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The carbon market **dimensions** that matter in **2026**

Demand, supply, and pricing **insights** to bring the VCM's **future into focus**

Contents

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Foreword

Looking back over the last year, three themes emerge to describe carbon markets as a climate action tool for today and the future: resilience, pragmatism and integrity.

On **resilience**, it's no secret that climate change and sustainability came under attack in 2025. Progress on international carbon markets, regulatory developments, and market-led initiatives was met with a pushback on climate commitments, declines in areas of carbon financing, and delayed decisions on the convergence of compliance and voluntary carbon markets.

However, the market responded with **pragmatism** and solidarity.

Financial institutions and corporates continued their engagement with carbon markets, with companies including Microsoft investing in some of the largest carbon credit offtake commitments to date (see our 2025 recap starting on page 5).

A record amount of funding was announced for nature-based carbon projects (see page 24).

Market-driven initiatives progressed with new and pragmatic draft standards for corporates to reach net-zero (see page 13).

Perhaps most importantly, environmental **integrity** initiatives progressed significantly in 2025 to become a primary driver on both the demand and supply side of the market.

We've organised our annual market overview this year around the dimensions of demand, supply and pricing, and the drivers impacting these. Integrity cuts across all dimensions and drivers. It's a primary criteria for carbon credit buyers (see page 14), a fundamental driver of future supply (page 22 and 23), and a key influence on prices (pages 27–29).

Government action

On top of these themes, government policies are integral to the future, with compliance markets becoming an increasingly important driver for carbon credit demand. For instance, as we outline on page 17, Japan is set to lead the way on a country level in 2026 by integrating credits into its new emissions trading system.

Finally, the international civil aviation sector has combined resilience, pragmatism, and integrity, with the first demand signal for emissions compensations emerging under CORSIA, and the supply of CORSIA-Eligible Emissions Units – which have their own integrity guardrails – increasing. We believe that these government drivers, which we explore on pages 16 and 17, will be integral to the future of the market as compliance and voluntary schemes increasingly converge.

This resilient market is now built on strong foundations to allow more players to enter the VCM with confidence. The year ahead looks promising and I, for one, am excited to see where 2026 takes us. So let's dive in.

Juan Carlos Arredondo Brun
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Key takeaways

Demand

Compliance schemes are driving demand

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is structurally changing market demand prospects for the coming years, with the scheme **set to add around 78mn tonnes of new demand in 2026**.

Other emissions compliance systems, such as Japan's soon-to-be-launched **GX-ETS**, will drive significant additional demand for carbon credits in local markets.

High integrity and positive impacts matter

Integrity stamps, such as the ICVCM's Core Carbon Principles, alongside carbon project co-benefits, are the primary criteria for carbon credit buyers in 2026 – as they increasingly align their carbon credit portfolios with broader sustainability ambitions.

Supply

Investment into high-integrity carbon markets continues

Carbon market funding announcements dipped in 2025 but remain strong at **$15.8bn**, with financial institutions and corporates continuing to make large commitments to funding the next wave of carbon credit supply. **A record $9bn of funding was announced for nature-based solutions** in 2025, with funding helping support the transition to newer high-integrity methodologies.

Contracting for future credit supply has taken off

The market saw a 58% increase in the value of forward (VERPA) carbon credit deals in 2025 ($5.8bn), mainly for engineered carbon removal solutions, indicating a growing trend for companies such as Microsoft to invest in securing their own future carbon credit supply. We expect this to continue in 2026.

Pricing

The market is increasingly valuing future deliveries of carbon credits in forward prices

Forward prices across nature-based and engineered removals increase out to 2030, with **ARR forward prices in particular showing significant increases relative to spot prices**. On the avoidance side, cookstove forward prices also increase significantly to 2030, driven by the transition to higher integrity projects.

Prices are anticipated to increase to support the transition to high-integrity

Offtake prices for new, higher-integrity nature-based credits, which are currently structurally undersupplied in the market, are expected increase to include financing costs to transition to newer methodologies.

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2025 recapped and **what it means** for **2026**

The milestones that impacted carbon markets in 2025

… and how they'll influence the future

2025 was a year of contrasts for carbon markets. It started with the Trump administration pulling the United States out of the Paris Agreement; continued with positive developments for compliance markets and the approval of high-integrity carbon credit programmes and methodologies; and ended with the European Union bringing its Carbon Removal and Carbon Farming regulation into force.

Plenty happened in between.

In this section of the report we recap the key 2025 carbon market milestones on a **corporate**, **international**, and **country policy** level, and provide reflections on how these events will impact carbon markets in the future.

JAN

FEB

SCIENCE BASED TARGETS

Corporate Net Zero Standard V2 **first draft**

MAR

APR

Technical standards launched for **Article 6.4**

MAY

JUN

JUL

AUG

SEP

OCT

COP30 BRASIL AMAZÔNIA BELÉM 2025

NOV

DEC

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	Corporate voluntary initiatives	International carbon markets	Country-level policies
January			Climate pullbacks began in the US under the Trump administration, starting with **US' withdrawal from the Paris Agreement** and freezing of the low-carbon tech supporting Inflation Reduction Act.
February	Microsoft began its 2025 run of engineered and nature-based carbon removal mega deals, inking one of the **largest ARR offtakes** ever executed in the US with Chestnut Carbon.	The Paris Agreement Article 6.4 Supervisory body launched the **interim registry** for the Paris Agreement Crediting Mechanism (PACM) – a centralised platform to allow countries to track emissions transfers between each other.	
March	SBTi released the first draft of its new **Corporate Net Zero Standard V2**, followed by a consultation. The standard hinted at a more open approach to carbon markets, including recognition for addressing ongoing emissions and new interim carbon removal targets.	Brazil and Japan signed a Memorandum of Cooperation in Tokyo to collaborate on carbon markets under the Paris Agreement's **Article 6.2**.	**South Africa** confirmed that companies subject to its carbon tax can use carbon credits to address **10%** of their industrial process emissions and **15%** of their combustion emissions. Meanwhile, **China** expanded its ETS to cover more industries, and **India** published the offset procedure for its Carbon Credit Trading Scheme.

Abatable's angle

and what this means for 2026

The Trump administration's decision to pull the US out of the Paris Agreement marked the beginning of a cascade of financial firms leaving the Glasgow Financial Alliance for Net Zero, and the dissolution of the Net Zero Banking Alliance.

However, the news had a lesser impact than expected on international carbon markets, country-level policy and carbon market financing. Abatable predicted **a limited impact on banks' involvement with the VCM**. This proved to be the case. Across 2025, J.P. Morgan Chase went on to lead a first-of-its-kind $210mn credit facility for Chestnut Carbon in August; Goldman Sachs' asset management arm launched a $1bn climate credit strategy in March; and Bank of America continues to purchase carbon credits to help compensate for residual emissions.

On the corporate side, Microsoft's large early CDR deals were representative of a year that saw it purchase 45mn tonnes of future carbon removals through large-scale offtake agreements. This drive from Microsoft and other companies marked another notable year for both engineered and nature-based removals (see page 24), and we expect to see continued financing and appetite for these in 2026.

	Corporate voluntary initiatives	International carbon markets	Country-level policies
April	Microsoft made the **two largest engineered carbon removal deals ever recorded** to offtake 10.4mn tonnes of BECCS credits. On the supply side, Occidental Petroleum acquired the direct air capture (DAC) startup Holocene to sit alongside 1PointFive and Carbon Engineering in its DAC portfolio.	Airlines subject to CORSIA reported their verified annual emissions for 2024.	
May	The US Environmental Defense Fund (EDF) legally backed Apple's claim that its Apple Watch is carbon neutral, based on the fact it **used credits from trusted standards *after* cutting emissions 75%.**	The Article 6.4 Supervisory Body adopted **new baseline and leakage standards** for projects operating within PACM.	
June	The Integrity Council for the Voluntary Carbon Market announced the approval of the Ecosystem Restoration Standard (ERS) – now Equitable Earth – for **Core Carbon Principle eligibility**, provided clarification on further cookstove methodologies, and approved two methodologies to reduce adipic acid N_2O emissions.		The EU's long-awaited **Green Claims Directive** collapsed following a dramatic week in Brussels, leading to this key piece of corporate sustainability legislation effectively being shelved.

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Abatable's angle

and what this means for 2026

On the voluntary side of the market, **green claims** were a prominent theme in Q2 25.

In the US, the Environmental Defense Fund became the first environmental NGO to defend a company's carbon credit strategy in court with its support of Apple. Meanwhile, over the other side of the Atlantic, a more balanced position on the role of carbon credits to support carbon reduction efforts was emerging in EU Green Claims Directive conversations – before broader economic and political forces eventually shelved this key piece of legislation.

In the continued absence of this flagship EU Directive at the start of 2026, the **underlying need for credible environmental claims standards remains** – for companies operating in the EU and elsewhere. There is a need to continue to use flexible, jurisdiction-aware strategies that satisfy varying legal compliance while maintaining credibility.

We expect a pivot towards transparency-driven claims, for example, contribution claims or reporting emission reduction data and offset activity on marketing materials. This shift could ultimately strengthen market integrity by clarifying the distinct roles of emissions reduction versus offsetting in comprehensive climate strategies.

	Corporate voluntary initiatives	International carbon markets	Country-level policies
July	Mars reported its first-ever soil carbon removals: 41,833 tonnes of CO_2 equivalent in 2024 through climate-smart agriculture projects, resulting in a **1.9% reduction in the company's Scope 3 emissions** through the use of a corporate insetting scheme.	Vietnam voluntarily committed to **join CORSIA in 2026**, one year earlier than required. Meanwhile Gold Standard and Verra pushed forward vital insurance schemes for CORSIA.	The EU announced its target to cut emissions 90% by 2040 compared to 1990 levels, and formally **recognised the use of international carbon credits** to cover up to 3% of emissions reductions. Meanwhile the UK government confirmed engineered greenhouse gas removals will be included in the UK ETS by 2029.
August	ICVCM gave CCP approval for **five methodologies** covering both engineered removals and nature-based solutions, following an ARR approval in July. Apple announced plans to drop its carbon neutral label while maintaining its overall climate strategy.	India and Japan signed a Memorandum of Cooperation for carbon credit trade under **Article 6.2** and the Joint Crediting Mechanism (JCM).	
September	The International Organization for Standardization (ISO) and the Greenhouse Gas Protocol (GHG Protocol) announced a landmark partnership to harmonise their greenhouse gas emissions accounting frameworks into a co-developed set of **new standards** for emissions measurement and reporting.	Singapore completed its first purchase of **Article 6 carbon credits** to help meet its 2030 NDC. The government secured 2.2mn tonnes of nature-based credits for delivery between 2026 and 2030.	China set out a framework to shift from intensity-based to absolute emissions caps in its **emissions trading system** and expand its coverage.

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Abatable's angle

and what this means for 2026

Positive demand signals emerged across the market in Q3 25. The EU's announcement that it could meet up to 3% of its emissions goals with carbon credits could translate into additional demand for **125mn credits in 2040.** This would need the supply of removals credits – which the EU favours – to scale up considerably.

Future supply of **high-integrity removal credits** was bolstered by the ICVCM's approval of a number of removals methodologies. Abatable's analysis showed a sharp pivot in corporate purchasing of CCP credits – with H1 CCP retirements 13% higher than all CCP credits retired in 2024.

Looking ahead, Abatable's supply forecasting indicates that projects developed under CCP methodologies approved in 2025 could issue an additional 865mn credits by 2035, a **ninefold increase** compared to current volumes. Even with this growth, CCP-eligible credits are expected to make up only 12.7% of total voluntary market cumulative supply by 2035.

For buyers, this means forward procurement, portfolio diversification, and close engagement with developers will be essential not only to secure access but also to safeguard the credibility of their climate commitments.

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	Corporate voluntary initiatives	International carbon markets	Country-level policies
October	The **Taskforce on Nature-related Financial Disclosures (TNFD)** published its 2025 Status Report, which showed a strong uptake of integrated climate and nature reporting. 620 organisations across 50 countries, managing $20tn in assets, have committed to TNFD-aligned reporting, which includes reporting on carbon credit use. More than 500 first-generation TNFD reports have already been published.	ICAO published eligible programmes for the **First and Second Phases of CORSIA**, as well as the Sectoral Growth Factor to calculate airlines' CORSIA offsetting requirements. Meanwhile the **Article 6.4** Supervisory Body published technical standards for the operation of the Article 6.4 mechanism. The first PACM methodology for carbon projects under the Article 6.4 mechanism – for landfill gas – was also published.	**Indonesia** passed regulation that reset its carbon market landscape, establishing a more supportive regulatory environment for continued carbon project development and trading. **Brazil** created a secretariat within its Ministry of Finance to develop frameworks for the country's incoming ETS.
November	SBTi released the second draft of its new **Corporate Net Zero Standard V2**, with a proposal to begin recognising companies for using carbon credits through the concept of Ongoing Emissions Responsibility (OER).	Countries extended the deadline for approving the transition of CDM projects into the **Article 6.4** mechanism at COP30, while Indonesia and Norway signed an Article 6.2 deal for renewable energy credits at the conference.	The UK's Transition Finance Council (TFC) released draft **Transition Finance Guidelines**, including the UK's most detailed guidance to date on reporting the use of carbon credits within corporate transition plans.
December	ISSB also announced it will begin to develop nature reporting standards, following the success of TNFD.	Brazil signed Memoranda of Understanding with Singapore and Switzerland under the Paris Agreement's **Article 6.2**.	**The EU** delayed key sustainability reporting requirements as part of its Omnibus package, while the EU Carbon Removal and Carbon Farming (CRCF) regulation entered into force with plans for an EU **carbon removals buyer's club**.

Abatable's angle

and what this means for 2026

Q4 25 saw significant regulatory developments for international and country-level compliance markets, while on the corporate **voluntary side** there was a strong uptake in companies providing nature disclosures through TNFD.

The latter will allow companies in 2026 to identify high-nature risk commodities and geographies, and then deploy targeted carbon credit purchases or insetting partnerships that directly address those risks.

With initiatives like TNFD opening up the door for carbon credits to mitigate supply chain risks, SBTi also reframed credits as a climate leadership play in its new draft CNZS V2.

In parallel, the first demand signal for CORSIA – 58mn tonnes of CO_2 – was brought to the market when the International Civil Aviation Organization (ICAO) publishing its first Sectoral Growth Factor. We expect an additional 78mn tonnes of new demand in 2026 (see page 16). The supply of CORSIA Eligible Emission Units is now taking off, with new guarantee options and additional volumes tagged as CORSIA eligible in carbon credit registries (see page 25).

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2026 demand drivers

Carbon market 2026 demand driver overview

Corporate voluntary initiatives

SBTi Corporate Net Zero Standard V2

- Credits are expected to be recognised to address corporates' ongoing emissions and to become **mandatory** at later stages of decarbonisation.

Taskforce on Nature-related Financial Disclosures

- There will be an increased focus on how carbon credits and insets can mitigate nature-based risk, as more companies assess their risks through **TNFD** and **ISSB**.

Carbon credit claims guidance

- Better clarity is set to emerge in 2026 around contribution and emissions compensation claims, with SBTi expected to release a new carbon credit label under its OER framework.

Integrity driving market confidence

- An increased number of ICVCM CCP-approved methodologies are bringing impetus to **high-integrity supply**. Higher market confidence will separate 'traditional' supply from more stringently reviewed options.

International carbon markets

CORSIA compensation requirements

- Demand for CORSIA-compliant carbon credits (Eligible Emissions Units) will begin to materialise, with airlines procuring eligible units to cover their emissions for the First Phase of the scheme. Aviation emissions grew 15% from the scheme's 2019 baseline to 2024, resulting in a demand for **58mn tonnes** of eligible units to **cover 2024 emissions**.
- In 2026 ICAO will publish its emissions compensation volumes for 2025 emissions, with an expected increase in CORSIA demand – we anticipate an **additional 78mn tonnes of new demand this year**.

Article 6

- The Article 6 registry system will be built in 2026 following the UNFCCC assigning a contract for its development. This will enable a scaling of the issuance and trading of Article 6 carbon credit units.
- Countries are expected to increase the number of approvals for project transition and registration into PACM throughout 2026.

Country-level policies

Asia

- **Japan's GX-ETS** will become mandatory in April, affecting 300+ companies and over 50% of Japan's emissions. Companies can use domestic (J-credits) and international credits (JCM) to compensate **up to 10%** of obligations.
- **China's ETS** is expected to expand in scope and coverage, bringing more sectors and companies into obligation to reduce emissions.
- **India's Carbon Credit Trading Scheme** is set to launch mid-2026, which will rely on domestic units that can be used to demonstrate compliance with emissions benchmarks.

European Union

- The EU's CRCF regulation is expected to enable the use of carbon removals in the EU ETS, while the operationalisation of CBAM could indirectly trigger European commercial partners to pursue their own carbon pricing schemes.

South America

- **Brazil** will continue with the development of its **ETS implementation administrative rules.**

SCIENCE BASED TARGETS ISO TNFD ISSB UNITED NATIONS

Demand driver focus

The SBTi's recognition of carbon credits to address ongoing emissions

The Science Based Targets initiative (SBTi) remains single most influential corporate demand-side driver for the VCM. The final draft of SBTi's Corporate Net Zero Standard (CNZS) V2 is set to recognise companies taking responsibility for emissions with carbon credits, provide greater clarity on role of credits in net zero and related claims, and renew market optimism.

For a more in-depth exploration of the SBTi's draft CNZS V2, download our explainer.

CNZS V2: What to expect?

Likely

- SBTi will introduce a recognition system – **Ongoing Emissions Responsibility (OER)** – for companies using carbon credits and/or engaging with climate finance.
- SBTi will **require** companies to take responsibility for ongoing emissions in the future (currently proposed for 2035).
- Companies will be required to integrate and increase the percentage of short-lived and long-lived **carbon removals** out to their net-zero dates.
- Requirements will differ based on company size and geography.

Uncertain

- More detail is expected on the **mandatory OER phase**, including what percentage of emissions responsibility should be taken for, what percentage should be avoidance versus removals, and what percentage of that should be short-lived versus long-lived removals.
- More is also expected on the **percentage of residual emissions** that remain at the net-zero date, and how carbon removals will fit in with other Scope 3 approaches (e.g. shared responsibility, insetting, and Environmental Attribute Certificates).

Possible

- SBTi may introduce a **middle tier** to accompany the 'recognised' (using carbon credits to address 1% of ongoing emissions) and 'leadership' (using carbon credits to address 40% of ongoing emissions) tiers.
- SBTi may change current **internal carbon price** recommendations ($20 for recognised) and requirements ($80 for leadership).
- SBTi may change requirements around the **percentage of emissions addressed** with carbon credits versus other climate finance routes.
- SBTi may adopt **third-party integrity principles** (e.g. ICVCM), or ask companies to provide evidence of adhering to SBTi's own integrity principles.

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Demand driver focus

Integrity and co-benefits driving carbon credit buyer criteria and confidence

What new and existing carbon credit buyers are looking for is changing. Buyer criteria in Abatable-led carbon credit procurements are converging around high-integrity attributes and project co-benefits as primary drivers, as buyers gain greater clarity on what good looks like in the VCM.

What buyers are prioritising in their procurement mandates going into 2026:

CCP-approved methodologies

The ICVCM has been successful in providing clarity on high-integrity, with 40 different CCP-approved methodologies from eight eligible programmes now serving as the 'preferred' criteria for project selection.

Benefits beyond carbon

Companies are increasingly aligning their carbon credit portfolios with their broader sustainability ambitions, and are investing in due diligence to ensure that projects deliver stated benefits beyond the carbon reduced or removed.

Price competitiveness

Buyers don't have bottomless pockets: they want to purchase high-quality credits at transparent and competitive prices, maximising the amount of funding going to the communities operating the projects.

Buyer perspective

Quality starts with proven impact – we're looking for credits that deliver real, measurable climate benefits, and that also create value for communities, nature and ecosystems on the ground. Alignment with integrity standards like ICVCM is critical, but it's a baseline rather than the finish line.

In 2026, we'll continue to build a balanced portfolio that pairs durable removals that can clearly demonstrate results with high-integrity, contribution-based projects that deliver strong community and biodiversity outcomes essential to the climate transition.

Evolving our approach with the market to maximise our impact and innovation is a core principle underpinning our strategy. For example, examining how over time, long-term offtake agreements can support us in securing new project types that align with our values and climate and nature goals, rather than relying on short-term spot purchases. This kind of engagement helps projects scale, while also supporting innovation, by providing clearer signals to the market.

Valerie Lossman
Environmental Sustainability Strategy & Operations Leader, EY

Vintage recency

While not always an indicator of quality, the vintage validity window for buyers has narrowed significantly, with a dominant corporate preference for 2022+ credits to ensure alignment with emission years.

Geography

Buyers tend to exclude projects in politically unstable countries and prioritise 'home-court' advantage by preferring those located in their own operating regions.

We expect corporate carbon credit buyers to continue refining requirements for purchasing credits in 2026 as the bar for baseline quality continues to rise. As a result, we also expect buyers to continue to invest in more sophisticated due diligence to ensure their carbon credit portfolios are in line with their sustainability objectives.

Buyer perspective

In addition to our primary focus on decarbonisation, we're building a purposefully diverse carbon credit portfolio, supporting geographically diversified near-term solutions that can reach scale quickly, and longer-term solutions that will need decades to scale. Our core criteria are aligned with ICVCM's Core Carbon Principles, but we've also added our own criteria, including wider social, biodiversity, and economic impacts, and contribution to systemic change.

The market continues to evolve, and we hope this year to see increasing clarity on the high-integrity use of carbon credits, pushed forward by initiatives such as the Coalition to Grow Carbon Markets, giving more buyers incentive and confidence to enter the market and further climate action.

Stuart Leckie
Climate Program Lead, Capgemini

Capgemini

Buyer perspective

The most important criteria for us when buying carbon credits are authenticity and impact. We're looking for projects that genuinely help us on our journey to net zero, and don't just tick a box – so rigorous measurement, real removals, and alignment with broader climate science matter most.

In 2026, we hope to see the market focusing towards higher transparency and quality, where credible credits are valued not just for their headline numbers but for their contribution to real climate progress and taking into account factors including the impact on local economies.

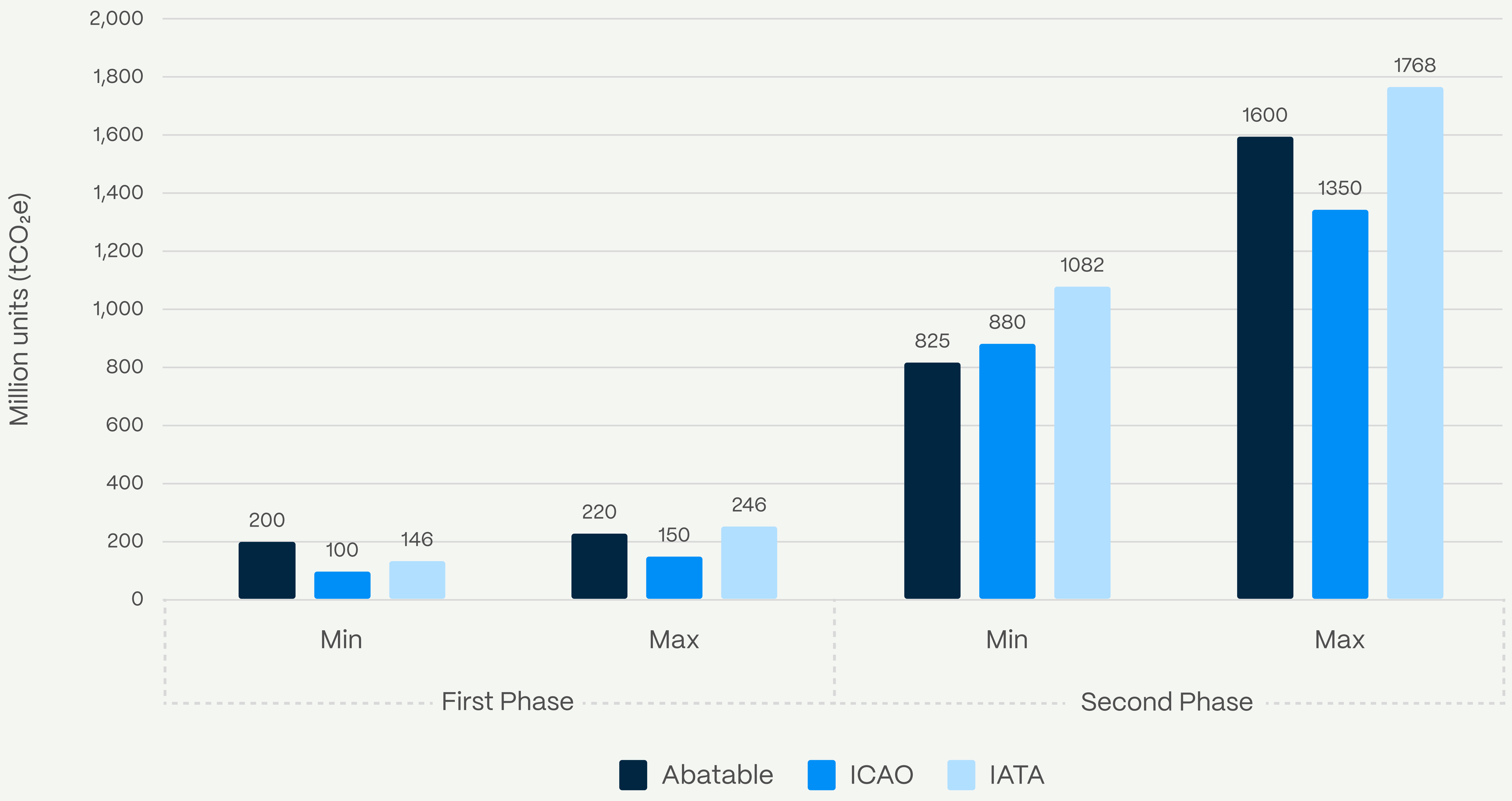
Christos Tsaprounis
People & Culture Director, Autotrader

AutoTrader

Demand driver focus

Airlines initiating the procurement of EEUs for their CORSIA compliance requirements

Figure 01. Forecasted CORSIA demand under First and Second Phases



Forecasted minimum and maximum CORSIA carbon credit demand scenarios under the scheme's First and Second Phase from Abatable, ICAO and IATA.

We expect up to **78mn tonnes of new demand** for Eligible Emission Units (EEUs) **in 2026** to compensate for airlines' 2025 emissions obligations under CORSIA. This comes on top of the 58mn tonnes required to compensate airlines' 2024 emissions.

We estimate total EEU demand to be between **200–220mn tonnes** during the whole CORSIA First Phase (2024–2026).

CORSIA compliance is bringing a structural change in the demand for carbon credits – 2024 and 2025 demand is **equivalent to 40% of total VCM retirements over the same period**.

Explore our interactive CORSIA forecast in our platform.

Dates to watch for CORSIA's First Phase

State notification	By **30 November 2027** national authorities will notify airlines of their total final offsetting requirements for the entire CORSIA First Phase.
Credit cancellation	By **31 January 2028** airlines must cancel the required number of CORSIA EEUs for the First Phase.
Reporting	By **30 April 2028** airlines must submit their final Emissions Unit Cancellation Report (EUCR) to their state authority.

Demand driver focus

Continued convergence between compliance schemes and voluntary markets – Japan will lead the way in 2026

Japan's GX-ETS is set to become **Asia's second-largest carbon market** and a major driver of carbon credit demand in 2026.

Evolving from Japan's GX-League and becoming mandatory in **April 2026**, the scheme will apply to companies with annual emissions over 100,000 tonnes. Between 300 and 400 companies, jointly responsible for 500–600mn tonnes of CO_2 emissions a year (over half of Japan's total emissions), will be impacted.

Participating companies **will be able to use carbon credits to meet 10%** of their emissions obligations.

Credits can be sourced through two routes:

1. **J-Credits** – Japan's domestic carbon credit scheme
    - *Carbon project types*: Nature-based solutions, renewable energy and industrial efficiency with future inclusion of engineered removals (BECCS, DAC).
2. **Joint Crediting Mechanism (JCM)** – An international Article 6.2 scheme, with 29 partner countries
    - *Carbon project types*: Avoidance focus – renewable energy, industrial efficiency.

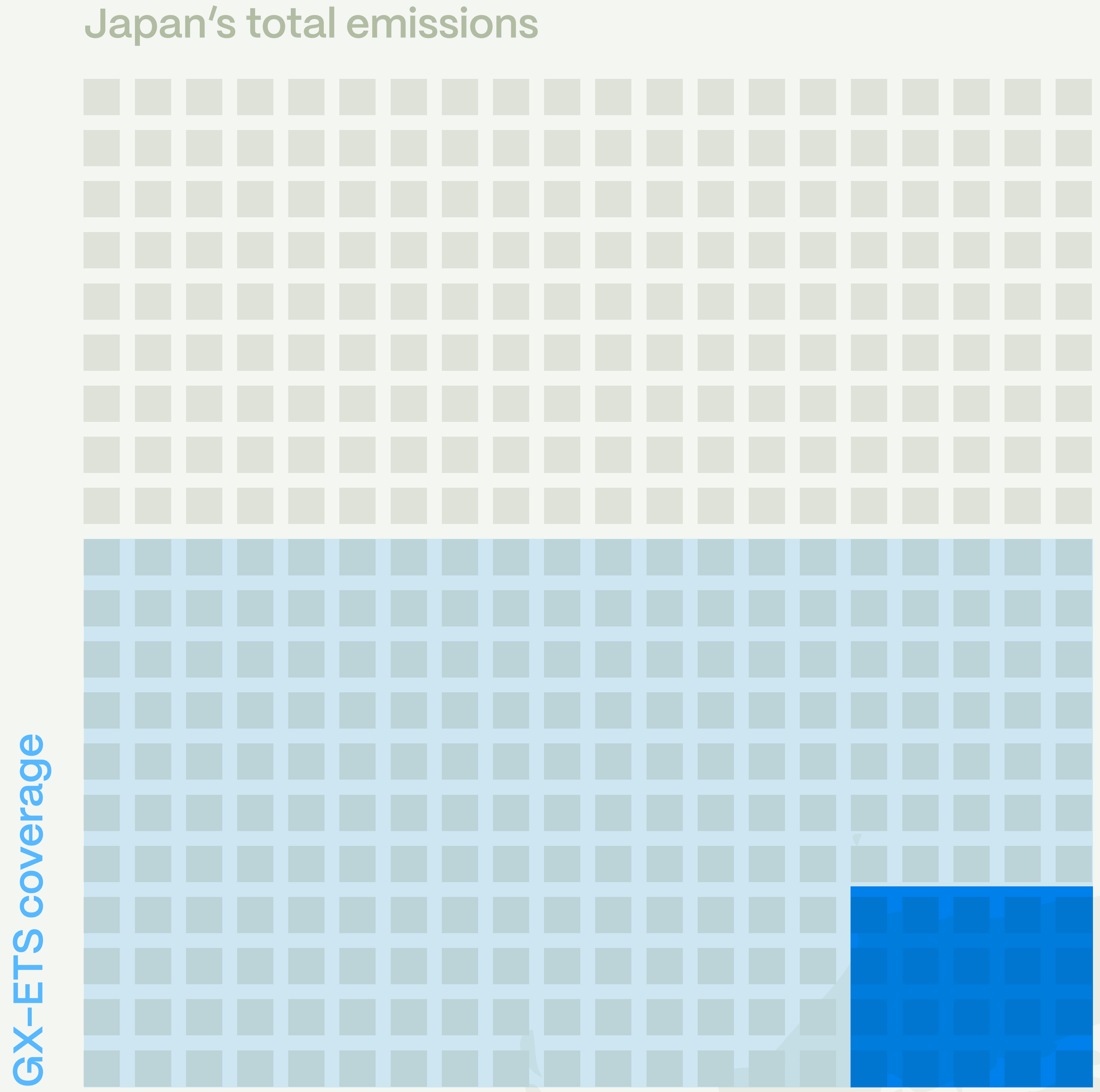


Figure 02.

10%

of GX-ETS compliance requirements can be met using carbon credits (50–60mn tonnes)

Japan's total CO_2 emissions
1bn tonnes / year

GX-ETS coverage
500–600mn tonnes / year

Potential demand for credits
50–60mn tonnes / year

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2026 supply drivers

The evolution of credit issuances

Following 2021's peak, **credit supply continued to fall in 2025** based largely on a decline in renewable energy and cookstove credit issuances compared to 2024. The year-on-year growth in the market's **cumulative surplus** of credits is slowing, with the net surplus of credits in 2025 (issuances minus retirements) at **115mn tonnes**, down from 123mn tonnes in 2024. Retirements from the seven registries Abatable tracks (not included in Figure 03) reduced slightly in 2025 to 163mn tonnes, down from 172mn tonnes in 2024.

Explore interactive carbon credit supply and demand trends in our platform.

Supplier perspective

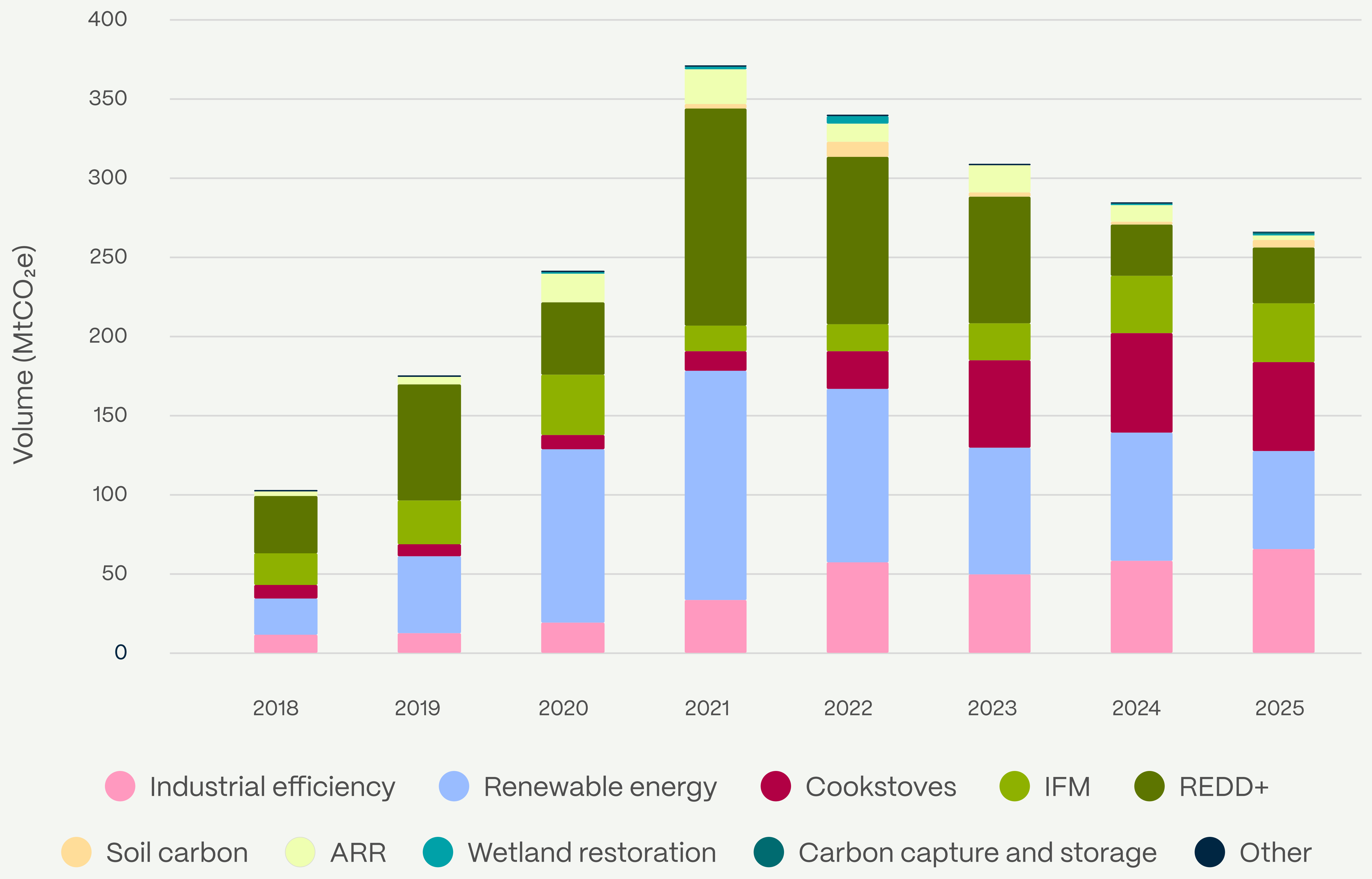
Our approach in 2026 is centred on 'integrity at scale'. We are responding to buyer preferences, for example by highlighting the critical role of avoiding super-pollutants, specifically methane destruction, as the fastest lever to mitigate short-term warming.

In 2026, corporate credit buyers are becoming far more sophisticated, appropriating deep knowledge about carbon markets to execute both short-term and long-term strategies. This demand is also fuelled by regulatory clarity in CORSIA, Article 6 and local compliance markets. While these regulated frameworks mature, we see the voluntary market as the critical solution for 2026, offering the immediate liquidity and speed needed for companies to take additional climate action now.

Paulo Laguardia
Environmental Operations Superintendent,
Orizon Valorização de Resíduos

ORIZON
VALORIZAÇÃO DE RESÍDUOS

Figure 03. Issuances over time by project type

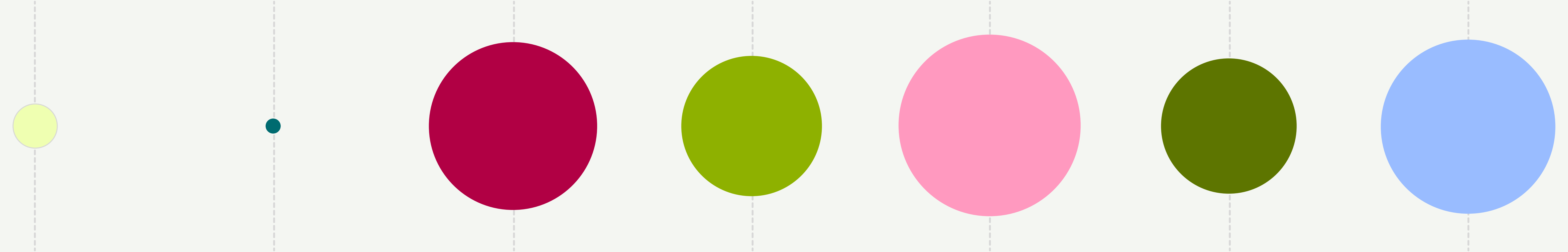


Source: Carbon credit issuance data from ACR, ART-TREES, CAR, Cercarbono, COLCX, Gold Standard, Isometric and Verra.

The market continues to be dominated by avoidance project types

Figure 04

Supply in 2025 continued to be dominated by long-standing emissions avoidance project types, with cookstoves, industrial efficiency, renewable energy, and REDD+ making up 222mn tonnes – 83% of supply. Nature-based options are a significant supply source relative to technology-based options, bringing over 80mn credits in 2025 (30%), with a balanced split between emissions avoidance and removals. The top five project developers in most project types increased their concentration of total supply in 2025 compared to 2024.



Project type	ARR	CCS	Cookstoves	IFM	Industrial efficiency	REDD+	Renewable energy	Soil carbon	Wetland restoration
Total 2025 issuances (tonnes)	4,058,010	430,190	56,696,240	37,276,360	66,486,840	34,815,564	61,020,762	4,230,060	78,390
Top five 2025 suppliers*	FORLIANCE EUCAPINE S.R.L Forestry Consulting Group Livelihoods Fund South Pole	Eco Material Technologies Inc. CarbonCure Technologies Inc. Neustark AG	KOKO Networks DelAgua The African Stove Company Impact Carbon INTRACO (SIPCO)	Anew Climate Canopia Carbon NativState Toroto Permian Global	Whirlpool Corporation A-Gas US Inc. Ascend Performance Materials KDM Energia EcoGas Asia	Guyana Forestry Commission BioCarbon Partners Wildlife Works brCarbon Biofix Consultoria	EKI Energy Infinite Environmental Solutions Sembcorp Green Infra Jaiprakash Power Ventures Limited ReNew	Agreena WeAct Indigo Ag Profit Carbon Northern Rangelands Trust	Worldview International Foundation (WIF)
Top five suppliers' 2025 market concentration (2024 in brackets)	71% (66%)	100% (100%)	49% (41%)	55% (54%)	48% (39%)	77% (68%)	36% (36%)	94% (100%)	100% (100%)

Source: Carbon credit issuance data from ACR, ART-TREES, CAR, Cercarbono, COLCX, Gold Standard, Isometric and Verra. Numbers rounded to nearest 10. *Aside from CCS and Wetland restoration which had fewer than five developers actively issuing credits in Abatable-tracked registries in 2025.

Integrity and investment are the main factors affecting supply in 2026 and beyond

The supply landscape will continue to shift in 2026 based on project developers' ongoing reaction to buyer preferences, forward investment (see page 24) and the market's integrity drive.

We see two main factors influencing future supply:

Credit integrity

Carbon projects are transitioning to new ICVCM-approved methodologies across project types. ICVCM gave CCP approval to several key tech and nature-based removal methodologies in 2025, and we expect more credits issuing under these in 2026 to increase the supply of high-integrity carbon removal.

Abatable's forecasting indicates that projects developed under the CCP methodologies approved in 2025 could issue an additional 865mn credits by 2035, a ninefold increase compared to current CCP-approved credits available in the market today.

Investment

2025 was another significant year for investment into the pipeline of future supply, particularly for nature-based solutions which outpaced investment into engineered solutions (see page 24). Nature-based financing is partly being used to support methodologies to transition to newer, higher-integrity methodologies. Forward contracts are also becoming increasingly important for both buyers and project developers alike to secure future supply of in-demand credits.

Supplier perspective

The most influential factor shaping our approach to the market in 2026 is quality, although we recognise that there is no single, universally accepted definition of it. Different buyers prioritise different attributes – environmental integrity, methodological rigour, community impact, or measurement precision.

The emergence of additional quality labels such as the Core Carbon Principles are helping to align standards, but heterogeneity remains, directly influencing how we design and structure our projects.

The increasing visibility of the tangible benefits that carbon projects can bring to local communities is creating a stronger 'pull effect', making it progressively easier to engage communities, secure land access, and build a broader pipeline of potential projects.

Current policy uncertainty has led us to favour forward contracts, which provide greater revenue predictability and risk mitigation.

José Reyes
Carbon Director, Toroto

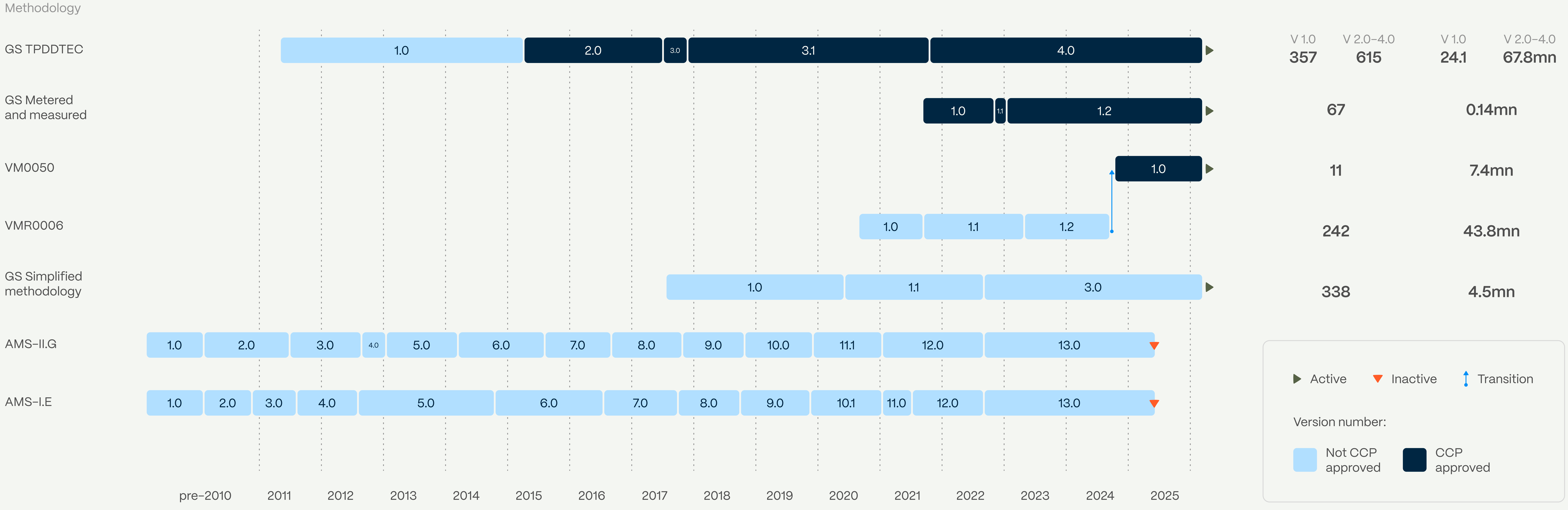
toroto

Abatable

Methodologies are evolving towards higher integrity – Cookstoves

Carbon crediting standards continue improving their methodologies to capture better emissions quantification assumptions and values, leading to a continuous stream of new methodology versions for use in carbon projects. The market is **shifting towards higher-integrity methodologies** that have received Core Carbon Principle approval from the ICVCM. **Figures 05** and **06** map the evolution of methodologies for two types of carbon projects: cookstoves, and land use and forestry. For cookstoves, a total of **41 methodology versions** have been used by more than 3,000 cookstove projects over the last decade.

Figure 05. Cookstove methodology improvement over time



Source: Abatable analysis, based on data from VCS, Gold Standard, UNFCCC and ICVCM

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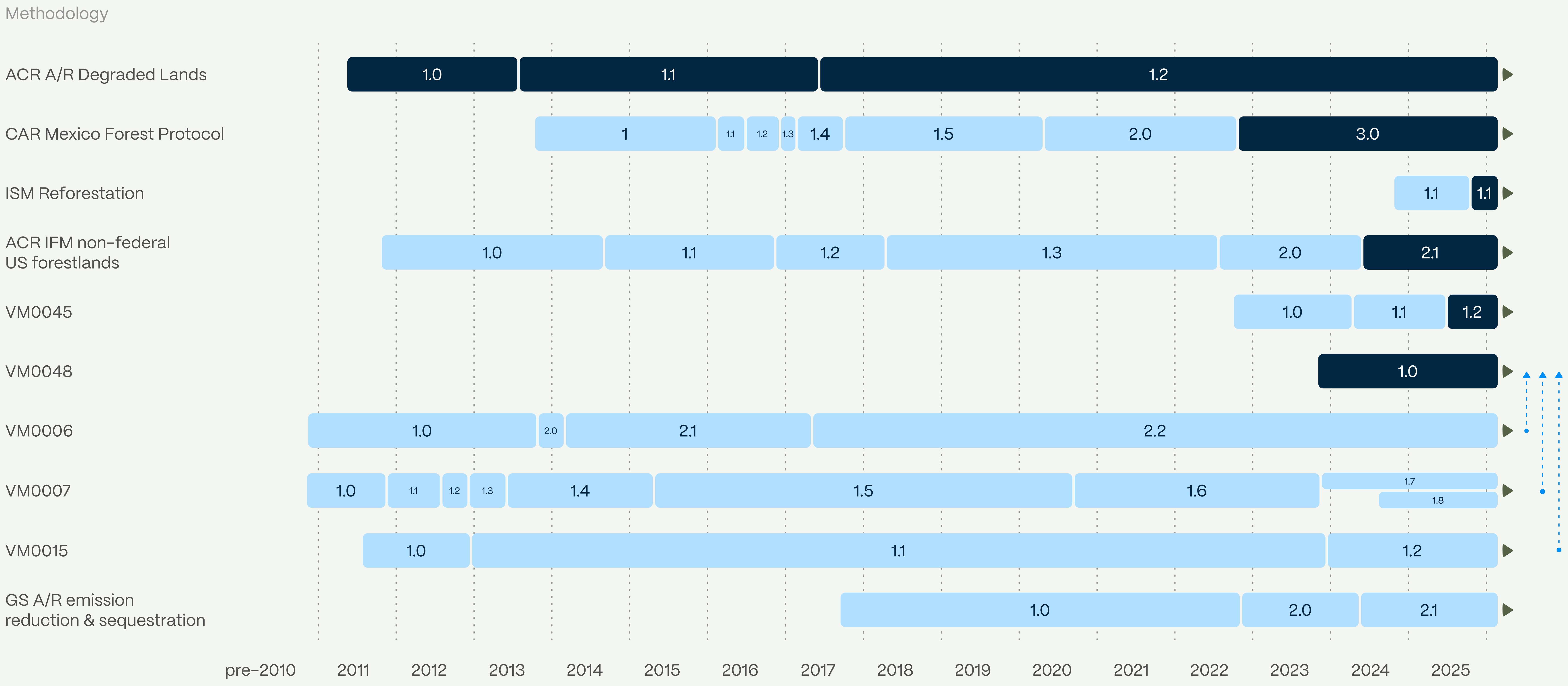
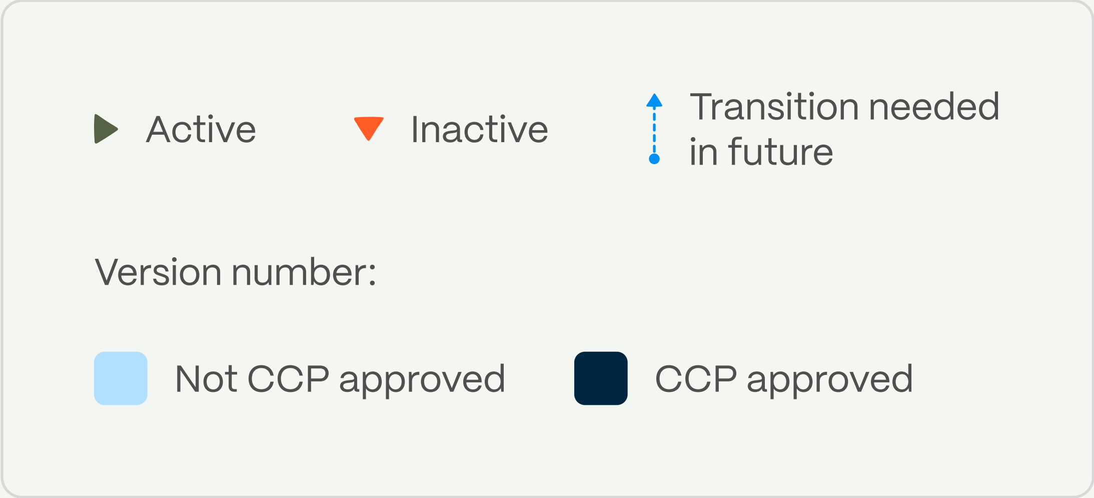
Methodologies are evolving towards higher integrity – Land use and forestry

Land use and forestry carbon projects are migrating to new methodology versions, some of which have received ICVCM Core Carbon Principle approval. The 42 different land use and forestry methodology versions have been used by 592 carbon projects issuing 361mn carbon credits over the last decade.

Figure 06. Land use and forestry methodology improvement over time





Source: Abatable analysis based on data from ACR, CAR, Gold Standard, Isometric, VCS, UNFCCC and ICVCM

Supplier perspective

In 2026 we continue to see the trend of the voluntary carbon market moving towards stronger foundations, namely improved quality standards, a growing number of investors considering nature as an asset, and buyers that are more sophisticated in their purchase strategies. We thus anticipate greater engagement in long-term offtake agreements and more effective project due diligence processes. We also foresee the widespread adoption of the portfolio approach, with corporate buyers purchasing a mix of high-quality carbon reduction and removal credits to achieve carbon neutrality targets and manage residual emissions.

Pierre Forestier
Head of Investments, aDryada

aDryada

Abatable

Forward contracts are having a growing influence on future supply

Nature-based funding reaches record levels

Overall funding announced for carbon project development from both corporates and investors was down in 2025 to **$15.8bn**, mainly due to a drop in engineered carbon removal investment commitments. However **funding announced for nature-based (NBS) projects reached a record $9bn in 2025**, primarily through fund commitments. Overall funding for engineered carbon removals was down in 2025, due to reduced financial flows previously connected to the US' Inflation Reduction Act.

Forward contract values rose significantly in 2025

Forward contracts for carbon credits saw the biggest gains in 2025, **reaching $5.8bn** – a 58% increase on 2024 – showing that corporates and investors are increasingly looking to secure future carbon credit supply through offtake agreements. This is particularly the case for engineered carbon removal solutions, where corporates and buyers' coalitions are securing future supply through forward contracts.

Figure 07. Value of funding deals from all sources

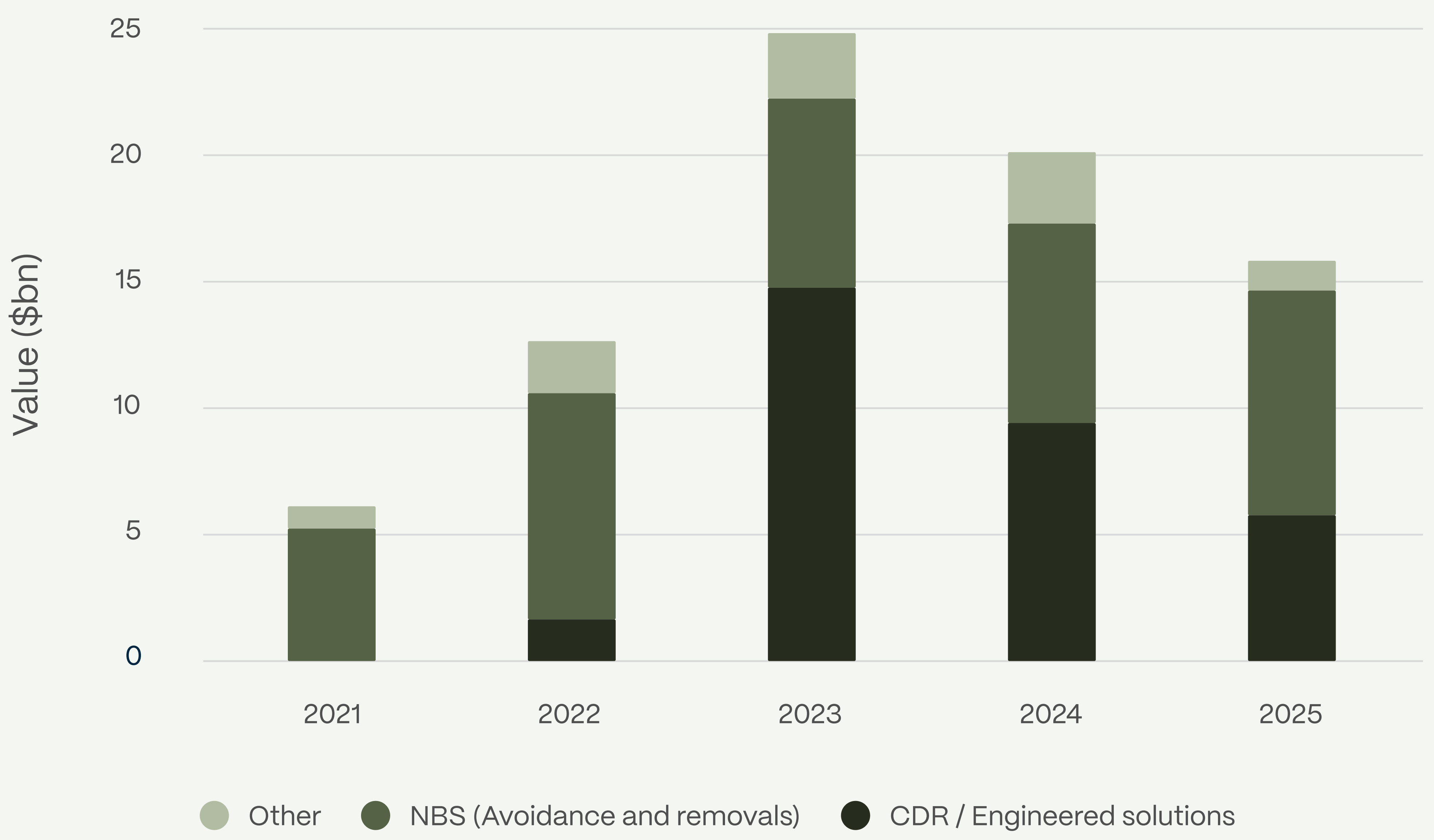
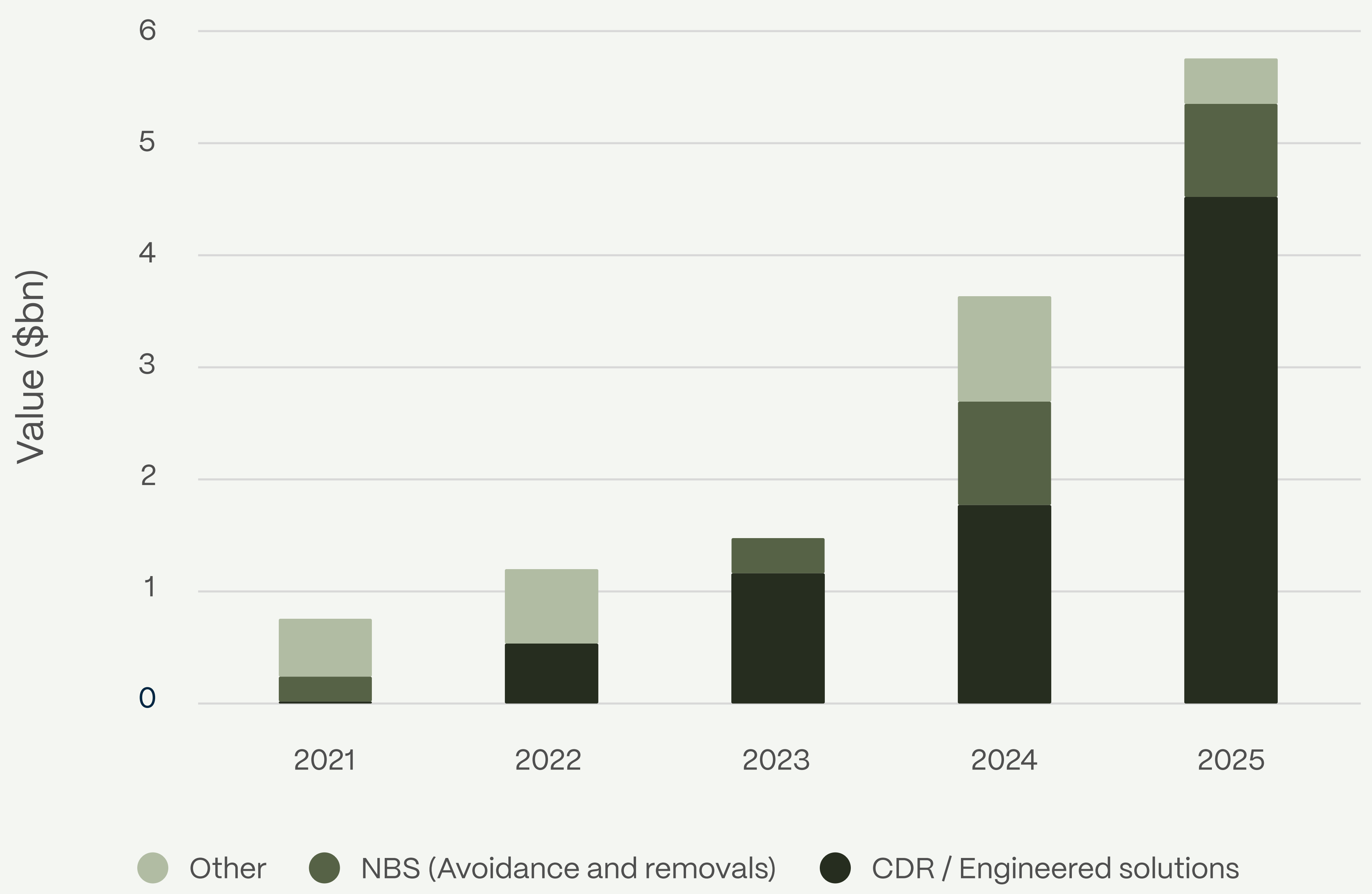


Figure 08. Value of forward contract deals (VERPAs)



Explore our interactive carbon market funding dataset in our platform.

Source: Abatable, as of 31 December 2025. Figure 07 comprises announcements of corporate multi-year deals (VERPAs), new investments in project operators (equity, debt, project finance) and new investment fund formation. Figure 08 pulls out the value of VERPAs specifically. 'Other' includes the following project types: Household devices and cookstoves, industrial efficiency, renewable energy, and mixed portfolios.

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CORSIA supply is taking off

As recently as mid-2025 the supply of CORSIA Eligible Emissions Units (EEUs) was limited to a single ART TREES project with a total issuance of about 15.8mn EEUs. The key supply bottleneck for CORSIA has been the issuance of Letters of Authorisation (LoAs) from carbon project host country governments to allow credits to be used in the scheme. Certain countries have begun accelerating LoA issuance, resulting in **31.3mn tonnes of CO_2 now eligible for CORSIA First Phase use**. Additional LoAs are expected to unlock more supply in the coming months, while the International Civil Aviation Organization, which oversees CORSIA, assesses additional programmes for eligibility to further increase CORSIA supply.

Current CORSIA First Phase EEU supply

Standard	Project	Subtotal*
ART TREES	ART 102 – Guyana	24,963,214
CAR	CAR 1480 – Adipic acid	2,217,600
Gold Standard	GS 11638 – Rwanda water purifier GS 10789 – Tanzania cookstoves GS 11677 – Malawi biomass	20,657 184,500 1,508,719
Verra VCS	VCS 2924 – Lao PDR cookstoves VCS 3204 – Lao PDR water purifier VCS 3699 – Rwanda cookstoves VCS 4000 – Gambia cookstoves VCS 4150 – Rwanda cookstoves	450,000 100,000 52,335 20,000 1,786,058
	Total	31,303,703

Total future First Phase supply

Supply for CORSIA's First Phase could increase to **148–175mn tonnes of CO_2** based on the number of projects registered with eligible programmes, typical issuance, and considering ICAO eligibility rules for units.

ICAO eligibility rules:

- Crediting period is on or after 01.01.2016
- Vintage is 2021 or later
- Credits can not be from an ICAO-excluded activity type or methodology
- Units must be authorised for Other International Mitigation Purposes (OIMP)
- Units must have proper guarantees, such as insurance, in case of authorisation revocation fom a host government

Source: Abatable with data from the CORSIA eligible programmes ART TREES, ACR, CAR, Gold Standard, Isometric, Premium T-VER, Verra VCS. Data to 08.02.2026. CORSIA Eligibility labelling can be confirmed in the respective registry

* Volumes are units issued and labelled for CORSIA's First Phase. For VCS, volumes per vintage exclude 6,601,796 VCUs labelled as 'CORSIA Scope'.

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Carbon credit prices in 2026 and beyond

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Nature-based removals

The market is increasingly valuing the natural sequestration of CO_2

Carbon credit buyers are paying higher prices for the future delivery of nature-based removal projects such as soil carbon, Afforestation Reforestation and Revegetation (ARR) and Improved Forest Management (IFM)*, according to Abatable carbon credit pricing data.

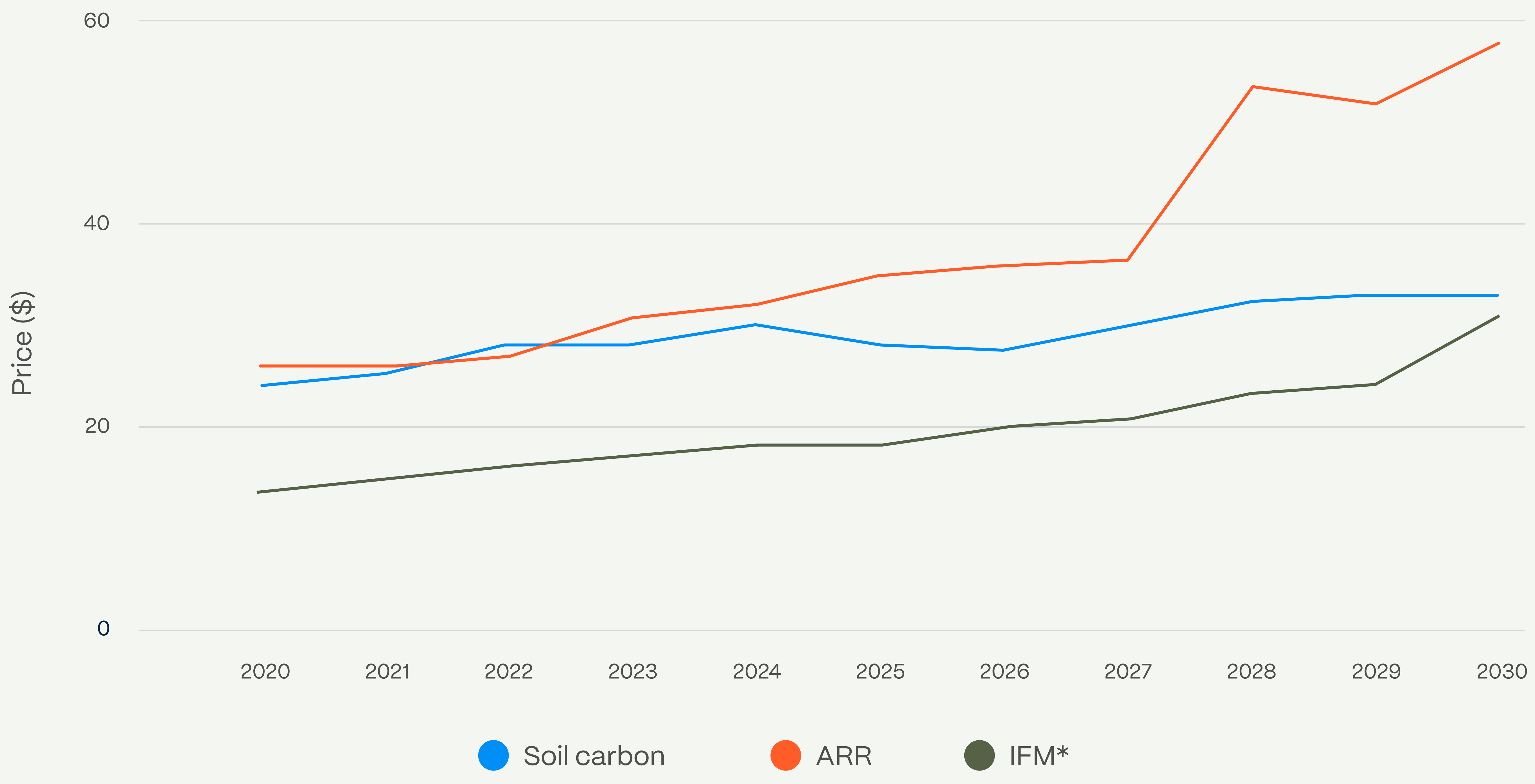
The majority of offers seen in the Abatable platform are for new, updated, and/or CCP-approved nature-based removals. Methodologies like **VM0047** (32% of future ARR offers) and **CAR's Mexico Forest Protocol** (39% of future IFM offers) are popular.

Carbon credit suppliers are charging more for future vintages due to:

- **Higher perceived quality** and the lower availability of new and CPP-approved methodologies commanding a price premium; and
- A requirement for **more upfront finance** to transition to new methodologies and supply requirements, which increases prices in line with the cost of capital.

The latter means offtake prices for new, higher-integrity credits are expected to include financing costs, resulting in a large increase in prices.

Figure 09. Median spot and forward offer prices in 2025 by vintage



Source: Abatable data. Abatable collects pricing data on the current and expected future value of carbon credits through its procurement platform. Prices offered in 2025 for future delivery of credits indicate how suppliers expect the value of project types to evolve over time. *IFM and soil carbon is a hybrid (removal and avoidance) project type

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Engineered removals

CCS forward prices show a small decline, with biochar remaining firm

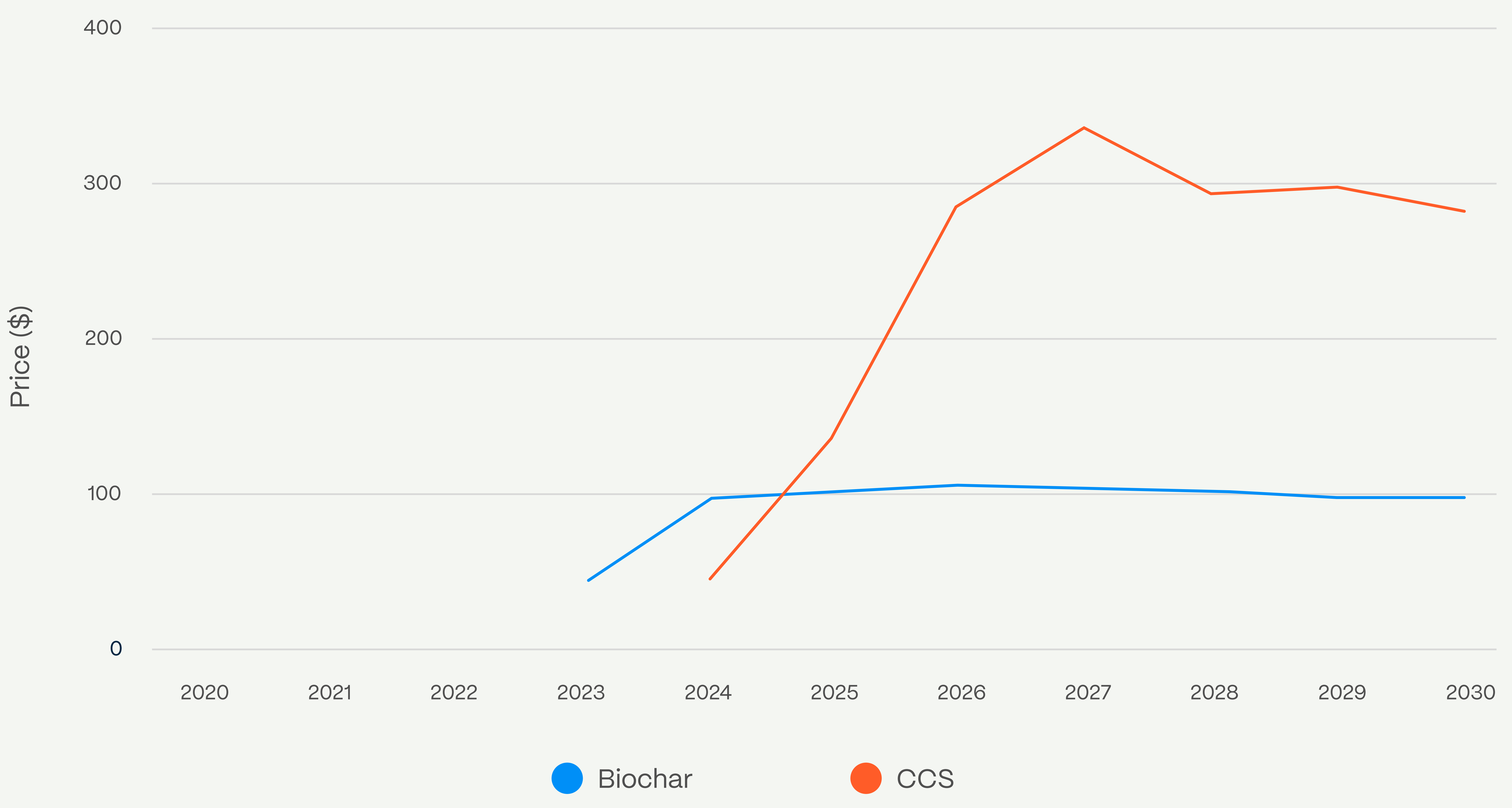
Engineered carbon removals command some of the highest prices in the VCM due to relatively higher permanence and measurability compared to nature-based removals and avoidance projects, combined with a relative lack of available supply.

These factors lead to the majority of engineered removals transactions taking the form of forward contracts rather than spot contracts.

- **Biochar**, as one of the most mature and available engineered removal projects in the VCM, comprises the majority of engineered removal offers in Abatable-facilitated carbon credit RFPs. This relative availability leads to a flattening forward price curve post 2026.
- Other engineered removals under Abatable's CCS category (including **Enhanced Rock Weathering, Bioenergy and Carbon Capture and Storage, and Direct Air Capture**) command higher prices as these project types are in shorter supply, with buyers purchasing future vintage dates paying for early access to these credits.

Prices are expected to stay constant or decrease as project developers continue to de-risk their plants and achieve economies of scale, passing these savings onto buyers.

Figure 10. Median spot and forward offer prices in 2025 by vintage



Source: Abatable data. Abatable collects pricing data on the current and expected future value of carbon credits through its procurement platform. Prices offered in 2025 for future delivery of credits indicate how buyers expect the value of project types to evolve over time.

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Avoidance credits

Cookstoves command highest carbon avoidance forward prices

Despite avoidance projects generally being offered at lower prices than nature-based or engineered removals, **buyers are still paying premiums for future delivery** in order to secure credits that are aligned with new, updated, and/or CCP-approved methodologies.

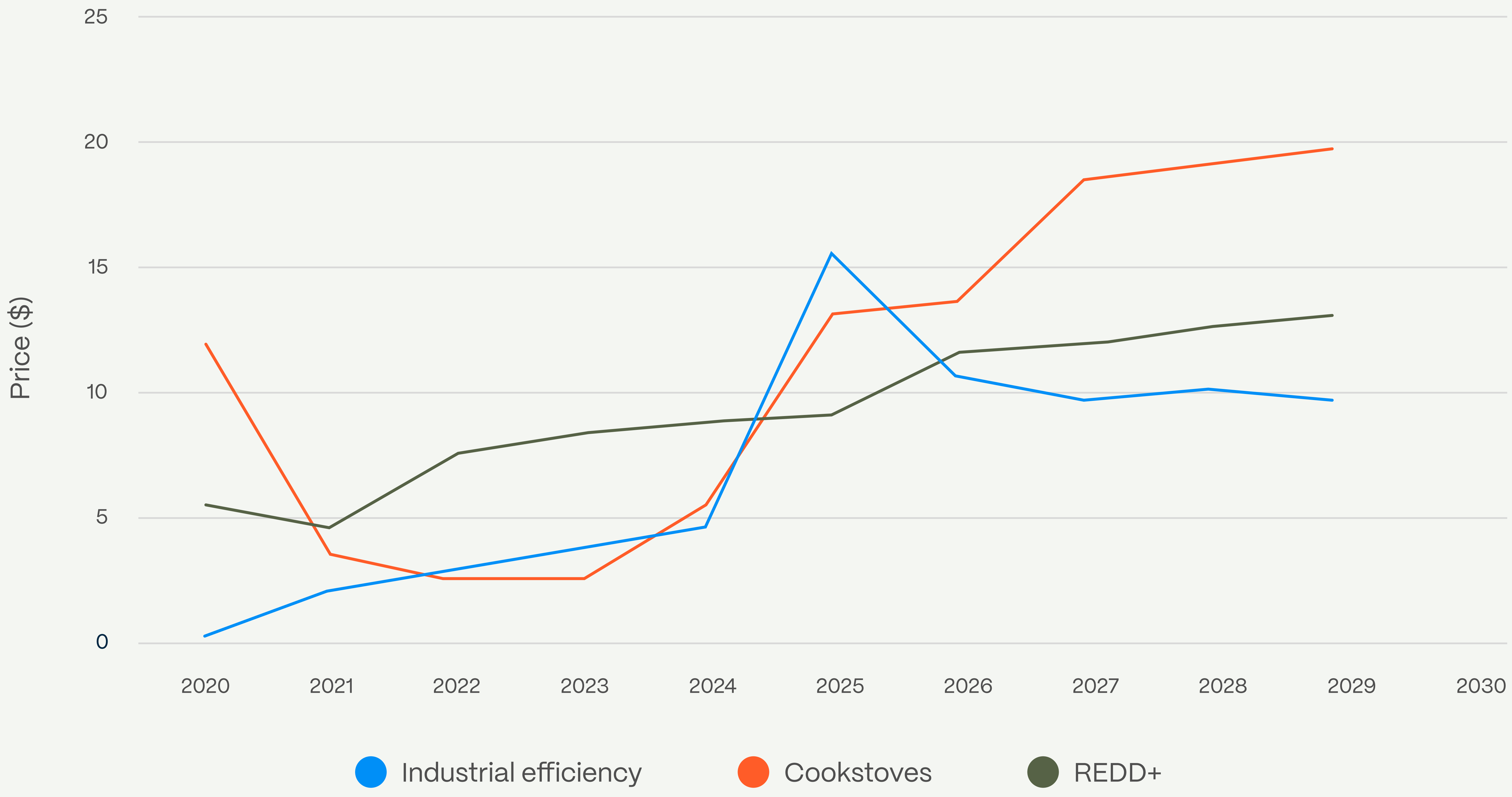
While the median forward price for industrial efficiency projects appears to plateau between 2026 and 2030, some current offers are as high as $30-35 for delivery between 2026 and 2030. These reflect the **rise in demand for high-quality super-pollutant projects**, particularly from buyers in the tech sector such as Microsoft and Google.

Looking ahead, **cookstoves** and **industrial efficiency** projects that are eligible for CORSIA are likely to reflect CORSIA-pricing levels over time as they become the major source of supply.

REDD+ is likely going to continue to be a key source of supply for the voluntary market for buyers interested in nature-positive outcomes, with the transition to new methodologies likely to require higher prices.

This, and an expectation that spot prices will increase, means for credit buyers that investing now to meet sustainability targets offers a better ROI for these credits.

Figure 11. Median spot and forward offer prices in 2025 by vintage



Source: Abatable data. Abatable collects pricing data on the current and expected future value of carbon credits through its procurement platform. Prices offered in 2025 for future delivery of credits indicate how buyers expect the value of project types to evolve over time.

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About Abatable

About Abatable

Abatable is a leading provider of carbon market solutions. It acts as a strategic partner for companies at any stage of their carbon market journey, from complete novice to carbon expert. It delivers long-term impact using its award-winning platform of procurement tools, intelligence offerings, and expert team of climate advisors.

Abatable has **worked with over 200 companies** and deployed **55mn tonnes of high-quality carbon credits.**

Trusted by:

Find out more at abatable.com, on our LinkedIn, or email hello@abatable.com

Our solutions

Procurement

Discover our fully transparent process for sourcing, evaluating, purchasing, and monitoring your customised carbon credit portfolio, all in one place.

Intelligence

Leverage our industry-leading market insights with policy, pricing, and regulatory data to make informed procurement decisions.

Advisory

Access strategy workshops, custom research and reporting, and ongoing consultations to shape and validate strategies with our seasoned carbon market experts.

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