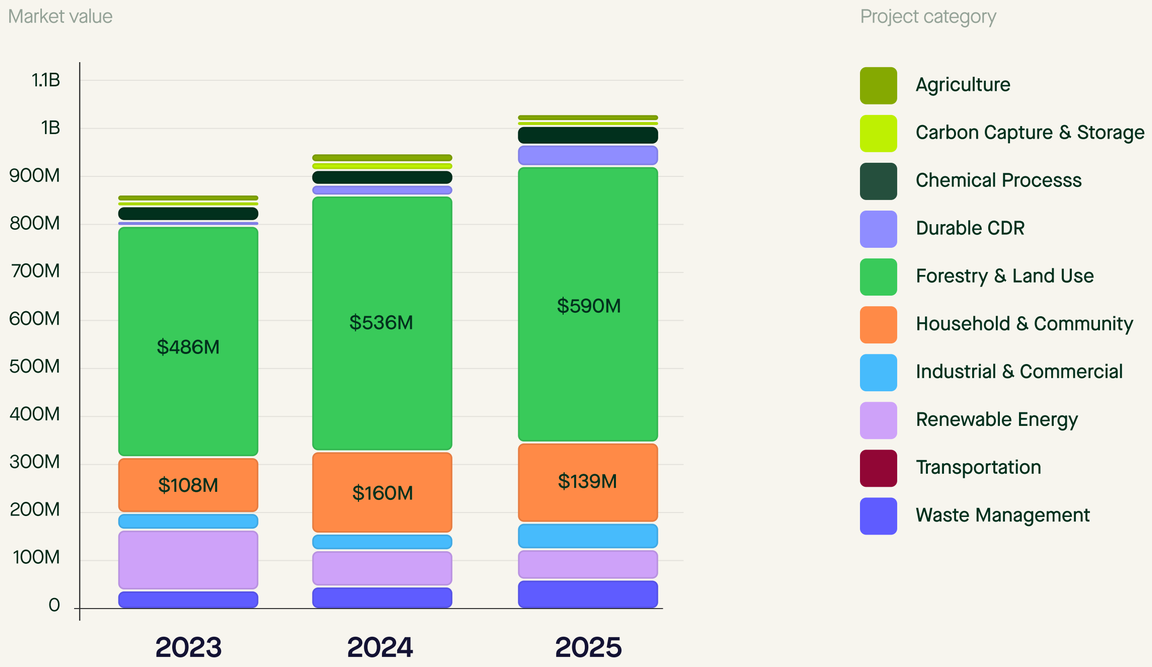
Despite a decline in retirement volumes, total market value increased to $1.04 billion (see next page), driven by buyers paying higher average prices.



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.2 Market value

## Market value by project category




## Offtakes announced in 2025 are worth at least ~12x more than credits retired in 2025

The relative size and growth rate of the spot market (proxied by credits retired in 2025) and offtake market (agreed for future delivery) best illustrates the diverging clusters within the carbon credit markets.

Sylvera estimates that total spend on the ~170 million carbon credits retired in 2025 reached $1.04 billion, up from $980 million in 2024, at a weighted average price of $6.1 per credit.

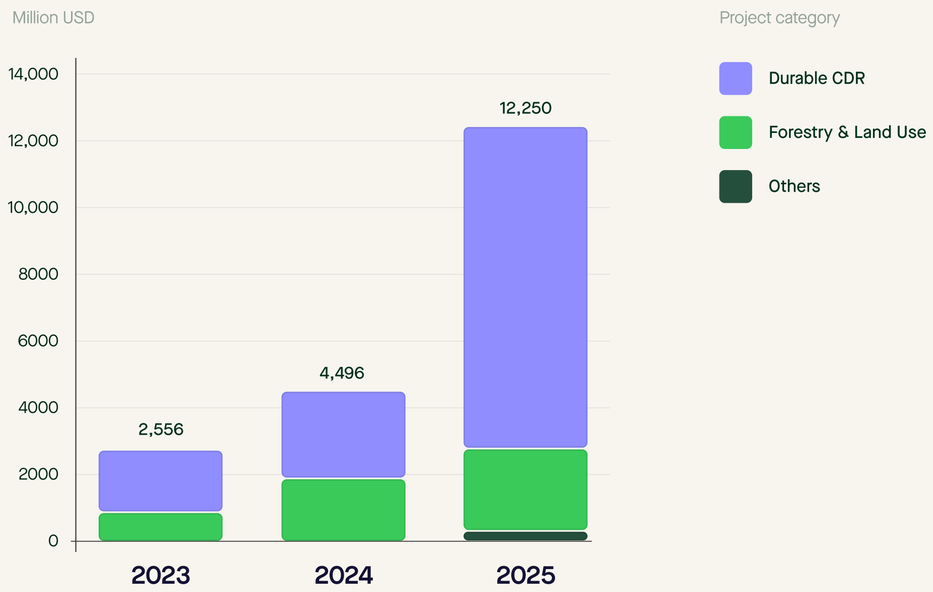
### Spot Market

- 10,000+ buyers
- Varied project types
- $6.1 per credit
- 170M credits retired in 2025
- ~$1 billion worth of credits retired in 2025

# 1.2 Market value

## Value of forward offtakes announced each year

Estimated contract value assuming full delivery




In contrast, offtake agreements announced in 2025 totaled $12.3 billion, over 12 times the value of credits retired. This reflects the concentration of forward deals among a small cohort of roughly 100-200 buyers paying an average of $160 per credit for removals-focused projects, particularly durable CDR.

Despite the strong growth seen amongst offtakes, it is unrealistic to expect the mass market to completely move away from the spot market. The projects and buyers involved are currently starkly different.

### Offtake Market

- c. 100-200 buyers
- Removals-focused
- $160 per credit
- (Skewed by a few large CDR buyers)
- 78M credits agreed in 2025, mostly for delivery within the next 10 years
- $12.3 billion worth of offtakes announced in 2025

# 1.3 Project types

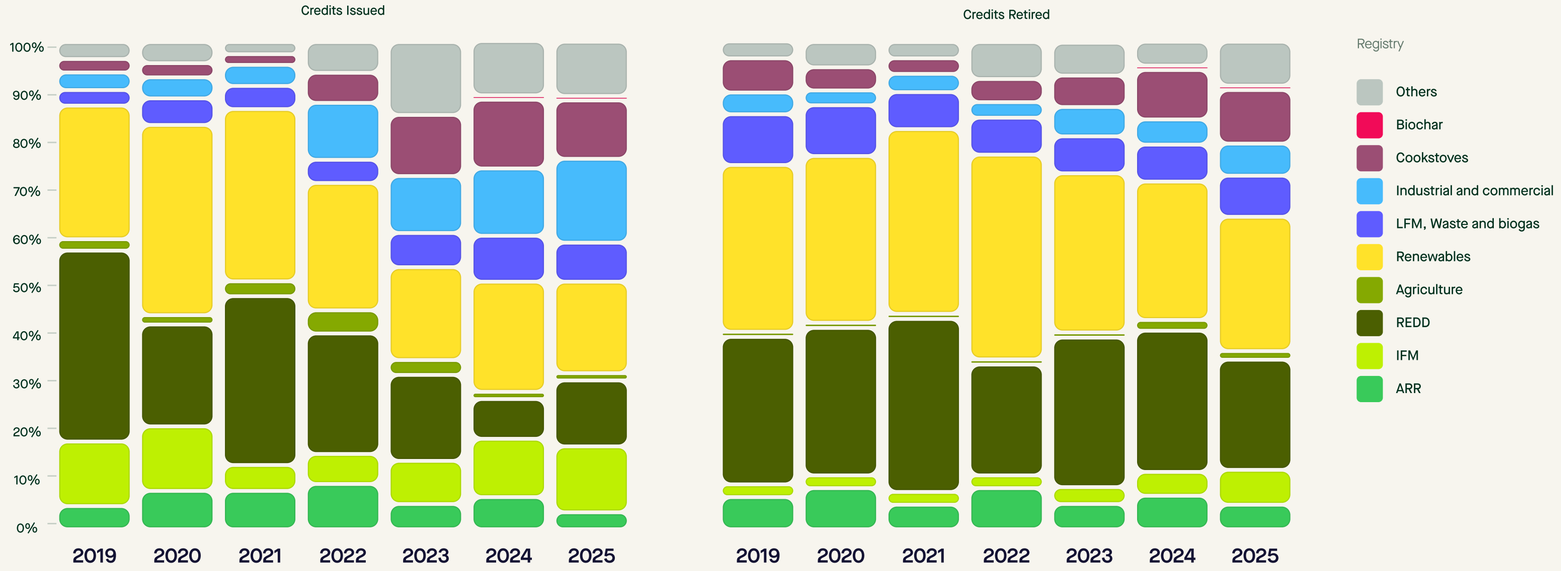
## Gradual shift away from legacy projects, driven by buyer preferences and methodologies

For nature-based projects, retirements show a clear shift away from legacy REDD+ projects, rebalancing towards IFM, ARR and agriculture projects.

In tech-based avoidance, there's a general decline of credits from renewable energy projects, which typically carry higher risks in terms of additionality. The gap is filled by projects that reduce emissions in waste, industry or commercial settings.

Durable CDR is still a relatively small segment (negligible in chart), with under 1Mt issuances and retirements.

### Issuances and retirements by project type

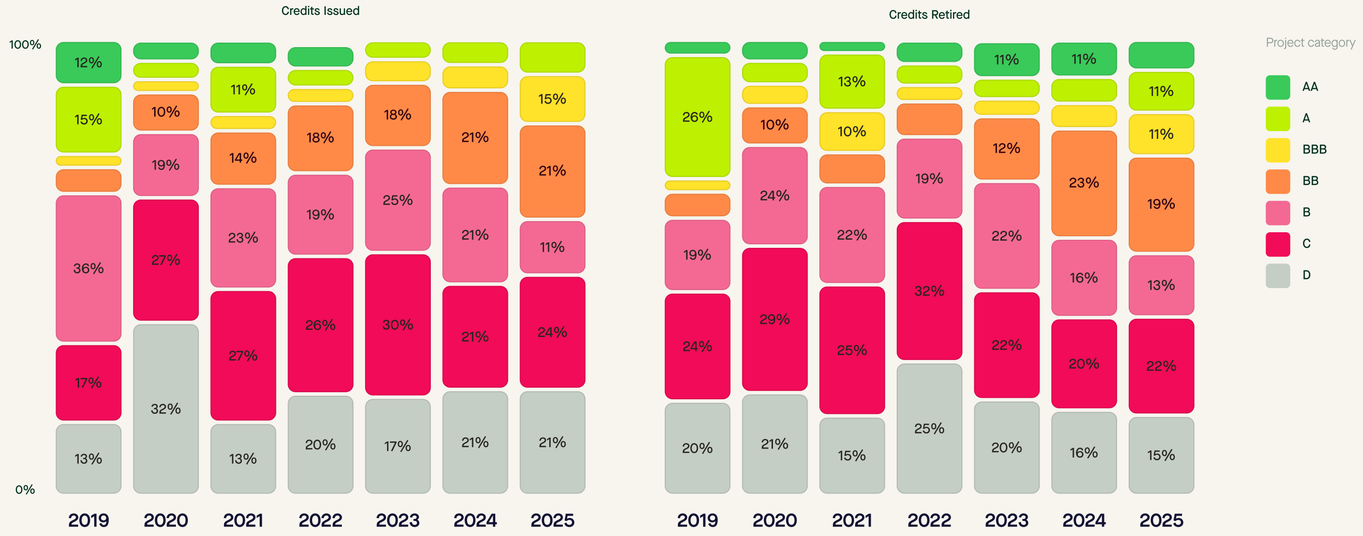





Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.4 Quality

Ratings distribution in issuances and retirements, amongst projects rated by Sylvera




## Despite shift towards higher-rated credits, significant share of credits remain low quality

Overall quality in the market has continued to improve gradually, with BBB+ credits representing 23% of issuances in 2025 (up from 14%), and 31% of retirements (up from 25%).

There are signs that this improvement is slowing, due to the limited supply of high quality credits, increased prices for those credits, and significant oversupply and inventory - resulting high availability and low price - of low quality credits.

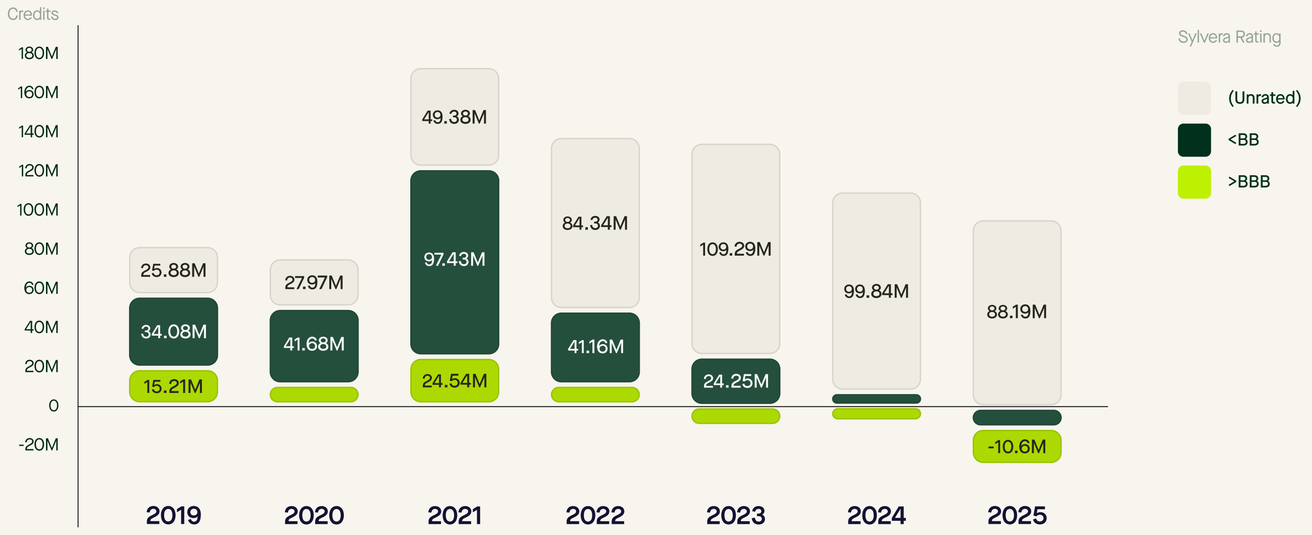


Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.5 Credit inventory

## YoY changes in credit inventory, by Sylvera Rating - above or below BBB

Issuances minus retirements and cancellations in each period




## Market deficit for highly-rated credits continued in the third consecutive year

Changes in credit inventory reveal the relative size of physical supply (issuances) and demand (retirements and cancellations) in the market.

Overall, the market for highly-rated credits (BBB+) has seen a deficit since 2023, while that for other rated credits also saw a deficit in 2025. This generally reflects the growing awareness amongst buyers and intermediaries around the risks associated with carbon credits.

Credits unrated by Sylvera have continued to be oversupplied, with an annual surplus of 88 million tons in 2025, split evenly between renewables, REDD+, cookstoves and industrial projects.



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.6 Registries and standards

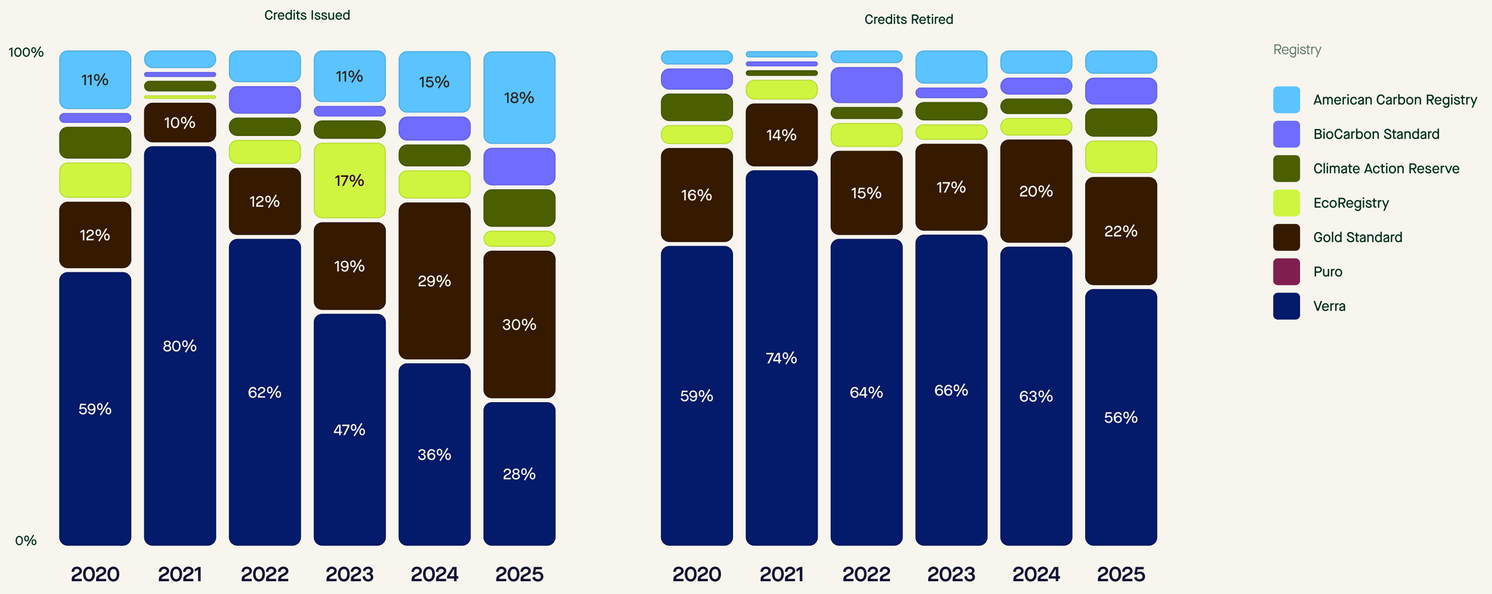
## Numerous standards now supply the market, and Verra no longer dominates the market

Amongst the largest registries, credit issuances are increasingly diversified.

Verra's domination from the peak of 2021 has now fully eroded, with Gold Standard for the first time eclipsing Verra as the registry with the largest volume of issuances in 2025.

Retirements generally lag behind issuances in terms of split of registries. Verra still represent roughly half of all credits retired in 2025, in part because its historical dominance means that it still represents 50% of the credit inventory (i.e. credits issued and not yet retired or cancelled).

### Issues and retirements by registry



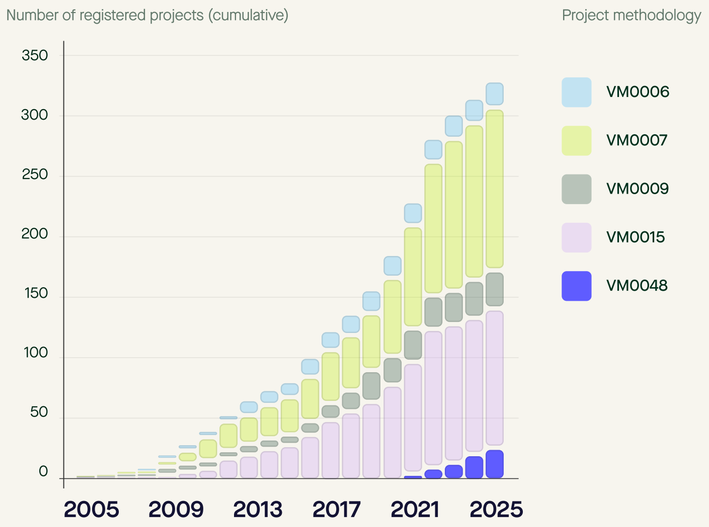



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

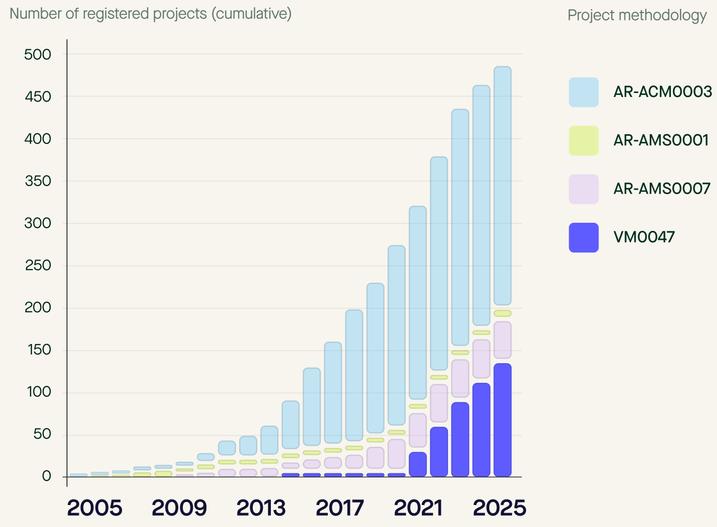
# 1.7 Methodologies

## Number of registered projects under various methodologies

### REDD methodologies




### ARR methodologies




## An increasing number of recent projects are registered under improved methodologies

Methodologies determine the overall approach that project developers have to follow for implementation, carbon accounting and risk management.

Various standards are continuing to innovate and improve respective methodologies, which means that newer projects and vintages tend to follow stricter requirements.

As these projects begin to bring credits to market, the overall quality of carbon credits in circulation is likely to improve further.



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.8 Compliance vs voluntary demand for credits

## Compliance programs are playing a growing role in carbon credit markets

Amongst the compliance programs that permit the use of credits from independent standards (e.g. Verra, ACR, CAR), demand for credits has seen a marked growth in 2025 relative to 2024.

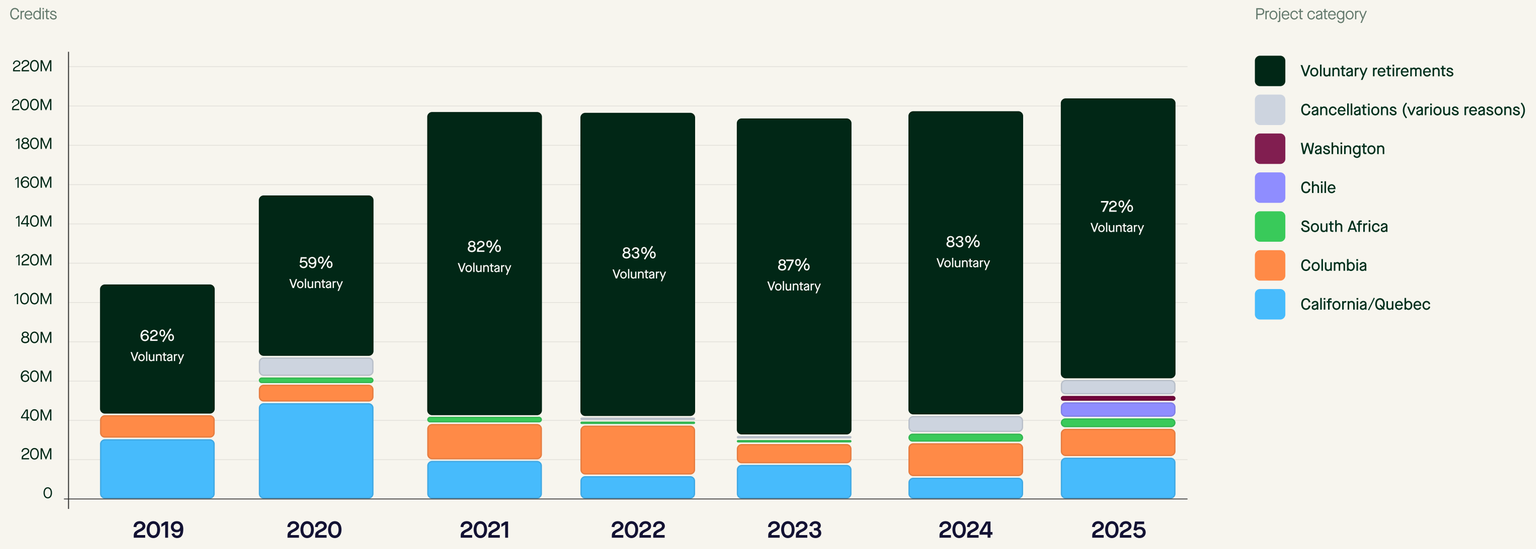
As of 2025, these compliance programs represent ~23% of all credits retired or cancelled

The core driver for demand has been the degree to which companies are allowed to use domestic carbon credits for compliance (growing in California and South Africa).
New programs such as Chile's carbon tax help contribute to growth in compliance demand overall.

This will be radically reshaped with larger programs taking effect in the next few years (China, Japan, Indonesia, Brazil), as well as CORSIA – which will be the first major program accepting international credits.

See page 37 for our outlook for key markets.

### Credit retirements and cancellations under independent standards




Note: other cancellations may include demand from other compliance schemes (e.g. Korea ETS) and corrections issued by registries

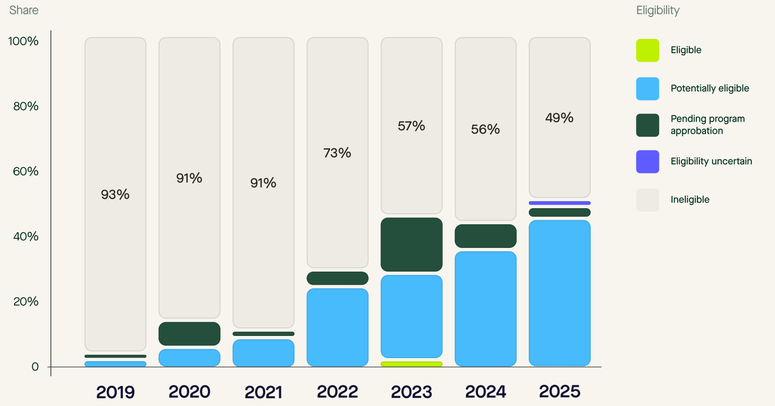


Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

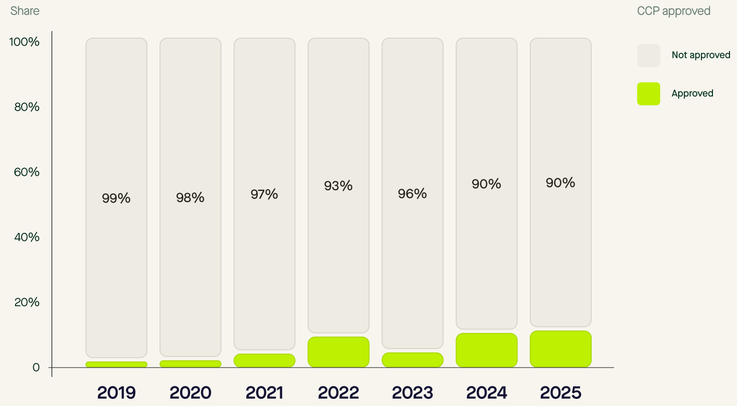
# 1.9 CORSIA eligibility and CCP accreditation

## Issuances of credits, grouped by CORSIA eligibility and CCP status

### By CORSIA 1st phase eligibility




### By CCP label




## Credit issuances from methodologies recognized by CORSIA and CCP are ramping up

Due to the growing number of projects registered under various newer methodologies, an increasing share of credits issued now come from methodologies that are eligible for CORSIA and recognized by the CCP.

Almost half (46%) of credits issued in 2025 are potentially eligible for CORSIA, up from 35% in 2024.

Note: For CORSIA, there are additional vintage requirements (2021-2026 for Phase 1) and need for host country corresponding adjustments.

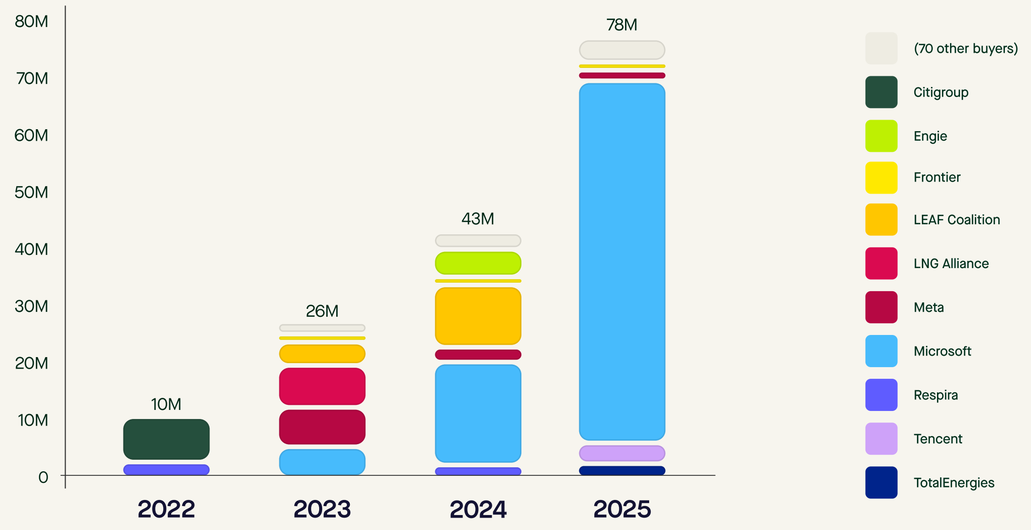


Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 1.10 Offtake volumes

## Volumes agreed under offtakes announced each year

### Offtake volumes announced by year




## Buyers are moving upstream to secure long term contracts for future volumes

An increasing number of companies are signing long term offtakes to secure future supply.

This is driven primarily by the desire to secure future supply, against concerns that a tight market could increase prices or limit available supply options towards 2030.

Amongst the 80 largest offtakers systematically tracked by Sylvera, volumes are substantially skewed by several large buyers.

The top 5 since 2022 being:

| | |
|---|---|
| Microsoft | **58%** |
| LEAF Coalition | **11%** |
| Meta | **5.6%** |
| LNG Alliance | **4.8%** |
| citi | **4.7%** |

# Prices of carbon credits

# Prices of carbon credits

While the weighted average carbon credit price on the spot market sits at $6.10 (up from $5.36 in 2024), this headline figure masks extraordinary variation. ARR projects trade anywhere from $2 to over $50, with half falling between $5 and $25. REDD+ projects show similarly large variations at a lower price point. And in the forward market, carbon credits command prices averaging $160 due to a large share of durable CDR credits involved in offtakes.

We see three forces driving the price dispersion. Firstly, the fundamental cost structures vary dramatically across project types. Second - and more pronounced in 2025 than previously - quality has emerged as a decisive pricing factor, for example high-quality ARR projects trading well above $35 while lower-rated equivalents are below $20.

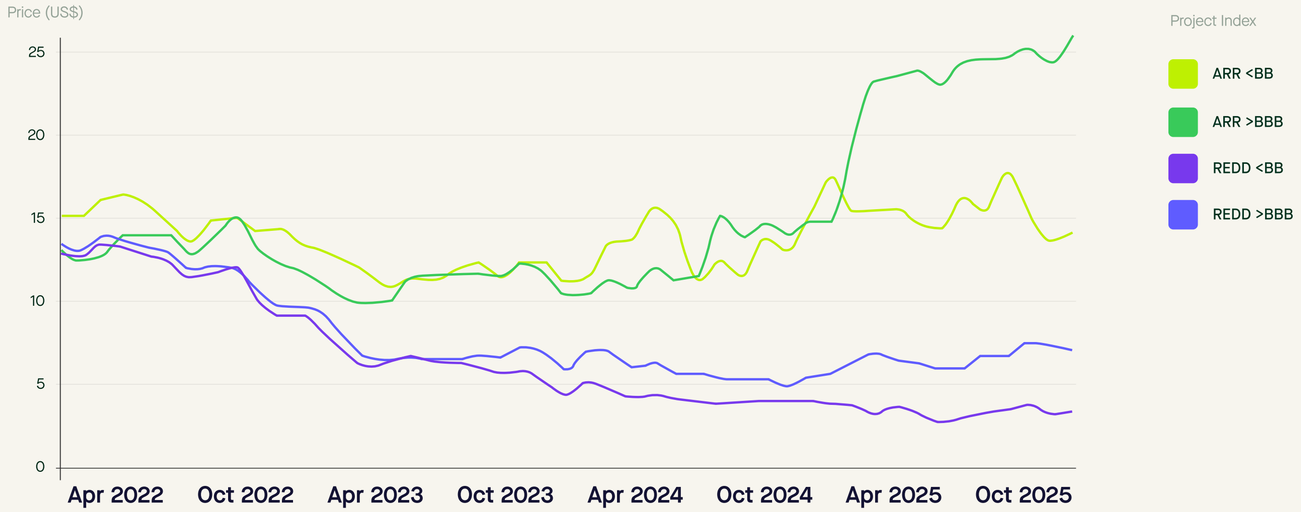
And third, co-benefits to nature and communities command measurable premiums, as buyers increasingly value projects for impacts beyond carbon alone.

2025 marks the year where integrity ratings are most clearly embedded in pricing dynamics, reflecting years of growing buyer awareness following high-profile overcrediting scandals.

**This chapter examines what's driving today's complex pricing landscape.**

# 2.1 Growth in the quality premium

Prices indices - price by Sylvera Rating, over time




## The quality premium emerged over time, most recently for ARR projects since early 2025

The quality-weighted price index compiled jointly by AlliedOffsets and Sylvera highlights the evolution in quality premium.

In 2022, the prevailing spot prices for REDD+ and ARR credits were trading at similar levels.

The REDD+ scandals have significantly eroded trust and weakened demand for REDD+ credits, leading to diverging prices since 2023 relative to ARR credits.

In the years since 2022, buyers are increasingly aware of quality risks associated with carbon credits, and have applied greater scrutiny on purchases, in part via carbon credit ratings. 2025 marks the first year where quality, as indicated by Sylvera Ratings, is firmly baked into pricing dynamics across ARR and REDD+ projects.

ARR projects with a rating of BBB+ are now averaging $26.1, whereas BB- rated projects, are at $14.5.



Source: Weekly carbon price index compiled jointly by AlliedOffsets and Sylvera, based on observed transactions in key market segments.

# 2.2 Prices by project type

## Price distribution by project type, spot prices and offtakes


## Significant price variation exists both within and across project types

Prices vary significantly both within and across project types.

For example, 50% of ARR projects on the spot market have prices between $5 and $25 – with outliers having prices as low as $2 and as high as $50+.

Differences in cost structures largely explain price variation between project types, but could also play an influential role within the same project type.

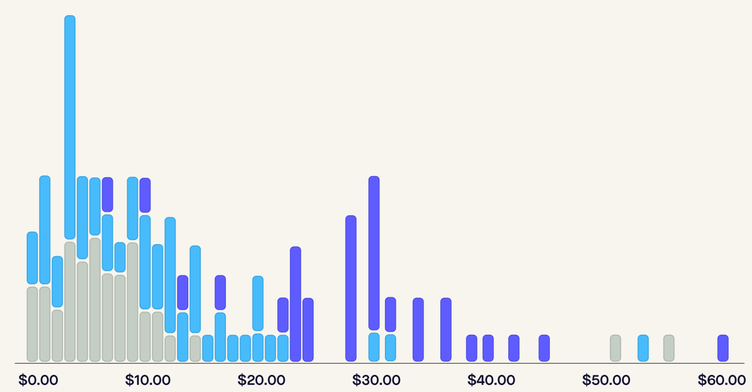
It's important to note that the forward market, as covered by offtakes, represent a different mix of projects: focused on removals, typically tech-removals but also nature-removals such as ARR.



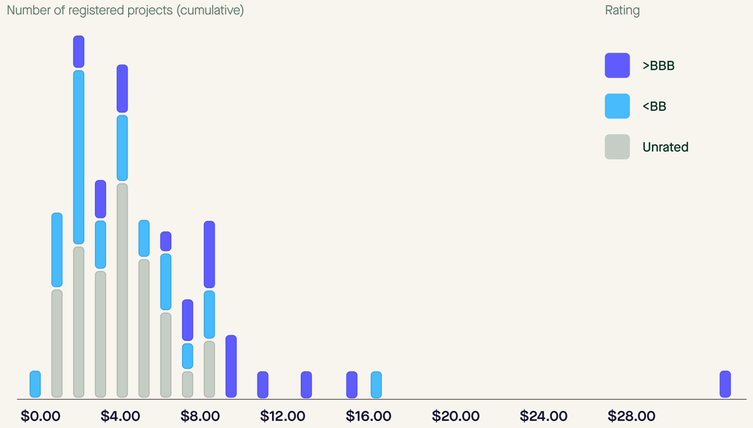
Source: Our pricing database is aggregated across 40+ sources, including developers, brokers, exchanges, and market participants on Sylvera's Connect to Supply service.

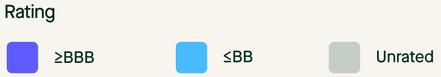
# 2.3 Price variation within project types

Price distribution (US$) - ARR projects




Price distribution (US$) - REDD+ projects




## Quality differences between projects explain significant variation in credit prices

Focusing on ARR and REDD+ projects, for which there are a large number of projects receiving a wide range of Sylvera Ratings (C-AA), we see a statistically significant difference in prices amongst highly rated projects (BBB or above).

The median price for a ≥BBB ARR project is close to $30, clearly higher than that of ≤BB ARR projects ($8.7) and unrated ARR projects ($6.3).

This finding weakens for projects that are often used for compliance (e.g. US IFM projects).

Overall, we see a clearer quality premium in market segments where buyers are acutely aware of overcrediting risks.



Source: Our pricing database is aggregated across 40+ sources, including developers, brokers, exchanges, and market participants on Sylvera's Connect to Supply service.

# 2.4 Price uplift from co-benefits

## Buyers pay more for co-benefits to nature and communities, not just for climate impact

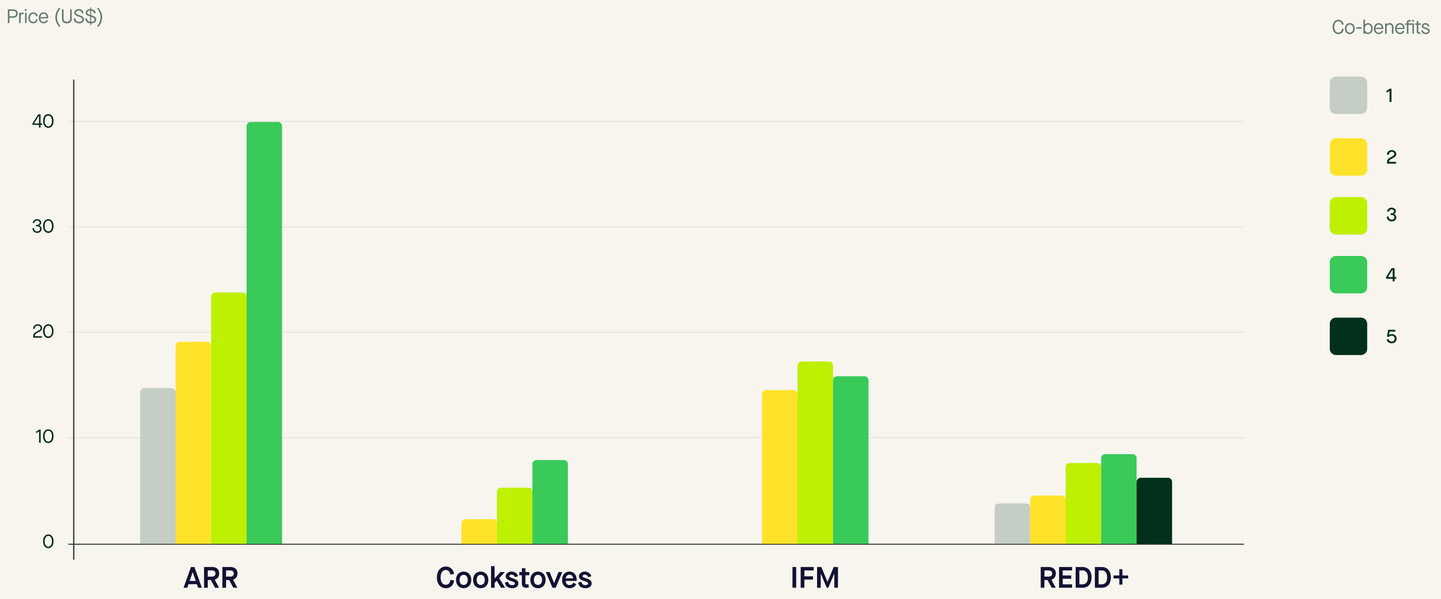
Prices reflect not only the cost structure and quality (climate impact) of projects, but importantly also the wider co-benefits they might have on nature and communities.

It's clear that many voluntary buyers of carbon credits pay close attention to these co-benefits, and are willing to pay a considerable premium where appropriate.

Sylvera's assessments of projects include a independent benchmarking exercise to evaluate the relative strength of co-benefits of each project.

There is strong evidence that prices correlate strongly with such co-benefits, and that this preference will continue to drive price differences across projects.

### Average price by project type - co-benefit score






Source: Our pricing database is aggregated across 40+ sources, including developers, brokers, exchanges, and market participants on Sylvera's Connect to Supply service.

# Buyer trends and preferences

# Buyer trends and preferences

Amid headlines questioning corporate commitment to climate action, the data tells a more nuanced story. 58% of credit retirements in 2025 were non-anonymous, revealing which companies are actively purchasing credits and what they're buying.

Overall corporate appetite for carbon credits remained robust, but the composition of buyers and their preferences shifted notably.

Energy and utilities firms continue to dominate, accounting for 50% of identified retirements and showing no signs of retreat despite political pressures. But the buyer landscape is reshaping around them. Transportation and logistics companies markedly reduced purchases, while professional services firms grew steadily to become the second-largest source of demand.

In terms of what they’re buying, energy companies favor forestry projects, professional services lean toward cookstoves, and transportation and logistics companies see a majority of renewable energy retirements.

Quality scrutiny also varies dramatically by sector. While roughly 31% of rated credits retired score BBB or above, sectors like consumer goods, food and agriculture, and transportation rely on lower-rated credits for over 60% of their purchases.

**This chapter offers a revealing window into corporate behavior.**

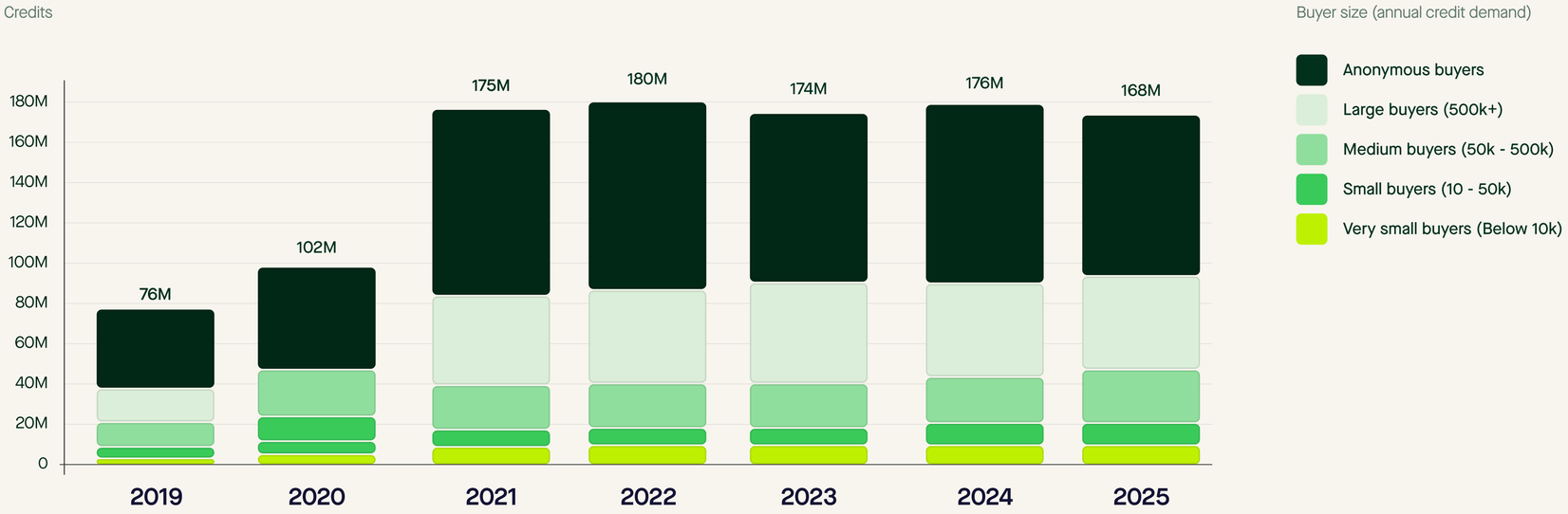
# 3.1 Companies behind carbon credit retirements

## 58% of all retirements are non-anonymous, similar to the last three years

Approximately 42% of all retirements remain anonymous in 2025, similar to the last three years.

Half of the non-anonymous beneficiaries come from large buyers (with annual demand over 500,000 credits).

### Credit retirements by buyer size

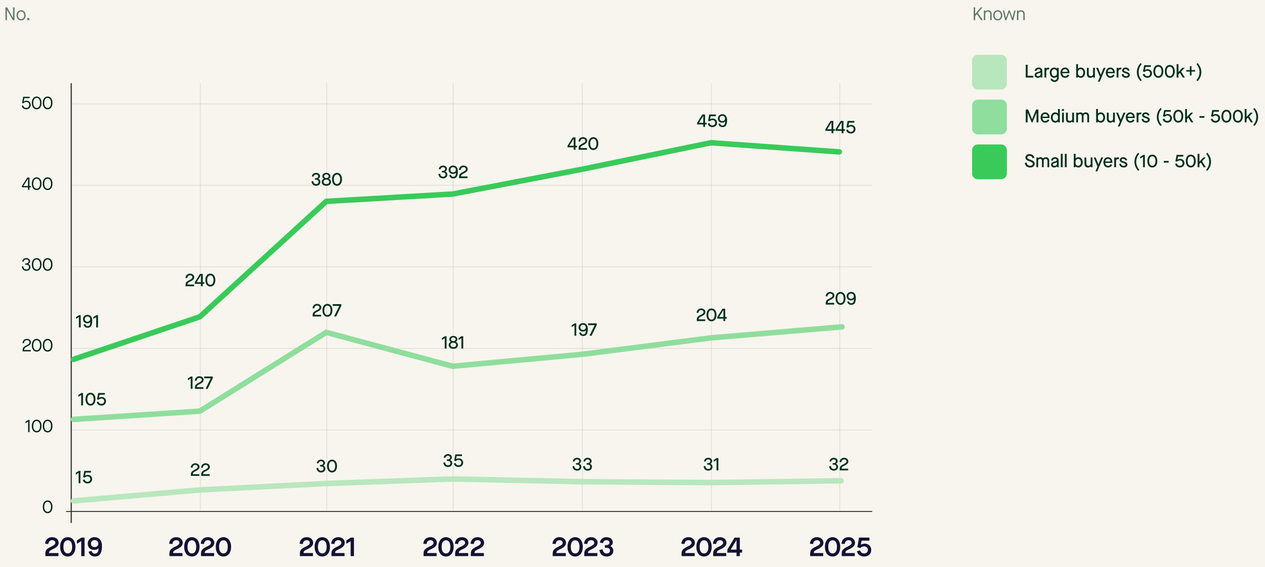





Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 3.1 Companies behind carbon credit retirements

## Number of beneficiaries




The number of identified beneficiaries remained broadly stable, at least amongst those that retire at least 10,000 credits a year.

The evidence suggests that overall corporate appetite for carbon credits remained robust despite the broader political and economic environment.

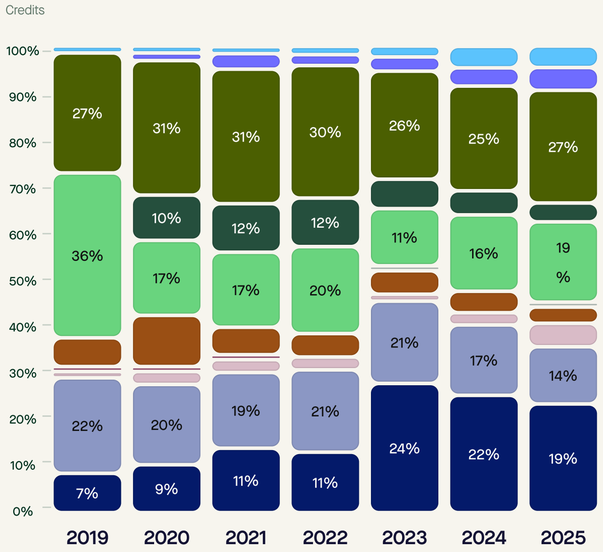
Chart omits 8,000+ very small buyers that retire less than 10,000 credits a year



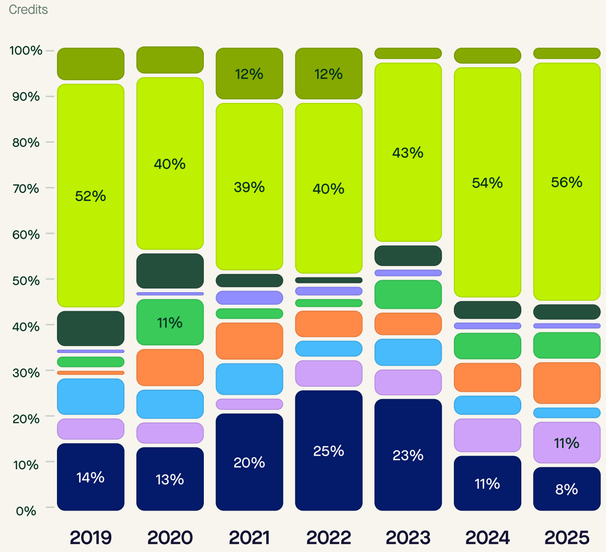
Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 3.2 Distribution of known beneficiaries

## Share of credits retired, by buyer HQ region




## Share of credits retired, by buyer industry






## Amongst the identified beneficiaries, half of all retirements now come from energy firms

Sylvera has categorized the regional split (by company HQ) and industry composition amongst the identified beneficiaries.

Amongst them, energy and utilities continue to be the largest driver of demand, in terms of credits retired in 2025 (56%).

Relative to the previous years, there is a notable decline in demand from transportation and logistics companies, while that of professional services firms have grown steadily to become the second largest source of demand.

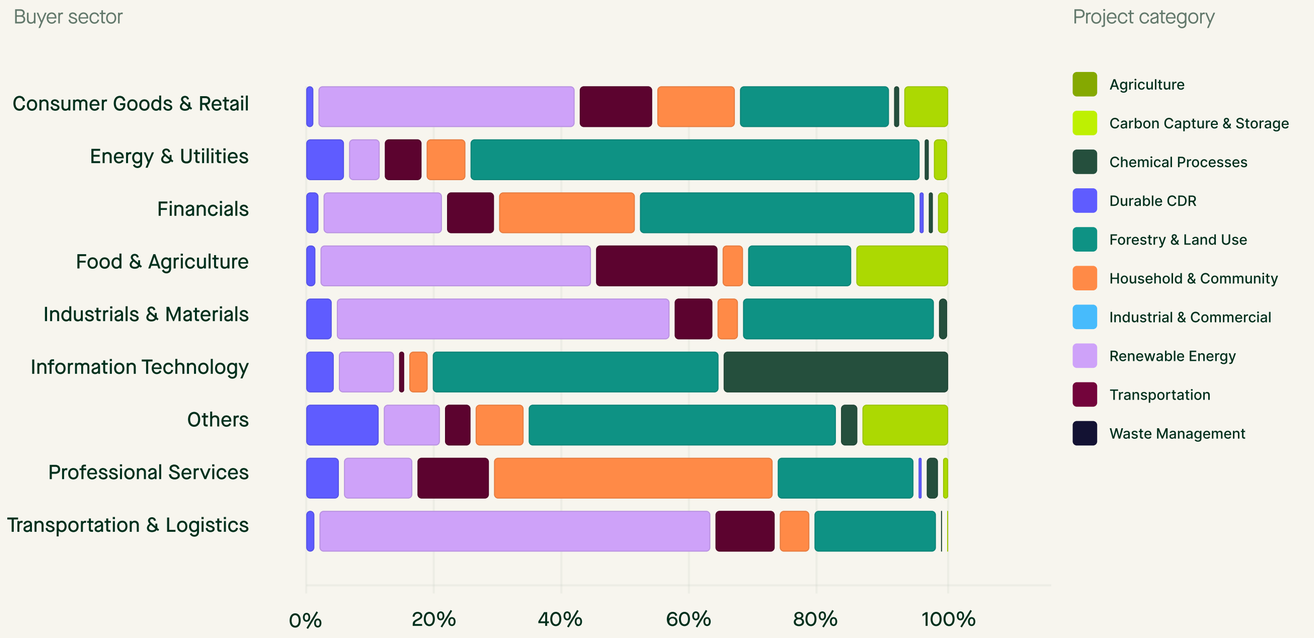
In terms of location of buyers, Europe (including the UK) represent roughly 50% of total retirements, with companies in Latin America coming second at 19%, trailed by those in the USA and Canada coming at 14%.



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 3.3 Project types retired by buyer sector

## Types of credits retired by each industry in 2025




## Buyer preferences for different project types vary across sectors

Amongst **energy & utilities**, close to 70% of retired credits are from forestry and land use projects (e.g. REDD+, IFM and ARR).

Meanwhile, **professional services** firms have moved into credits more heavily focused on household & community projects (e.g. cookstoves).

The use of durable CDR credits remain negligible across most sectors, but is starting to become meaningful for financials and professional services firms.

Although **technology** companies have often made the headlines for durable CDR offtakes, durable CDR still represent just 0.1% of their credit retirements in 2025 – reflecting the reality of a nascent market today.



Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

# 3.4 Quality of credits retired by buyer sector

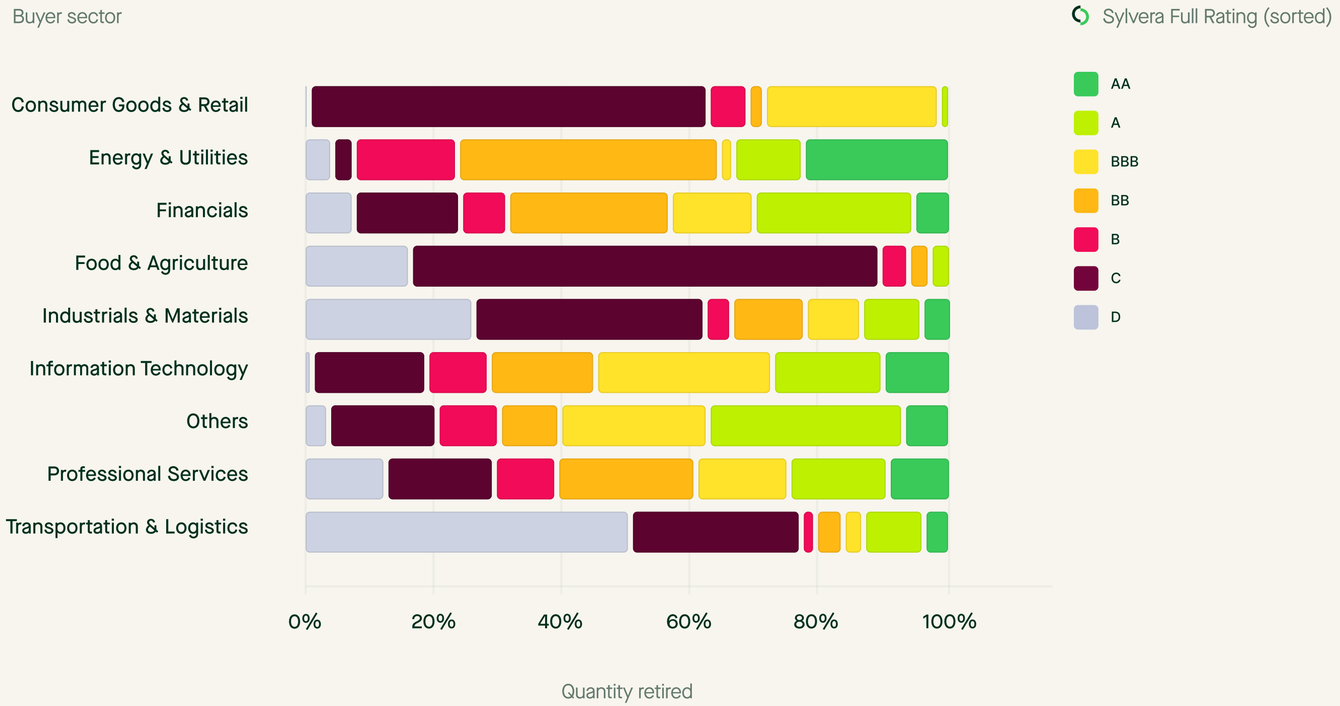
## Some sectors are applying more scrutiny on quality, though significant variations remain

Amongst the credits retired from projects that carry a Full Rating from Sylvera (approximately 45% of retirements from known beneficiaries), roughly 40% are rated BBB or above.

The following sectors rely on C-rated and D-rated credits for over 60% of their credit retirements: consumers goods and retail, food & agriculture, and transportation & logistics.

Nonetheless, approximately half of all credit retirements remain anonymous. It is unclear if the patterns shown for known beneficiaries are representative of their peers in the same sectors.

### Ratings of credits retired by each industry in 2025






Source: Registry data from Verra, Gold Standard, ACR, CAR, Ecoregistry, BioCarbon Standard, Puro, aggregated by Sylvera as of January 2026. Retirements exclude credits recorded as cancellations on respective registries.

SECTION 4.

# Policy drivers shaping the future

# Policy drivers shaping the future

A convergent system is emerging, where compliance and voluntary demand increasingly compete for the same supply.

In 2025, compliance programs already accounted for nearly a quarter of credit retirements, a share poised to grow as China's national ETS, Japan's GX-ETS, CORSIA, and other major systems ramp up.

Sylvera's latest modeling projects compliance demand could exceed voluntary purchases as early as 2027, driven primarily by CORSIA's Phase 1 deadline in January 2028, fundamentally reshaping market dynamics.

Several milestone developments in 2025 laid groundwork for this transition. CORSIA and ICVCM approved key methodologies, making more projects eligible for compliance use. The Open Coalition on Compliance Carbon Markets launched at COP30, and the EU and UK signaled willingness to use international credits toward their 2030s climate targets. SBTi's updated draft Net Zero Standard clarified how companies can use credits alongside emissions reductions, providing long-awaited guidance for corporate buyers.

Article 6 operationalization accelerated significantly, with 20 new bilateral deals signed and the first major trades completed—including Singapore's purchase of 2.175 million ITMOs and Japan's transactions with Thailand and the Maldives.

Yet convergence brings complexity. Domestic systems across Japan, China, Brazil, and Indonesia promise substantial demand but threaten further fragmentation in standards and methodologies. Corresponding adjustments have emerged as the fundamental distinction between credit types, but their requirements create bottlenecks for international credit supply.

**This chapter explores how the policy landscape is advancing, and what to expect in the future.**

# 4.1 Policy highlights in 2025

| | |
|---|---|
| **Voluntary markets** | • **Government regulations on voluntary claims:** with the European Commission pausing legislation on the Green Claims Directive (June 2025), there was no other significant regulatory decision in 2025. Product-level claims are still heavily regulated in the EU and California through separate policies legislated before 2025.<br>• **Government guidance on VCMs shifted:** the US scrapped a raft of guidance and policies to promote VCMs, but other governments set out new guidance, most notable through the Coalition to Grow Carbon Markets, a grouping of 10 countries.<br>• **SBTi:** the draft of the Corporate Net Zero Standard (v2) proposes that companies be recognized for the use of carbon credits to address their ongoing emissions, but those will be separate from company-level emission reduction targets. The draft also recommends a gradual phase in of long-lived removals as companies move to a net zero target. |
| **Domestic systems** | • **Growth of domestic compliance carbon markets** brought along the development of various domestic crediting systems, such as in Japan, China, India, Türkiye, Brazil and Indonesia. These domestic systems promise significant demand, but will likely cause further fragmentation in standards and methodologies available globally.<br>• **The newly formed Open Coalition on Compliance Carbon Markets** brought 18 governments (including the EU and China) to collaborate on strengthening regulated carbon markets, with the potential to bring standardization on carbon credits. |
| **CORSIA and Article 6 markets** | • **Corresponding adjustments** remain the biggest bottleneck for ITMO supply. Host country readiness and LoA revocation risk will be critical, with a potential shortfall leading up to CORSIA's Jan 2028 compliance deadline.<br>• **EU & UK** signalled willingness to use international carbon credits to meet their climate targets (NDCs) in the 2030s, joining a small club of other jurisdictions such as Japan, Singapore, Norway and Switzerland that are already active on Article 6.2.<br>• **PACM** (Paris Agreement Crediting Mechanism) is approving its first batch of methodologies. The choice of methodologies will dictate its future role in terms of which buyers will demand PACM credits, as well as their likely volume and price. |

# 4.2 Convergence of carbon credit markets

| Buyer motive | Buyer | Role of credits | Domestic or international | Need for ITMOs | Examples | Realistic 2030 annual demand |
|---|---|---|---|---|---|---|
| **Voluntary** | Companies | Optional | Domestic or international | No | *Voluntary* carbon markets | 150-330 million |
| **Compliance** | Companies | Optional | Domestic | No | California cap-and-trade; South Africa carbon tax; China national ETS | 50-130 million |
| | Companies | Optional | Domestic or international | Yes* | Singapore carbon tax Japan's JCM | 10-40 million |
| | Companies (airlines) | Mandatory | International | Yes* | CORSIA | 150-210 million (if implemented as planned) |
| | Governments | Optional | International | Yes* | Article 6.2 purchases by Switzerland, Norway, etc. | Up to 30 million |

*Because international credits are being used for compliance purposes, corresponding adjustments need to be applied to avoid double counting.

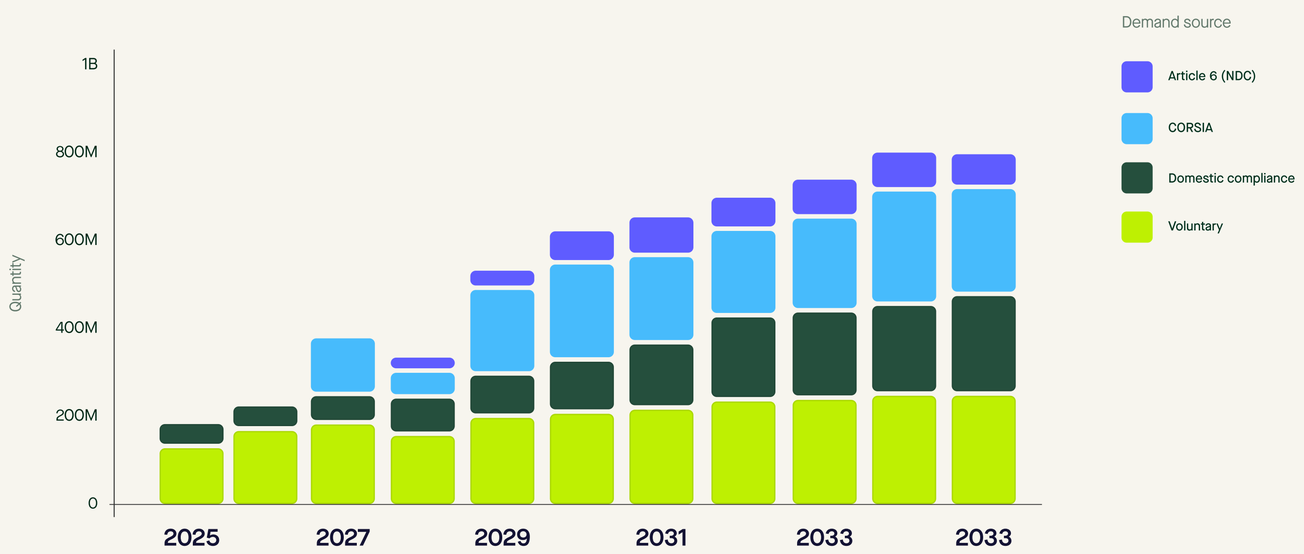
For the last decade or so, the use of carbon credits was **predominantly voluntary.**

However, this is changing due to the growing use of carbon credits for compliance purposes.

**Convergence** of carbon credit markets describes the growing share of credits which now serve multiple voluntary and compliance buyer types, subject to specific eligibility conditions.

However, this convergence also brings complexity. **Distinct policy drivers still influence credit demand and supply from various sources.**

# 4.3 Compliance markets to overtake voluntary demand




## Use of carbon credits for compliance purposes could exceed voluntary markets by 2030

Our latest model projects that **compliance demand* could exceed voluntary demand for credits in 2027,** driven largely by the CORSIA phase 1 deadline in January 2028.

In this scenario, **CORSIA demand** surge in 2027, then fall back again in 2028, before rising again and almost matching VCM from 2029 onwards.

Meanwhile **domestic compliance demand** is expected to grow at a slower but steadier pace, and surpass both CORSIA and voluntary demand in 2035.

**This is **one of several scenarios** that Sylvera is considering, and will be updating in Q1 of 2026.*

# 4.4 Article 6 continues to expand

## 2025 saw 20 bilateral Article 6 deals and two new ITMO trades

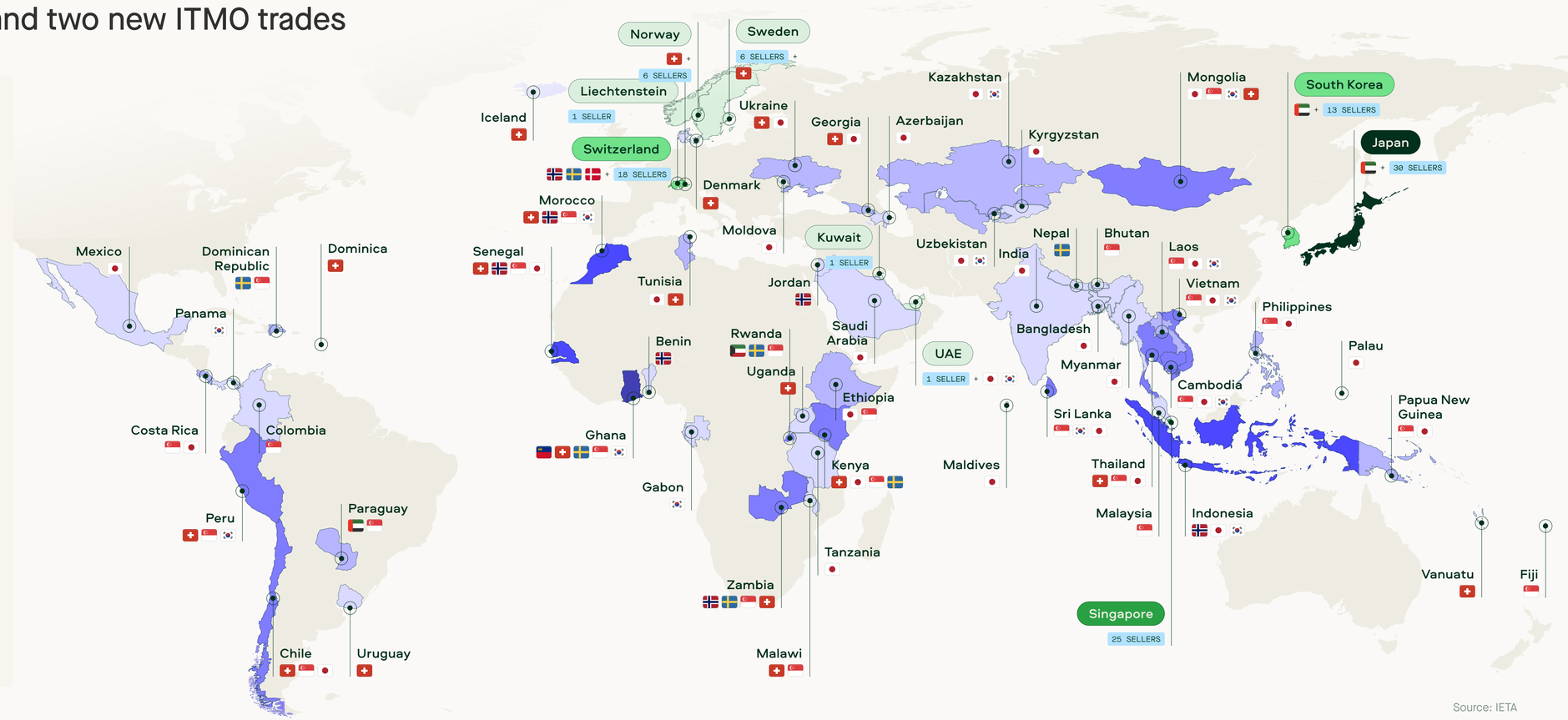
20 Article 6.2 deals were signed in 2025 Of these, 12 are final bilateral agreements, 7 are non-binding MoUs, and the final one is a statement of intent.

As of 1 January 2026 there were 110 Article 6.2 deals, of which 65 were final agreements.

The first substantial Article 6.2 transaction was announced in September 2025: **Singapore** confirmed a purchase of 2.175 million ITMOs (Article 6 credits) from a total of four nature-based projects, in **Peru**, **Ghana**, and **Paraguay**.

The second and third ever ITMO trades took place, both purchases by **Japan**:

**1,009 ITMOs** from **Thailand** in November
**433 ITMOs** from the **Maldives** in December




Source: IETA

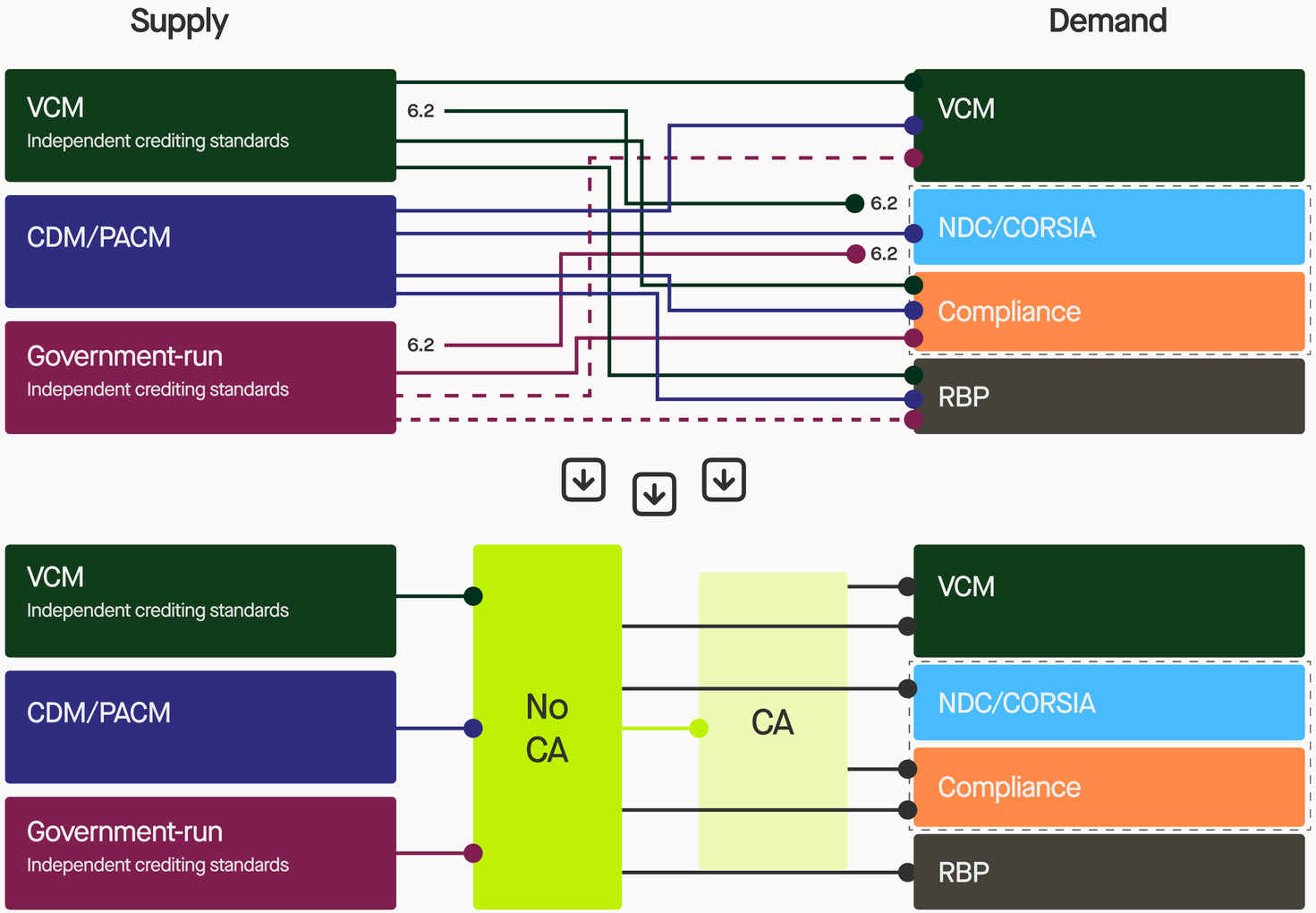
### Buyers

Japan · Kuwait · Liechtenstein · Norway · Singapore
South Korea · Sweden · Switzerland · UAE

NUMBER OF BUYERS
5
4
3
2
1

NUMBER OF SELLERS
25+
15-25
10-15
1-10

# 4.5 The growing centrality of Corresponding Adjustments




## The next phase of carbon markets, revolving around CAs, is coming into focus

As part of the convergence of carbon markets, throughout 2025 an increasingly **complex tapestry of carbon credit flows emerged**, with diverse sources and credit supply and demand increasingly being seen as fungible.

It is becoming clear that almost every source of supply can be drawn on by almost every source of demand, with the major distinction being whether the credit has, or will get, a **corresponding adjustment (CA).**

While each source of demand has its own specific requirements, the fundamental distinction between credits with and without a CA has emerged. This is now **central to considerations by investors, project developers, traders, buyers and regulators.**

The distinct dynamics of CA supply and demand (which can be instantaneous, but have political implications), compared to credit supply and demand (which takes months / years, but have no inherent political implications) suggests that in 2026 we might see the **emergence of a market for CAs distinct from the market for specific credits.**

# Looking ahead - what's the impact for market participants?

What does all this mean for buyers, investors, project developers and governments?

# Buyers

**What's in the data and how does it affect buyers?**

The market is fundamentally restructuring around quality. High-integrity credits now command substantial premiums and face tightening supply, while lower-quality options remain abundant but increasingly unwanted. This means procurement strategies built on price alone should be a thing of the past. Quality, supply availability, and compliance eligibility now matter as much as cost.

But competition for premium credits is intensifying as compliance programs enter the market alongside voluntary buyers, all seeking the same limited pool of high-rated projects. The spot market remains fragmented with significant price dispersion, creating both opportunities and risks depending on your due diligence capabilities.

**Heading into 2026, buyers should:**

- **Act early on quality credits:** The supply-demand imbalance for high-integrity credits will intensify. Those waiting to procure face higher prices and limited availability. Consider securing multi-year offtakes now for premium projects.
- **Budget for quality premiums:** Plan for significantly higher costs for nature-based removals as well as durable CDR. The days of cheap, quality credits are ending.
- **Diversify strategically:** Balance your portfolio across project types while maintaining quality thresholds. Don't compromise on ratings to save costs, as reputational risks outweigh savings.
- **Prepare for compliance convergence:** Credits eligible for CORSIA and other compliance schemes will drive premiums higher as 2028 deadlines approach. Factor this into procurement timing decisions.

# Investors

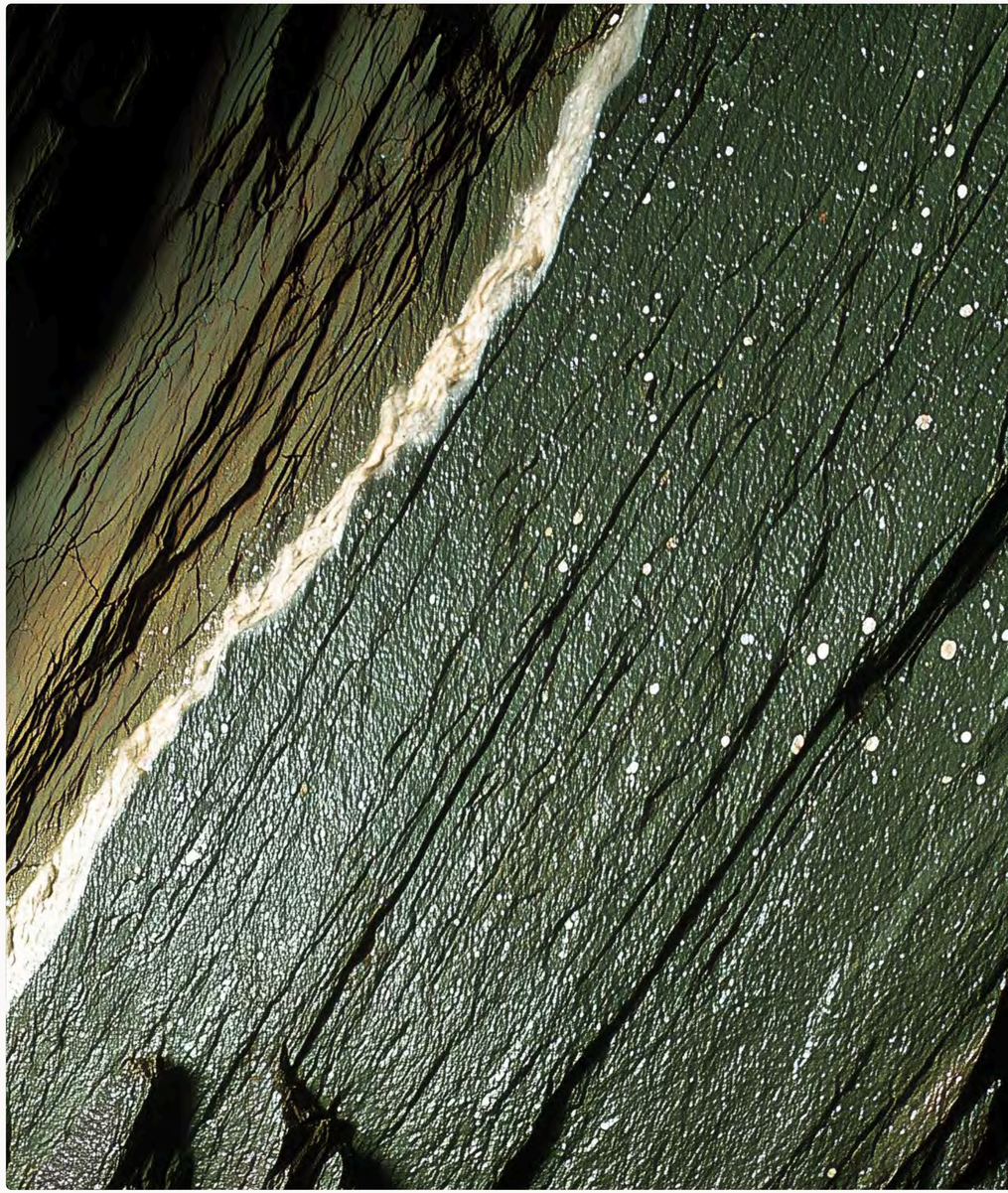
**What's in the data and how does it affect investors?**

Portfolio valuations increasingly depend on quality positioning rather than volume. The market is dividing into distinct tiers: premium projects with strong demand and constrained supply versus legacy projects with abundant inventory but limited buyers. This quality divide creates both valuation risks for portfolios weighted toward lower-rated credits and significant upside for those positioned in high-integrity projects.

Compliance eligibility - most critically CORSIA - is becoming essential for project viability, and the forward market is developing separately from spot dynamics. Meanwhile, durable CDR remains concentrated among a small buyer base despite headline-grabbing deal values, creating timing risks for projects banking on near-term CDR demand.

**Heading into 2026, investors should:**

- **See how quality drives value:** Prioritize high-rated projects. The spread between high and low-quality assets will widen as buyer sophistication increases and compliance programs favor rigorous methodologies.
- **Map compliance eligibility carefully:** Not all "CORSIA-eligible" methodologies will secure corresponding adjustments. Assess host country readiness and LoA risk country-by-country before positioning for aviation demand.
- **Watch domestic systems closely:** China, Japan, Indonesia, and Brazil promise substantial compliance demand but with fragmented standards. Early movers who understand domestic eligibility criteria will capture opportunities.
- **CDR remains nascent:** Despite forward commitments, actual deliveries and retirements remain minimal. Don't overweight portfolios based on future promises versus current market reality.



# Project Developers

**What's in the data and how does it affect developers?**

Project quality and methodology choice now determine market viability. High-rated projects using enhanced methodologies face active buyer demand and premium pricing, while projects following legacy approaches struggle to find buyers regardless of price. Co-benefits add clear, measurable market value beyond carbon alone.

Compliance eligibility is transitioning from optional to essential as a growing share of demand comes from regulated sources. The buyer landscape is also shifting upstream, with larger offtake agreements favoring developers who can offer scale and certainty. Developers prioritizing quality and modern methodologies are positioning themselves to capture premium demand and pricing.

**Heading into 2026, developers should:**

- **Design for 2030 standards, not today's:** Invest in enhanced methodologies (VM47, VM48, newer cookstove protocols) even if more expensive upfront. Projects registered under legacy methodologies risk becoming stranded assets.
- **Pursue independent ratings early:** Don't wait until credits are issued. Engage rating agencies during project design to understand how to achieve BBB+ ratings. The quality premium more than offsets assessment costs.
- **Build in compliance eligibility:** Map your project against CORSIA, CCP, and major domestic system requirements. Projects eligible for multiple compliance schemes have downside protection and upside optionality.
- **Invest in co-benefits documentation:** Biodiversity, community impact, and SDG alignment drive price premiums. Budget for robust measurement and verification of co-benefits, not just carbon.
- **Scale matters for offtakes:** Buyers signing multi-year agreements favor developers who can deliver 500k+ credits annually. Smaller developers should consider aggregation platforms or partnerships.

# Governments & Jurisdictions

**What's in the data and how does it affect governments?**

Compliance markets are rapidly becoming a major force in carbon credit demand, reshaping dynamics that in recent years have been voluntary-led. International frameworks like CORSIA and Article 6 are operationalizing, while major economies are launching or expanding domestic systems that allow credit use.

This creates both opportunities and complexities: countries hosting projects face strategic choices about corresponding adjustments, domestic systems risk fragmenting global standards, and early movers in building the infrastructure for Article 6 gain advantages. The transition from voluntary to compliance-driven markets also affects how international credit flows interact with national climate commitments and NDC accounting.

**Heading into 2026, governments should:**

- **View corresponding adjustments as strategic assets:** Countries hosting projects must balance domestic climate ambition against revenue from international credit sales. Develop clear frameworks for issuing CAs and Letters of Authorization now—delays create bottlenecks affecting project financing.
- **Align domestic standards with international frameworks:** Fragmentation increases transaction costs for all participants. Where possible, harmonize domestic methodologies with ICVCM CCP, CORSIA eligibility, PACM, and major registries to maximize market access for domestic projects.
- **Build capacity for Article 6 participation:** Whether buying or selling, governments need technical capacity to negotiate agreements, verify reductions, and manage corresponding adjustments. Early movers in building this infrastructure gain strategic advantages.

LIVE WEBINAR

# The State of Carbon Credits: Expert Data Briefing

February 18 2026
*4pm UK Time, 11am EST, 8am PST*

Join Sylvera's data experts as they unpack the key findings from our State of Carbon Credits 2025 report.

We'll explore pricing trends, buyer behavior shifts, policy convergence, and what corporate buyers, investors, and project developers should prioritize in the year ahead.

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**Aaron Tam**
Product Director, Market Data

**Rory Trevelyan Thomas**
General Manager, Market Data

# Sylvera's MARKET INTELLIGENCE

The clearest view of today's carbon market.

# Get the data we used to build this report

Our Market Intelligence solution unifies the fragmented carbon market into a single, actionable workspace. Rather than stitching together registry data, broker quotes, news feeds, and consultant reports, users access integrated intelligence across:

Pricing Data provides project-level spot price estimates across thousands of carbon projects, supported by seven quality-weighted price indices tracking market movements by project type.

Market Data delivers weekly issuances and retirement tracking. Filter by project type, Sylvera Rating, vintage, region, methodology, CORSIA eligibility, and CCP label to spot supply-demand imbalances before they fully reflect in pricing.

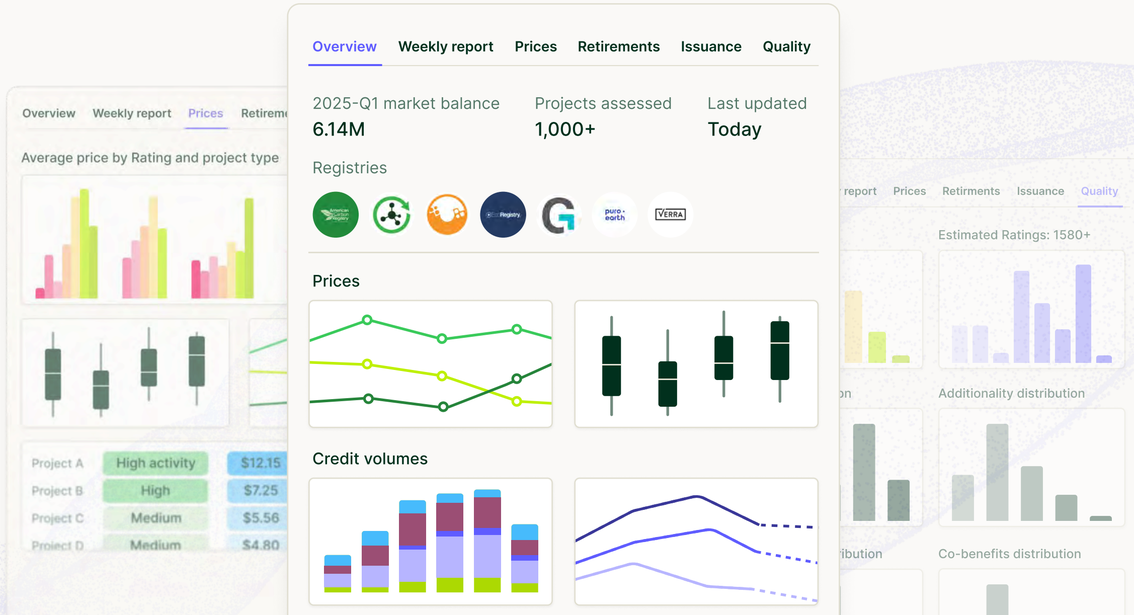
Buyer Directory shows visible demand patterns. Track who's buying what by sector, geography, vintage, and project type to benchmark strategies and identify emerging demand signals.

Market Forecasts extend today's view into comprehensive scenarios through 2050, providing the forward visibility needed for strategic planning and budget confidence. Get granular pricing, supply, and demand projections across 10+ project types, with low, medium, and high demand scenarios to stress-test assumptions.

Who uses Sylvera's Market Intelligence? Procurement teams that avoid overpaying, investors who mark portfolios accurately, and developers who command fair prices - all supported by the same independent, comprehensive market intelligence that powered this report.

Sylvera MARKET INTELLIGENCE

Get your free trial here.



# About Sylvera

## The carbon data platform powering real climate action

Founded in 2020, Sylvera is the world's leading carbon data platform, combining independent ratings, comprehensive market intelligence, and policy insights to help governments, investors, corporates, and project developers navigate the evolving carbon market with confidence.

**Trusted by leading climate decision-makers**
The data and insights throughout this State of Carbon Credits report - from quality premiums to buyer behavior patterns to policy implications - come directly from Sylvera's Market Intelligence platform. We integrate proprietary and live data from 22,000+ projects and 40,000+ company profiles to deliver the market's most comprehensive view.

**Giving you the full picture**
Our independent Ratings assess project integrity. Market Intelligence unifies pricing, supply-demand tracking, and buyer analysis in one workspace. Market Forecasts provide scenario-based projections through 2050. And our dedicated policy team translates complex regulatory developments—from CORSIA to Article 6 to domestic systems—into actionable market intelligence.

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