

Oil spin

How fossil fuel interests are seeping into the voluntary carbon market rulebook

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**CARBON
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WATCH**

Table of Content

03 Executive Summary

05 Key Recommendations

06 Setting the scene

- A track record of pollution and inaction: big oil's retreat from net-zero commitments
- Carbon credits as a strategic pillar
- Painting a green image
- The might of fossil fuel lobbying

20 Shaping a business friendly voluntary carbon market

- Taskforce on Scaling Voluntary Carbon Markets (TSVCM) and Integrity Council for the Voluntary Carbon Market (ICVCM)
- Voluntary Carbon Markets Integrity Initiative (VCMI)

37 Full Recommendations

41 Annex: Overview of ICVCM's governance documentation and handling of conflicts-of-interest



Executive summary

Major oil and gas companies have positioned themselves as leaders in the voluntary carbon market – not only as major market participants (buying, selling, and developing credits at enormous scale) but also as power brokers seeking to shape the rules of this market. This report highlights their outsized role: oil supermajors have among the highest global emissions and employ greenwashing strategies including offsetting their emissions and using carbon credits to give the illusion of meaningful progress towards reaching their climate targets.

Oil and gas majors and other key market actors with financial interests have strong incentives in ensuring cheap and low-quality carbon credits remain eligible for compliance obligations and to enable positively skewed yet misleading public communication on their climate engagement, as illustrated in numerous instances in this report. Carbon credits, and the rules governing their use, therefore can be fairly considered to be of material importance to the business strategies of these powerful market operators. These interests are reflected in how oil and gas majors engage with policy and governance processes.

Their influence is exerted through a range of formal and informal channels. Oil and gas majors engage directly through stakeholder consultations, submit joint and individual position letters to various feedback forums, and their positions are represented indirectly through trade associations they are affiliated with, and through other entities in which they have a financial stake. Across these bodies, they consistently advocate for approaches promoting carbon credit use that is in alignment with their commercial interests, including expanded supply of different carbon credit types and continued market growth.

In parallel, these companies operate in close proximity to the institutions tasked with defining and safeguarding carbon market integrity. As explored in this report, representatives of oil and gas companies and other organisations with financial interests in carbon credit markets have been, and continue to be, represented within decisionmaking structures of key voluntary carbon market bodies: notably the Integrity Council for the Voluntary Carbon Market (ICVCM) and the Voluntary Carbon Market Integrity initiative (VCMI), where they have a seat at the table and role in shaping the outcomes. While this does not appear to strictly breach any conflicts-of-interest requirements set out by these standards, this raises serious concerns over the safeguard policies themselves, and raises the risk that integrity standards intended to strengthen the robustness of voluntary carbon markets may instead be diluted by vested interests.

While there are barriers to assessing whether the outcomes of the work undertaken by voluntary initiatives such as ICVCM and VCMI have been directly influenced by oil and gas companies and other market actors, a clear connection can be made to their track record and activity within the voluntary carbon market, and key access to governance boards and stakeholder fora. There are sufficient grounds to consider this a credible risk that warrants serious scrutiny.



Key recommendations

Carbon Market Watch has prepared the following recommendations, detailed in full at the end of the report, based on the concerning findings from our research:

1

ICVCM and VCMI must exclude fossil fuel representatives and market participants from decisionmaking roles

2

ICVCM and VCMI must strengthen governance rules, transparency requirements, and conflict-of-interest safeguards

3

Carbon credit initiatives, like ICVCM and VCMI, and governments should disclose public consultation responses and lobby efforts of fossil fuel companies and actors with financial interests in carbon markets

4

End the use of carbon credits as a substitute for decarbonisation



Setting the scene

In recent years, more countries, companies, and institutions have committed to reaching net-zero emissions by 2050 with a view to playing their part in limiting global temperature increase below 1.5°C, as outlined in the 2015 Paris Agreement. For such commitments to be successful, corporate business models must undertake a significant transition away from carbon-intensive and environmentally destructive activities.

The largest emitters have a key role to play in achieving this objective. To remain on track for a 1.5°C pathway, the development of new oil, coal, and gas projects must cease, and a substantial share of existing fossil fuel reserves will need to remain in the ground and unexploited.

Several companies considered to be among the greatest global emitters, including major oil and gas corporations, have publicly committed to achieving net-zero emissions by 2050. Alongside these pledges, many oil and gas majors cite progress toward their climate goals by highlighting in marketing campaigns their expanded investments into renewable energy, hydrogen, biofuels, and other technologies.

Yet this positive public messaging contrasts sharply with the core business strategies of these companies. After all, fossil fuel production remains the dominant focus of oil and gas companies' capital expenditure, long-term planning, and revenue streams. Additionally, according to the International Energy Agency, fossil fuel companies devoted less than 4% of their capital expenditure to clean energy in 2024, despite the IEA's assessment that by 2030 these companies should be spending about half their annual investments on clean energy projects to align with global climate goals. In parallel many oil and gas companies have approved new oil and gas projects or expanded exploration activities reinforcing the centrality of fossil fuels within their business model. The clear discrepancy between the public image they promote and their operational reality undermines their credibility as progressive actors.

Faced with the growing gap between climate commitments and operational reality, many oil and gas companies have increasingly relied on carbon credits and the voluntary carbon market (VCM) to display progress toward their climate goals. Rather than delivering major, structural emission reductions within their own operations,



companies frequently frame carbon credit purchases as a form of meaningful climate action. Some companies have participated in the VCM for decades; Shell, for instance, has been the largest corporate buyer of carbon credits for the last three consecutive years.

Mounting evidence shows that many of the credits these firms rely on, whether nature-based¹ or technology-based, often exaggerate their climate impact and are unlikely to provide the tonne-for-tonne reductions they promise. Problems with social safeguards as well as community-level concerns have also surfaced, attracting growing scrutiny from the media and civil society.

Many of these companies are not only buying credits but are also active across many aspects of the VCM ecosystem, including project and methodology development as well as carbon credit trading. Such broad involvement underscores how deeply integrated carbon credits have become in their climate strategies, while further scrutiny reveals how they are increasingly being used as a smokescreen for inaction.

Alongside all of this, there is a depth of research showing that large oil and gas companies, including Shell, BP and Chevron (but not limited to them), continue to influence climate and energy policymaking in ways that shape the rules in their favour. Independent think tanks such as InfluenceMap have documented lobbying activities of large emitters, exposing how they have been negatively influencing the climate agenda for years. In parallel, several companies have been backpeddling on their climate commitments. For example, BP has abandoned its previous target of cutting oil and gas production, while Shell has diluted its energy transition strategy.

Collectively, these developments point to a widening gap between the alleged climate commitments of oil and gas companies and their continued investment in business-as-usual polluting activities, without actually making the necessary structural changes that a genuine energy transition requires.

This report unpacks these dynamics, examining how large fossil fuel companies interact with, and seek to influence, the voluntary carbon market, both publicly and behind the scenes. We assess how they strive for voluntary carbon market growth, weaker rules on

¹See also: Haya, B., Cullenward, D., & Suresh, P. (2023). *The California Air Resources Board's U.S. Forest Offset Protocol Underestimates Leakage*. Goldman School of Public Policy, University of California, Berkeley.



carbon credit quality, as well as increased flexibility around the use of credits in corporate climate strategies. We also consider how these factors shape their approach to new regulation and governance.

While many studies question the environmental integrity of carbon credits and the dubious climate commitments of oil and gas companies, fewer explore how the world's biggest polluters both rely on these credits and work to influence the rules that determine how they can be used. This report aims to fill that gap by focusing on the deep involvement of multiple oil and gas companies, entities they have a financial stake in, and their affiliated trade associations in trying to shape the voluntary carbon market, examining the links between corporate lobbying, climate commitments, and the evolving structure of carbon markets.

A track record of pollution and inaction: big oil's retreat from net-zero commitments

There is clear scientific consensus that to limit global temperature increase to 1.5°C above pre-industrial times, the vast majority of coal, oil, and gas reserves must remain unexploited, while current fossil fuel combustion levels must be drastically reduced. Research published in peer-reviewed journals demonstrates that the emissions already committed by fossil fuel infrastructure in operation or development would surpass the remaining carbon budget under the Paris Agreement, potentially pushing warming beyond 2°C and adding more than 936 billion tonnes of carbon dioxide into the atmosphere.

Despite this, fossil fuel majors continue to defy this reality. Large polluters like Shell, BP and Chevron (but not limited to them) have expanded oil and gas operations, walked back climate commitments, and leaned heavily on accounting tricks and carbon credits to appear aligned with climate goals, all while continuing to fuel the climate crisis.

Despite years of climate pledges, the emissions of oil and gas companies remain enormous. According to data compiled by Influence Map, between them 36 fossil fuel giants produced more than 20 billion tonnes of carbon dioxide emissions in 2023. In 2024, Shell's gross greenhouse gas emissions were 1.166 billion tonnes CO₂eq (a



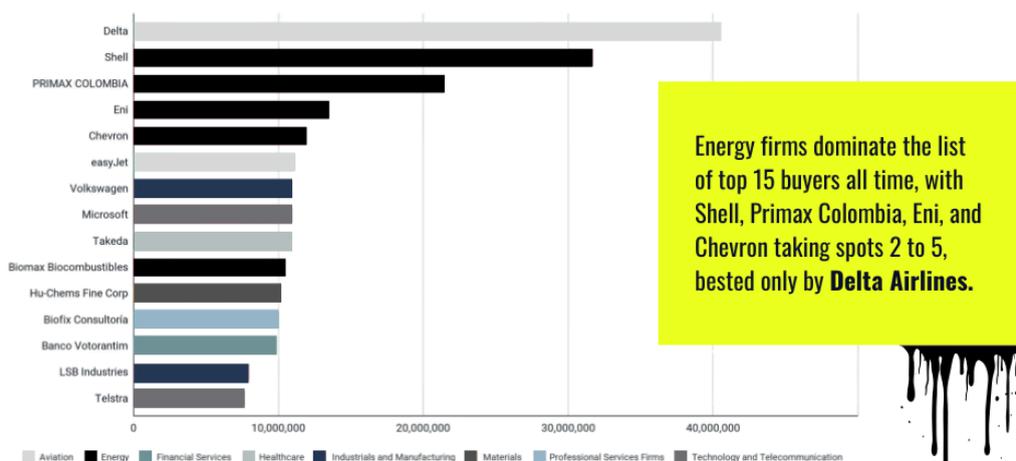
standard unit used to measure and compare the climate impact of different greenhouse gases), roughly triple the annual emissions of the entire UK (400 million tonnes CO₂eq). According to Shell, just over 7% of this is from its operations (Scope 1 and 2 emissions), while nearly 93% - 1.084 billion tonnes CO₂eq - came from the use of its fossil fuels by consumers (Scope 3). BP also reported similar trends: Scope 1 and 2 emissions at 33.6 Mt CO₂e, and Scope 3 emissions at 322 Mt CO₂eq, accounting for 91% of its total footprint.

Carbon credits as a strategic pillar

Carbon credits are often presented by oil and gas companies as a legitimate solution to reach climate targets. Whilst some mitigation actions supported by carbon crediting projects – e.g. preventing deforestation – are in need of financing, this must not come at the expense of inaction on reducing emissions at the source or undermine a credible, science-based pathway to phasing out fossil fuels.

According to AlliedOffsets, oil and gas companies dominate the all time purchase of carbon credits on the voluntary carbon market, occupying four of the top five positions, surpassed only by Delta Airlines ranking as the single largest buyer (Figure 1).

Figure 1: Biggest purchasers of credits of all time through 2024



Source: [AlliedOffsets - VCM 2024 Review & Emerging Trends for 2025](#)



Shell for instance has presented the purchase of carbon credits as a central pillar of its climate strategy and green public image. In a 2021 press release, Shell set out its ambition to become a net-zero emissions energy business by 2050. Part of this strategy included plans to offset 120 million tonnes of emissions by 2030, with a particular emphasis on Scope 3 emissions and the use of predominantly nature-based carbon credits.

In 2024, they retired² 17.3 million carbon credits, almost triple the next largest buyer, 16.4 million of which were used to offset emissions counted within their Net Carbon Intensity (NCI)³, and the remaining 900,000 covering smaller parts of its business such as non-energy products and business travel.⁴ These credits are a mix of predominantly nature-based solutions (e.g., forestry and land-use) and technology-based projects.⁵

Fossil fuel companies in general have been dominating voluntary carbon market purchases in 2024, as illustrated in Figure 2. Eni, the Italian energy giant, purchased around six million credits, with the explicit aim of contributing towards its climate goals. Engie (2.1 million), Woodside Energy (1.4 million) and PetroChina (1.2 million) also have been active in the space. Chevron, although not included in Figure 2, retired eight million credits in 2024 alone (38 million between 2020-2024).

Although not represented in Figure 1 and 2, BP has also been engaging in the voluntary carbon market since the early 2000s, but their current activities are mainly channeled through customer-facing services rather than for meeting its own net-zero targets. TotalEnergies also has expressed its intention to invest about \$100 million per year into building a portfolio of projects capable of generating at least five million metric tons of CO₂-equivalent carbon credits per year by 2030.

² Note: 'retiring' carbon credits refers to the final step of the carbon crediting process, where carbon credits are permanently removed from circulation after their final sale, ensuring they cannot be resold or reused by another entity or country.

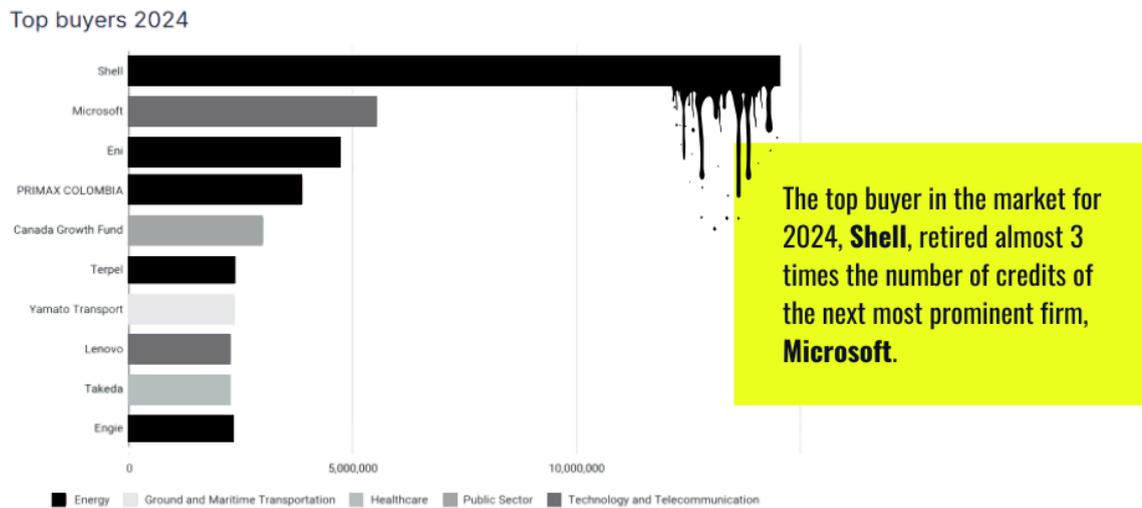
³ A metric developed by Shell which is meant to measure how much carbon pollution is linked to the energy Shell sells, per unit of energy, rather than the company's total emissions. The metric reportedly includes emissions from Shell's own operations and from the use of its products by customers.

⁴ Shell (2024): Annual Report, p95

⁵ Shell (2024): Annual Report, p95



Figure 2: Biggest purchasers of credits in 2024



Source: [AlliedOffsets - VCM 2024 Review & Emerging Trends for 2025](#)

As detailed previously, oil and gas companies' use of carbon credits has not been accompanied by any meaningful change in business practices or development of credible internal decarbonisation pathways. In fact, carbon credits have frequently been presented as a way to overtly greenwash their images and products, such as by misleadingly claiming that liquefied natural gas is carbon-neutral.

In addition, the carbon credit retirement estimates detailed in this section are likely to be higher in reality, since no rules requiring carbon market registries to disclose the buyers of carbon credits exist, meaning that many companies retire them anonymously.

Moreover, the quality of most carbon credits on the market tends to be low. In theory, each carbon credit represents one tonne of CO₂ avoided, reduced or removed from the atmosphere. However, in practice, research and investigations by civil society, the media and carbon credit rating agencies have found significant flaws in carbon accounting across a wide range of carbon credits, with one peer-reviewed paper finding that an astonishing 812 million out of 972 million carbon credits issued (one fifth of total credits issued to date globally) are unlikely to represent a full tonne of CO₂ reduced.



In addition to purchasing large volumes of carbon credits, oil and gas companies are also involved in other aspects of the voluntary carbon market ecosystem, as will be further elaborated in a future report . On the supply side, they operate trading desks which facilitate the transfer of carbon credits⁶ and invest in carbon credit project developers like Finite Carbon in BP's case and Carbonext in Shell's case. Additionally, Shell has recently announced a collaboration with Japanese carbon developer Green Carbon to reduce methane emissions from rice paddies in the Philippines. Such initiatives demonstrate how oil and gas companies are also influencing what projects and credits flow into the market.

Painting a green image

Fossil fuel companies frequently describe their actions as “carbon neutral” or “net-zero” implying that fossil based products or operations do not generate a negative climate impact. In practice, such green claims rely heavily on carbon credits and divert attention away from the core environmental issue: the continued production and use of fossil fuels.

BP, Shell, TotalEnergies and Eni have all used carbon credits to exemplify their alleged transition towards carbon neutrality, and the long-term net-zero strategies for multiple fossil fuel companies include substantial reliance on carbon offsetting, a practice that consumer groups, NGOs, and increasingly courts and regulators, call misleading.

This is enhanced by recent regulatory pushback that has reflected concerns over the misleading nature of offsetting claims. For example, in the European Union a recent bill which enters into force in September 2026 has prohibited offsetting claims for goods and services, due to their inherently deceptive and misleading nature.⁷ Moreover, there have been numerous regulatory court cases that have criticised and held companies accountable for misleading corporate offsetting claims that are in violation of consumer protection laws.

⁶See also: [Shell plc. \(2025\). Carbon credits. Shell Energy.](#)

⁷See also: [Carbon Market Watch \(2024, March 12\) Green Claims Directive: European Parliament votes to ban carbon neutrality for products but not companies.](#)

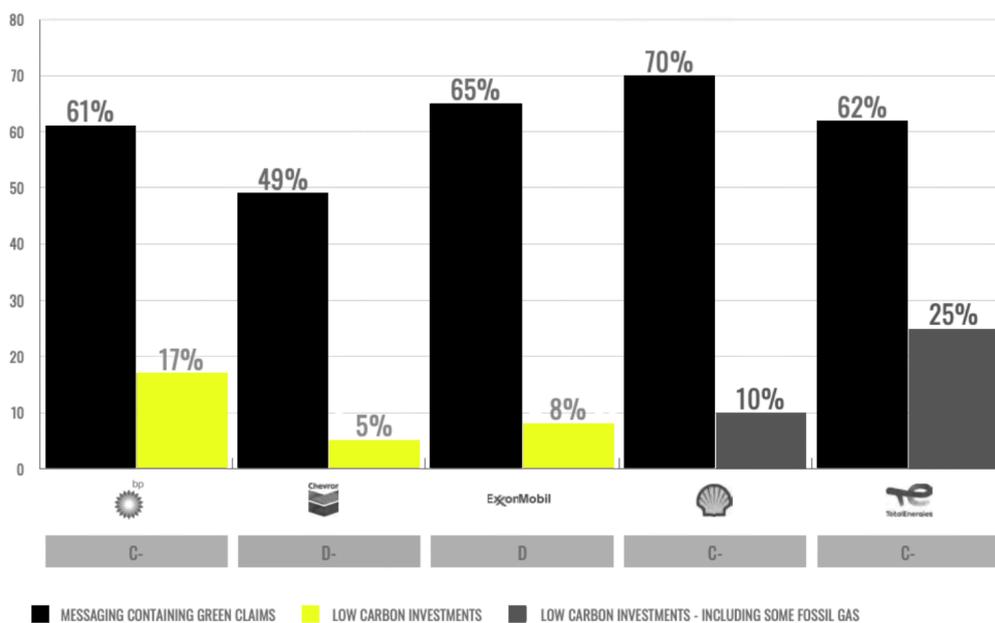


Additionally, according to research by InfluenceMap, since 2019 the five largest publicly-traded oil and gas majors, BP, Chevron, ExxonMobil, Shell, and TotalEnergies have invested over one billion dollars on 'misleading' climate-related branding and lobbying. Shell, for example, spent approximately \$55 million per year on climate related public relations and advertising.

Further analysis by InfluenceMap shows that in 2021, these top five oil and gas companies mentioned a collective spend of \$750 million annually on a systemic strategy to present themselves as climate-responsible actors. This money is funnelled into public relations and advertising agencies, media, and social media platforms that work to help portray them positively on climate action.

The vast majority of this heavy investment into PR goes toward promoting a greener corporate image: around 60% of their communications focused on making a green claim, while only 23% promoted oil and gas activities. Meanwhile, only 12% of the 2022 capital expenditure of BP, Chevron, ExxonMobil, Shell and TotalEnergies was actually forecast to fund low-carbon activities.

Figure 3: Oil companies' green claims relative to low carbon investments



Source: [InfluenceMap - Big Oil's Real Agenda on Climate Change 2022](#)



InfluenceMap's LobbyMap methodology finds that none of the five oil companies have aligned their climate policy engagement activities (referring to advertising, social media, public relations, and direct contact) with a 1.5°C trajectory set out by the Paris Agreement, showing their public-facing climate leadership claims are seriously lacking in credibility.

The might of fossil fuel lobbying

InfluenceMaps has developed a 'LobbyMap' with an A to F scoring system for tracking corporate lobbying on climate, classifying an A+ to B score as engagement that's broadly supportive of Paris-aligned climate engagement and F as obstructive engagement. BP, Shell, and TotalEnergies all received a C- rating for their lobbying practices. ExxonMobil was rated D and Chevron D- indicating varying degrees of misalignment with Paris-aligned climate engagement. Moreover, it is worth noting that InfluenceMap accounts for known corporate lobbying activity but is unable to fully capture discreet lobbying practices such as private meetings, undisclosed political donations and undisclosed advocacy group links, which oil and gas companies are known to pursue.

Moreover, InfluenceMap further illustrates that fossil fuel companies have a long history of announcing public support for climate concepts such as carbon pricing while simultaneously obstructing effective regulatory action through trade associations and other channels. InfluenceMap's analysis of historical corporate climate lobbying finds that the five major oil and gas companies (BP, Chevron, ExxonMobil, Shell, TotalEnergies) and their associated trade associations spent a combined estimated total of \$115 million per year on climate-related lobbying activities in 2016.

At the same time, broader data analysed by lobbying trackers OpenSecrets shows that fossil fuel firms are significant actors, with oil companies spending dozens of millions of dollars on federal lobbying in the United States in 2024 alone. These figures reflect total lobbying expenditure across a wide range of policy areas, not climate policy exclusively, but nevertheless illustrate the mighty financial resources available for this industry to influence policy-making processes.



InfluenceMap found that these five companies (ExxonMobil, Shell, Chevron, BP, TotalEnergies) are also members of industry associations such as the American Petroleum Institute and FuelsEurope that are highly active in opposing Paris Agreement aligned climate policies.

● Trade associations

A key factor in understanding how oil and gas companies lobby is by unpacking their extensive involvement in trade associations around the world. For example, TotalEnergies has publicly acknowledged affiliation with over 1,000 professional associations and chambers of commerce globally, Shell has memberships in hundreds of trade associations worldwide, Chevron similarly discloses involvement with over 100 trade associations, while BP and ExxonMobil claimed affiliation with 67 and 65 associations respectively in 2023. It's worth noting that these numbers may underestimate the full scale, since fossil fuel companies don't always disclose this information publicly.

Trade associations have substantial influence over public policy. By presenting themselves as representatives that speak on behalf of entire industries or the interests of the wider economy, they can shape regulatory debates in ways that favour fossil fuel interests while shielding individual companies from direct scrutiny. Greenpeace's journalism project 'Unearthed' has highlighted how industry groups often do the "dirty work of lobbying against strong climate rules" while the companies publicly claim support for climate action.

Fossil fuel companies may be reporting on their industry association memberships and reviewing alignment with climate targets, but their reporting is not always fully transparent. As a case in point, the Australasian Centre for Corporate Responsibility (ACCR) found that Shell omits hundreds of industry associations in its reporting, only disclosing involvement in 101 such bodies, and in a published report only examined the climate- and energy-related lobbying of 39.⁸ Greenpeace Unearthed also found that many of these undisclosed groups engage in climate or energy lobbying, often pushing for delayed fossil fuel phase-out. In BP's case, reporting in 2020 was even less detailed

⁸ [Australasian Centre for Corporate Responsibility \(2024, March\): In the dark: gaps in Shell's climate lobbying disclosures.](#)



and vague, since it has refused to release a full list of associations, and declined to reveal a specific number.

Of companies tracked by the Influence Map system, Shell and BP are among those belonging to the highest number of industry association memberships (42 and 52 respectively). Importantly, a significant portion of these associations, 50% in BP's case (21 associations) and 52% in Shell's case (27 associations), are classified as 'Oppositional' to Paris-aligned engagement. This means that over half of the trade associations linked to these companies actively lobby against ambitious climate regulation.

Being classified as "oppositional" does not simply mean the associations are inactive on climate issues; but rather they consistently take public positions, make policy submissions, or lobby decision makers in ways that lead to an undermining of climate ambition and successful weakening of climate policy whilst simultaneously promoting and continuing oil and gas exploration and expansion.

While publicly available information is lacking to attribute specific lobbying positions or activities directly to individual member companies, these firms maintain membership in such associations and contribute financially through annual fees. Given that the policy positions pushed for by these associations align with the business interests and the strategic priorities of their members, it is reasonable to hypothesise that this lobbying behaviour, at least in part, in ways that are beneficial to those members.

● Carbon credit lobbying and trade associations

Oil and gas companies are not only making extensive use of trade associations to influence broader climate and energy policy, but are also increasingly working to shape the rules and requirements of carbon credits set by regulators.

As the sections below will elaborate, these fossil fuel companies are influencing and lobbying policies related to carbon credits, including by pushing for looser definitions of what constitutes a "high-quality" credit, resisting robust disclosure requirements related to credit use, and calling for increased flexibility and acceptance of credits as a means of purportedly decarbonising internal company emissions.



This influence is exerted through a range of lobbying activities, including responding to public consultations, sending position letters publicly or privately, launching public-facing campaigns, as well as holding private meetings with policymakers and engaging in other forms of targeted lobbying. This is pursued both directly or via trade associations of which they are members.

Two notable trade associations that are active on the topic of carbon credits and which feature oil and gas companies in their membership include the International Emissions Trading Association (Box 1) and the American Petroleum Institute (Box 2).

Another way in which oil and gas companies influence this space is through embedding themselves in carbon credit integrity initiatives often securing influential roles within the very bodies tasked with strengthening integrity within the voluntary carbon market. This will be detailed in a later section of this report.



Box 1: International Emissions Trading Association

Oil and gas companies are members of the International Emissions Trading Association (IETA). It represents more than 330 member companies, including some of the world's largest fossil fuel producers and greenhouse gas emitters such as BP, Chevron, Eni, Rio Tinto, Shell, and TotalEnergies. Representatives from Chevron and Shell currently serve as Directors on IETA's Council. Set up in 1999, it was established to drive a functional international framework for trading greenhouse gas emission reductions and to advocate for effective market-based climate policies. The association has consistently lobbied for the expansion and promotion of carbon markets.

Reflecting this close alignment, Shell has publicly stated: "We have found IETA to be aligned with our climate and energy transition-related policy positions." This position is reinforced in Shell's most recent lobbying report (2024), which further underscores the company's support of the initiative, stating that they "continue(s) to believe it [IETA] could be considered influential in climate and energy transition public policy."

Additionally, BP, Rio Tinto, SEFE and Shell, acknowledge working with IETA to produce the report: "Guidelines for High Integrity Use of Carbon Credits". The guidelines set out principles for the use of carbon credits within corporate climate strategies, including criteria for credit quality, transparency, governance, and the role of carbon credits relative to emissions reductions. While framed as a tool to promote credibility and integrity in the voluntary carbon market, the guidelines reflect industry preferences regarding the continued role of carbon credits as a compliance and mitigation mechanism (e.g. to count towards achieving internal decarbonisation targets). This collaboration therefore illustrates the close relationship between major fossil fuel companies and IETA, and how such partnerships aim at shaping the standards and narratives governing the voluntary carbon market in ways that align with the interests of fossil fuel companies.

Moreover, IETA regularly provides access for its members to attend UNFCCC climate conferences. For example, at COP30 in Belém, Brazil – where key negotiations on UN carbon market rules under Article 6 of the Paris Agreement took place – IETA granted conference access to representatives from BP, ExxonMobil, PetroChina, TotalEnergies and Dow Chemical. Corporate Europe Observatory, Corporate Accountability, and others have gone so far as to describe IETA as "big polluter's inside job", largely for its role in providing COP delegate accreditation to members representing fossil fuel and carbon market business interests, which the Kick Big Polluters Out initiative has also called out.



Box 2: American Petroleum Institute

The American Petroleum Institute (API) is the largest trade association in the United States of America representing the interests of 600 member corporations, including Chevron, ExxonMobil, and Shell, paying membership fees of between \$5 and \$12.5 million dollars per year. The API was established in 1919 as a trade association for the U.S. oil and natural gas industry. Oil and gas companies however have been known to disagree in the US Congress with climate principles put forward by the API. Shell's U.S. Country Chair Gretchen Watkins admitted the company's climate stance was "somewhat misaligned" with API's, but is committed to "continuing to be an active member of API". Shell currently pays more for its API membership than to any other trade association listed in its 2024 lobby report, which casts doubt over Gretchen Watkins claim.

API's climate lobbying track record has received the lowest possible F score in InfluenceMap's scoring system tracking corporate lobbying on climate. InfluenceMap describes API as having "a long track record of lobbying for the continued reliance on fossil fuels and against effective climate action," highlighting the organisation's sustained opposition to policies that would significantly constrain fossil fuel production and use.

API's Climate Action Framework states the organisation's support for carbon pricing as a market-based climate policy tool and explicitly endorses the "use of applicable credits and offsets". Major member companies, including ExxonMobil, publicly expressed support for API's statement. However, API's stated support for carbon pricing has not actually been accompanied by consistent or active backing for specific carbon pricing legislation in the U.S. Congress, and it has a documented track record of lobbying against climate policies, undermining trust in API's declared support for meaningful carbon pricing.

Moreover, API's lobbying for a flexible approach to using carbon credits to reach climate targets in carbon market related initiatives, explored below, further diminishes their credibility and indicates their close alignment with the interests of oil and gas companies on carbon credits.



Shaping a business friendly voluntary carbon market

Taskforce on Scaling Voluntary Carbon Markets (TSVCM) and Integrity Council for the Voluntary Carbon Market (ICVCM)

Large polluters have embedded themselves in prominent positions of influence over initiatives explicitly meant to raise the integrity and scale of carbon markets, such as the Taskforce on Scaling Voluntary Carbon Markets (TSVCM) and its successor, the Integrity Council for the Voluntary Carbon Market (ICVCM).

● **Taskforce on Scaling Voluntary Carbon Markets (TSVCM)**

Governance of TSVCM

The Taskforce on Scaling Voluntary Carbon Markets (TSVCM), initiated by Mark Carney (UN Special Envoy for Climate Action and Finance) in 2020 with the intention to help “grow and consolidate” voluntary carbon markets in order to help meet the objective of the Paris Agreement’s 1.5°C climate target. The TSVCM’s 55 members were mostly corporate representatives, including from big oil companies BP, Shell, and TotalEnergies.

The prominent roles of oil and gas multinationals like BP, Shell, and TotalEnergies, alongside highly polluting airlines such as easyjet, Etihad and Delta, raised serious doubts about whether a process led by the very firms most dependent on fossil fuels, with specific plans to transact high volumes of credits, and with a poor track record of using carbon credits for greenwashing purposes could credibly set “integrity” standards for carbon markets. Civil society groups such as Carbon Market Watch warned that the taskforce risked becoming a vehicle for industry self-regulation, embedding weak rules and loopholes that would allow polluters to continue emitting while claiming alignment with the Paris Agreement.



Additionally, TSVCM's executive secretariat included the International Emissions Trading Association (IETA), which has served in this role since 2021, and the Center for Climate and Energy Solutions (C2ES). Both organisations have close links to major fossil fuel companies through memberships and governance structures. For example, IETA includes BP, Chevron, Eni, Rio Tinto, Shell, and TotalEnergies as members, while C2ES includes Shell's Chief Climate Advisor, David Hone, on its board. These associations have continued beyond the TSVCM period. Following the establishment of the Integrity Council for the Voluntary Carbon Market (ICVCM), IETA and C2ES have remained part of the executive secretariat.

Role and evolution of the TSVCM

Following deliberations in 2021, TSVCM established recommendations which ended up focusing on growing the volume of carbon credits trading on the voluntary carbon market rather than meaningfully addressing quality concerns. For example, the taskforce sought to expand trading via derivatives and futures financial contracts. Rather than setting detailed rules on credit quality, TSVCM proposed a high-level commitment to "high-quality" credits and delegated responsibility for defining and enforcing integrity standards to a new body, the Integrity Council for the Voluntary Carbon Market (ICVCM).

Civil society groups observed that this decision to defer credit quality safeguards meant that concerns raised during early TSVCM consultations were not substantively addressed in the final recommendations. As a result, critics warned that increasing the scale of the voluntary carbon market without clearer upfront rules on credit eligibility and quality risked perpetuating longstanding integrity problems, rather than addressing them.

The decision to defer credit quality safeguards is an approach that is consistent with resulting in outcomes that are favourable to major market participants, which benefit from the growth of carbon markets and a broader availability of eligible credits. As discussed in previous sections, market actors such as the fossil fuel majors have a commercial interest in market growth and in the continued eligibility of large volumes of



credits that can be used toward offsetting and climate targets.⁹ While it is not possible to determine the extent to which these interests influenced TSVCM's eventual decisions, the resulting framework aligned closely with the priorities of participants that would benefit from large volumes of carbon credits lacking in adequate quality requirements.

IETA & ICROA's TSVCM consultation response: pushing for weaker additionality rules

In a public consultation in 2021 to the TSVCM, companies and industry groups provided extensive feedback. IETA and the International Carbon Reduction and Offsetting Alliance (ICROA), an industry organisation focused on promoting voluntary carbon credits, submitted a joint public consultation response, in which IETA pushed back on rules pertaining to carbon credit quality.

In its consultation response, IETA stated that it “has concerns with the inclusion of financial additionality as a requirement” and argued that it “should not be the sole approach to assessing additionality.” IETA further framed financial additionality as a “risk adding complexity and confusion” to the voluntary carbon market. On this basis, IETA concluded that “anything beyond legal or regulatory additionality criteria should be avoided or minimised.”

While IETA framed financial additionality requirements as a potential challenge for project implementation, in reality it is an important test to assess whether projects genuinely depend on carbon credit revenues to operate. Removing or weakening financial additionality rules opens the door to low quality carbon crediting projects.

Looser additionality rules pushed by IETA would have thus made it easier for low quality credits to be recognised as high quality by TSVCM and its successor the ICVCM, which can be reasonably considered consistent with a motivation to maximise carbon credit supply at the expense of quality.

In addition to attempting to shape the rules of the TSVCM, IETA has generally advocated for less stringent approaches and explicitly advocated for market-oriented governance arrangements within the TSVCM process. They pushed for members of the Executive Secretariat, of which they were part, to be granted a more formal and influential role in

⁹See also: BP: [Carbon markets | What we do | Supply, trading & shipping](#); Chevron: [Chevron New Energies: Accelerating lower carbon solutions](#); and TotalEnergies (2024) [United States: TotalEnergies invests in sustainable forestry operations to preserve sustainable carbon sinks](#).



governance, including representation “with a seat on the BoD [Board of Directors] to assure quality, continuity and efficiency in decision-making”.

The submission further proposes that the Secretariat be given a mandate “to develop the assessment frameworks, convene expert panels to get input on specific topics, and make recommendations to the Board of Directors about whether GHG credit programs are eligible or not.”¹⁰ Had IETA’s proposal for members of the executive secretariat to hold seats on the TSVCM governing board been adopted, it could have enabled IETA to play a direct role in shaping assessment frameworks and eligibility decisions.

Elevating industry-affiliated actors into core governance and assessment roles would have posed a structural risk where entities with direct commercial interests in carbon markets participate in setting the rules that govern them. Given IETA’s membership base, which includes major fossil fuel companies and financial institutions, such an arrangement would have raised legitimate concerns about potential conflicts of interest within the rule-making processes of the new governance body.

Box 3: Weak additionality of renewable energy projects

Under the Clean Development Mechanism, many renewable energy projects (especially wind, hydro, and solar) were approved, issuing millions of credits, as a consequence of weak financial additionality rules. Many carbon credits used by major corporate buyers originate from renewable energy and energy efficiency projects that, according to several analyses, may not strictly depend on carbon finance for their financial viability.¹¹

Independent reports have noted that renewable energy projects are becoming increasingly economically feasible on their own, meaning that credit revenue often does not prove decisive in enabling a project to proceed or not, a condition that weakens the purposefulness of methodologies applied in traditional additionality tests. In fact, the ICVCM has excluded certain renewable energy methodologies from its integrity label on the basis that existing approaches do not sufficiently demonstrate additionality.

¹⁰See also: [Corporate Accountability \(2022\): Conflicted beyond credibility: An analysis of Big Polluter ties to prominent “net-zero” initiatives.](#)

¹¹See also: [Trencher, G., Nick, S., Carlson, L., & Johnson, M. \(2024\). Demand for low-quality offsets by major companies undermines climate integrity of the voluntary carbon market. Nature Communications, 15 \(6863\).](#)



Further Carbon Market Watch analysis, based on 2023 data from the Allied Offsets Demo Platform, matched buyers to 105.9 million disclosed credits. It found that 89.9% of renewable energy credits were retired anonymously, compared with just 25.8% of forestry and land-use credits. This stark difference suggests that buyers are far more willing to be publicly associated with forestry and land-use credits, while the high level of anonymity for renewable energy credits may reflect awareness of ongoing credibility concerns surrounding this project type.

● Integrity Council for the Voluntary Carbon Market (ICVCM)

The launch of the Integrity Council for the Voluntary Carbon Market (ICVCM), marked the closure of the TSVC and the continuation of its work in a more formalised structure. The ICVCM is tasked with developing the Core Carbon Principles (CCPs) as a common benchmark for credit quality, with the aim of harmonising a fragmented voluntary carbon market under a single framework. However, problematically fossil fuel companies and market actors with business motivated financial interests¹² have been granted the possibility to hold prominent governance roles.

The presence of a senior representative from a major fossil fuel company and VCM participants on the governing board of the ICVCM raises serious questions about the effectiveness of the council's conflict-of-interest safeguards. In particular, ICVCM has included a senior representative from BP, a company undertaking substantial and ongoing fossil fuel production, a history of opting to use low-quality carbon credits, and a commercial interest in the expansion of voluntary carbon markets is a concern to say the least.

For example, BP's director of climate, Jeff Swartz, sat on the board of directors of the ICVCM from October 2021 to early 2022, which NGOs flagged as posing a serious conflict of interest. Following governance reforms, the board of directors structure was replaced by a formally constituted Governing Board. From April 2022 to July 2025, Jeff Swartz was a member of the Governing Board,¹³ as one of the three market participant

¹² Defined, for the purposes of this report, as any entity (or representative of that entity) that issues, buys, or sells carbon credits or that otherwise either has an ownership interest or investment interest in any entity, organisation or business which participates in the voluntary carbon market.

¹³See also: [ICVCM \(2025\): Summary report: Governing Board meeting 44.](#)



representatives. The involvement of oil and gas interests in these bodies can be likened to foxes guarding the henhouse, particularly given that BP, via representatives such as Jeff Swartz, has previously engaged in efforts to influence other regulatory processes, including government regulation of the voluntary carbon market in context of the United States Commodity Futures Trading Commission, as outlined in Box 4 below.

Box 4: BP America's carbon credit lobbying of the US Commodity Futures Trading Commission

In the United States, the Commodity Futures Trading Commission (CFTC), a regulatory body of federal agencies that regulates financial markets, has exclusive jurisdictional oversight over derivatives markets (e.g. futures contracts). Over several years, the commission debated whether carbon credits should be subjected to CFTC regulatory oversight.

BP's commercial manager for environmental products, Naty Figueroa, sat on the CFTC's Climate Related Risk Subcommittee in 2020, a body composed of 13 associate members tasked with advising on how climate-related risks manifest in financial markets, including through carbon pricing and carbon credits.

Additionally, BP America (the extensive United States arm of BP) engaged with the CFTC on carbon market related issues through multiple written submissions in response to the CFTC. In October 2022, in response to the CFTC "Request for Information on Climate Related Financial Risk", BP America wrote a letter commenting that they "primarily focused on the questions related to the evolution of Voluntary Carbon Markets (VCMs)". BP further argues that the CFTC should "focus on simultaneously enhancing its oversight role in derivatives and futures markets while allowing these markets to become deeper and more liquid" and that the Commission should "play an important role in supporting the growth of VCMs". BP repeatedly frames the voluntary carbon market as a "valuable tool in accelerating the energy transition." Additionally there are multiple direct references to scaling up and growing the voluntary carbon market.

A follow up attachment of a transcribed presentation by Jeff Swartz (Vice President of Low Carbon Strategy for BP) on June 2022, begins by describing BP's support for carbon credits: "we support the use of carbon offsets or credits allowances by companies, countries and society in enabling the world to get to net zero, and meeting the Paris [Agreement] goals" and further emphasises that "voluntary markets for high quality carbon credits are important to finance these activities." The BP representative then carefully balances calls for integrity with warnings against excessive regulation of carbon credits and the voluntary carbon market; he pushed "against adopting forms of regulation that would have the effect of limiting market participation."



ICVCM's governance documents make clear that “market participants” are explicitly included within its governance structure, which has consequently granted representation on ICVCM’s Governing Board to BP and carbon crediting standards the American Carbon Registry and the Architecture for REDD+ Transactions represented by Mary Grady (whose term runs until September 2026), as well as former CEO of Verra, David Antonioli. It raises alarm bells that representatives of major carbon crediting standards are involved directly in the governing board of the ICVCM, an initiative that's meant to define carbon credit quality rules which directly impact the business interests of these standards.

The ICVCM’s governance framework draws on several core policy documents that collectively define the role, eligibility, conflicts-of interest (COI) of Governing Board members, but which leave many areas of improvement as is discussed below.

The Modalities and Procedures establish the overall governance structures of the ICVCM Governing Board, while detailed conflict-of-interest provisions are addressed in separate policy documentation. The Conflicts of Interest Policy and Code of Conduct requirements apply to all Governing Board members, including “market participant members”, while the “Call for Market Participant Members” letter provides additional detail on the intended role, eligibility and restrictions for applicants seeking to be market participant members on the Governing Board.

See the Annex for a detailed overview of the ICVCM’s governance documentation and handling of conflicts-of-interest.

The ICVCM has multiple governance documents that specify the roles, eligibility criteria, and conflict-of-interest requirements applicable to Governing Board members, including the three market participant members. Under the ICVCM Modalities and Procedures (Section 1 in the Annex, the Governing Board includes three seats reserved for “market participants”. Section 1(b) (i) provides further detail explaining that all Governing Board members, including market participant members, are required to serve in an individual capacity, rather than as formal representatives of their employers or organisations.

While these representatives are expected to act in an individual capacity, it is not clear how this independence is guaranteed in practice when an individual is employed by a



company, such as BP, that has a business dependent on continued fossil fuel extraction and combustion, and that has vast commercial interests directly affected by the (perceived) credibility, availability, and use of carbon credits.

The Modalities and Procedures document further indicates that all Governing Board members are obliged to comply with a separate conflicts of interest policy. Jointly these documents define rules that are designed to prevent individuals with recent or significant financial ties to the voluntary carbon market from membership positions. The policy sets out general principles of disclosure, and conflict management, but does not clearly explain how ongoing, structural conflicts associated with active market participation are treated, nor how the limits on decision-making authority for market participant members are applied in practice.

In addition, ICVCM's '*Call for market application* members' application letter, specifies that market representatives roles are intended for "current active participants in carbon markets", reflecting an explicit decision to embed market actors with financial interests within the ICVCM's governing board. The *Call for applications* letter further specifies that "market participants" are subject to specific conflict-of-interest requirements, as outlined in the *Conflicts of Interest policy*, including mandatory disclosure of interests and limits on their participation in certain decisions. In particular, market participant members are not permitted to take part in decisions relating to the assessment of carbon crediting programmes or methodologies where a direct conflict of interest could arise, but they may otherwise participate in other Governing Board deliberations (as mentioned in Section 1 (c) (ii) of the Annex). However, the safeguard restriction is not clearly or explicitly reflected in the referenced *Code of Conduct* and *Conflict of Interest* policy documentation.

On this basis, a Governing Board member such as Jeff Swartz, David Antonioli, or Mary Grady, listed by the ICVCM as a "market participant," does not qualify for the criteria stipulated in the *Conflicts of Interest* and *Code of Conduct* policies, but rather seems to fall within the category stated by what is written in the *Call for applications* letter. In the absence of clearer safeguard requirements across ICVCM's policy documentation, it is difficult to see how such a role can be viewed as independent from the interests of a company like BP or carbon crediting standards such as the American Carbon Registry and the Architecture for REDD+ Transactions. This in our view is an apparent



conflict-of-interest that is not adequately addressed by the current governance and conflicts-of-interest framework.

Overall, there is a lack of clarity and potentially even contradictions across ICVCM governance documents regarding the role of actors with potentially significant financial interests in the market also having a say in the work and strategic decisions of the ICVCM. For example, it is not clear how the different roles and safeguards described across the different policy documents mentioned in the Annex are intended to operate together in practice. This difference is not clearly explained and would benefit from greater clarity in regard to how these two approaches differ in application, including how potential overlaps or influences are managed in different membership criteria within the Governing Board.

In addition, while Governing Board members like market representatives do not have the right to vote on ICVCM decisions to approve or reject carbon crediting programmes and methodologies, they still can influence and shape key decisions by having a seat at the table. This position still furnishes them with the opportunity to weigh in on ICVCM's strategic direction, governance decisions, and oversight of policy development, and to generally influence board members. This in turn may impact ICVCM's priorities and have indirect impacts on decisions regarding eligibility of carbon crediting programmes and methodologies for ICVCM's labelling. Overall, this raises serious questions about whether the current conflict-of-interest model in ICVCM intending to guarantee integrity and robustness is sufficiently stringent.

● **Concluding observations of the former TSVCM and current ICVCM**

This tangled web of relationships illustrates a worrying concentration of influence in the governance bodies of the former TSVCM and current ICVCM from actors holding significant stakes in the continued use of fossil fuels. Rather than clearly demonstrating a motivation towards climate integrity and sincere ambition, the TSVCM and ICVCM's governance structures and affiliations suggest that the governance and decision-making processes of these bodies are susceptible to the whims of oil and gas companies like



BP, aligned trade associations like IETA, and other carbon market actors with financial interests with skin in the game such as carbon crediting standards American Carbon Registry and the Architecture for REDD+ Transactions.

While there is limited evidence that large polluters are directly shaping the rules and requirements set out by the former TSVCM and the current ICVCM, their publicly-held views favour weak(er) carbon credit quality criteria and their involvement in key governance roles raises serious concerns. Their involvement through membership, advisory roles, and affiliated trading bodies points to a governance landscape in which corporate interests could be closely embedded and wield undue influence, whether directly or more discretely. The intertwined relationships between these bodies illustrates a system in which fossil fuel companies have significant proximity to, and potential influence over, the institutions responsible for defining carbon market integrity. This triggers a clear opportunity for big polluters and carbon crediting standards to use their seat at the table to define high quality carbon credits in terms that are compatible with their business interests.

Voluntary Carbon Markets Integrity Initiative (VCMI)

The voluntary carbon market integrity initiative (VCMI), launched in 2021 ahead of COP26, was formed to set guidance on the responsible use of carbon credits by companies and to curb misleading climate claims linked to offsetting. VCMI developed its main guidance on how companies should make climate claims while using carbon credits in June 2023, entitled the [Claims Code of Practice](#).

This guidance supported a shift away from “offsetting” and “compensation” of greenhouse gas emissions by companies, encouraging instead for the private sector to follow a ‘[contribution claims](#)’ model to finance climate action through the [purchase of carbon credits](#). Carbon Market Watch largely welcomed this announcement, stating it was a step in the right direction to rein in greenwashing. However, this was followed by VCMI developing a Scope 3 Code of Practice, which proposed a controversial approach to offset Scope 3 emissions through the purchase of carbon credits and that undermined the positive positioning of its [Claims Code of Practice](#).



Throughout the development of VCMI's sets of guidance, they have consulted with different stakeholders, including NGOs, carbon market trade associations, and oil and gas companies. Shell's [2024 lobbying report](#) acknowledges that the company "advised the Voluntary Carbon Markets Integrity Initiative on its market strategy and the development of its Claims Code of Practice".

Representatives of Shell, including Kevin Soubly, also held a seat on VCMI's [Stakeholder Forum](#) which was convened in July 2025. The Stakeholder Forum was co-founded by the World Business Council for Sustainable Development (whose membership includes oil and gas companies such as BP) as a multistakeholder group that provides input to VCMI's. Brazilian nature-based project developer Carbonext, which Shell Brazil acquired a minority stake in 2022 through an investment of nearly \$40 million, and trade associations such as IETA are also part of this forum.

VCMI has conducted multiple stakeholder consultations over the years, allowing stakeholders to provide feedback and share views on the development of its guidance. While these are made publicly accessible by VCMI, individual submissions from major fossil fuel companies are not publicly identifiable, which could be due to no responses being submitted or responses being submitted anonymously or indirectly via trade associations.

While this makes it difficult to assess the positions taken by specific companies, trade associations with which fossil fuel companies are affiliated did submit responses that are publicly available. Some advocated for positions that, if adopted, could be seen as favouring the interests of major fossil fuel companies like BP and Shell.

Trade associations like IETA, ICROA, and the American Petroleum Institute, which as described previously, represent and/or receive funding from oil and gas companies, have often responded to these open consultations, pushing for ways that would continue to legitimise and promote the misleading use of carbon credits for corporate marketing.

In an early consultation response on the VCMI's "[Provisional Claims Code of Practice](#)", IETA and ICROA's joint submission "welcomed the inclusion of carbon neutral brand-, product- and service-level claims alongside enterprise-wide claims [in VCMI's code]". Although VCMI's final Claims Code did not ultimately endorse carbon-neutral claims, this



response illustrates how industry-linked associations sought to preserve a broad range of offset-based claims within the emerging integrity framework. If it had been successful, this attempt to push VCMI to endorse carbon-neutral claims would clearly have benefited companies with a long history of greenwashing such as major oil and gas corporations.

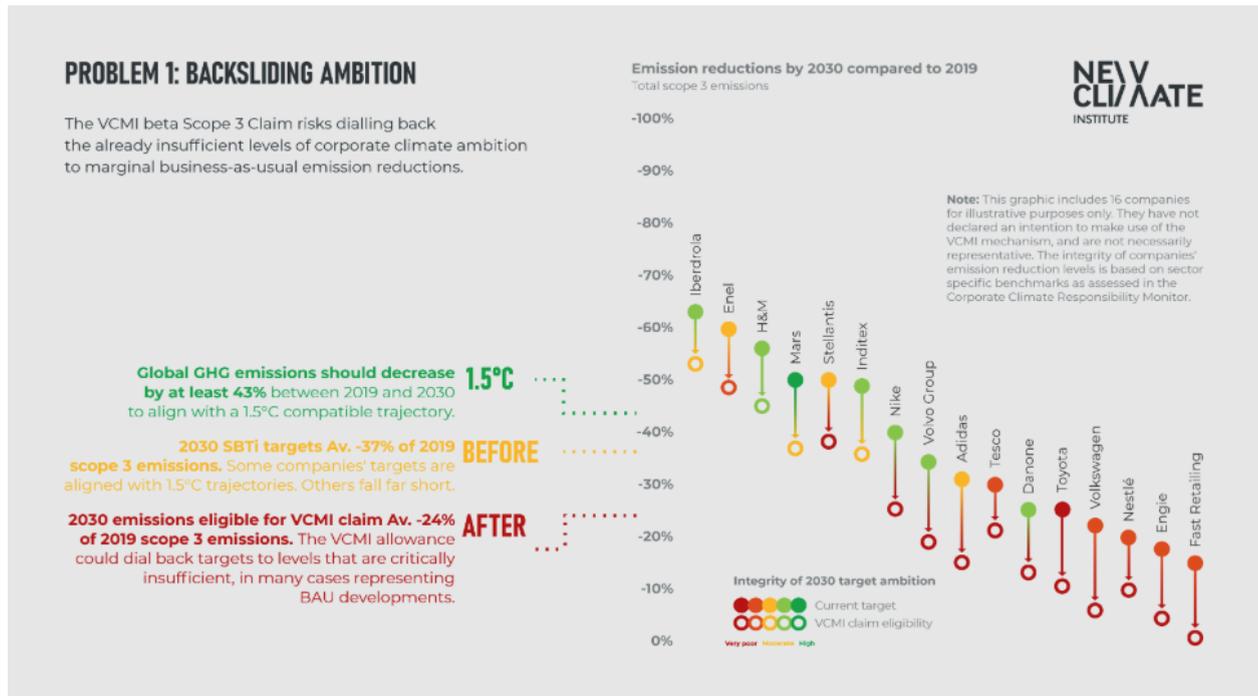
● VCMI's 'beta scope 3 Claim' consultation: responses from carbon market actors

In 2024, VCMI held public consultations on its "beta Scope 3 Claim", which was controversially developed as a way for companies to use carbon credits to address their Scope 3 emissions.

When VCMI launched its "beta Scope 3 Claim" in September 2024. NGOs such as Carbon Market Watch (CMW) critiqued the proposed claim for enabling Scope 3 offsetting and undermining VCMI's previously positive work on its Claims Code of Conduct which did not entail offsetting. CMW noted in its review that the proposed beta Scope 3 claim would allow companies to "appear as climate leaders while continuing to pollute", effectively allowing offsetting in all but name, and warned that the rules lacked robust accountability mechanisms and enforcement. NewClimate Institute analysis of the proposal also raised significant concerns that it would rubberstamp unambitious corporate climate action, even allowing companies to substantially increase their Scope 3 emissions yet still be positively recognised by VCMI (Figure 4). The beta Scope 3 claim included a key provision allowing companies to use carbon credits to effectively offset 24% of their total Scope 3 emissions.



Figure 4: VCMi's beta Scope 3 claim can undermine corporate climate action



Note: This graphic includes 16 companies for illustrative purposes only. They have not declared an intention to make use of the VCMi mechanism, and are not necessarily representative. The integrity of companies' emission reduction levels is based on sector-specific benchmarks as assessed in the [Corporate Climate Responsibility Monitor](#).

Source: [NewClimate Institute \(2024\) Feedback to the VCMi Scope 3 Claim – October 2024.](#)

In IETA's response to the beta Scope 3 Claim consultation, they argued for companies to be allowed to use "high-quality carbon credits [...] to abate Scope 1, 2 and 3 emissions", effectively endorsing the use of carbon credits that are completely unrelated to a company's operations to misleadingly count towards a company's own in-house emission reduction targets. IETA also argues that oil and gas companies are hard-to-abate and should be considered eligible for VCMi's Scope 3 claim (by lowering the exclusion threshold), which curiously is not put forward in IETA's summary of its consultation response but can still be seen in its [full consultation responses](#) submitted



to VCMI. Research by Oil Change International, identifies the notion of fossil fuel companies being hard-to-abate is a “delay tactic” and often used to justify delayed emissions cuts.

IETA further argues that “it has been demonstrated (Ecosystem Marketplace, MSCI, Sylvera reports) that companies that use carbon credits to abate their emissions are also those decarbonising faster and implementing more ambitious strategies to mitigate their scope 1 and 2 emissions”.

However, peer-reviewed research published in Nature Communications, as well as an Oeko-Institut study commissioned by Carbon Market Watch, finds no evidence to substantiate IETA’s bold claim that companies purchasing carbon credits consequently achieve faster internal decarbonisation.

The industry studies mentioned above and which IETA continues to promote in its updated VCMI Guidelines v2.0 are limited because of underlying confounding variables such as differences in company characteristics, poor data accessibility and quality, and potential biases. Hence, they do not actually substantiate the claim that companies purchasing carbon credits decarbonise faster.

Meanwhile, the American Petroleum Institute’s key message in response to the road test for VCMI beta Scope 3 Claim consultation concerns an attempt to justify the oil and gas sector’s continued reliance on fossil fuel sales while using carbon credits as a substitute for real internal emissions reductions. API argues that 80-95% of oil and gas companies emissions are Scope 3, resulting from customers consuming and burning their products, and should thus be qualified as “hard-to-abate” which is an “ill defined” and purposeful delay tactic pursued by large polluters to argue against their need to internally decarbonise and and be considered eligible for VCMI’s Scope 3 claim.

API also pushed to expand VCMI’s cap on credit use beyond 24% of Scope 3 emissions, a threshold already critiqued by NGOs and academics as a lenient and concerning compromise, and a move that would deflect attention away from deep and needed internal decarbonisation.

API also misleadingly argues that limiting the number of credits that can be used against Scope 3 emissions will harm energy affordability. This is an inaccurate perspective which suggests that limiting the number of credits has a direct effect on energy supply or



driving up the costs of energy. No compelling evidence-based justification is provided for such a bold and unfounded assertion. Framing imposed limits on offsetting as a barrier to affordable energy is a diversionary tactic to steer attention away from the responsible actions required to deliver the clean energy transition.

Carbonext, also responded to VCMI's beta scope 3 claim consultation in order to push for wider eligibility of carbon credits. Carbonext specifically pushed back against potential restrictions on where carbon credits can be sourced from. They opposed VCMI's proposed sectoral alignment requirements – which would have required companies to use carbon credits from the same sector as their Scope 3 emissions – arguing these “could become another bottleneck in an already complex market”.

In practical terms, sectoral alignment would mean a fossil fuel company would have to source credits from an energy-sector transition project, such as a renewable energy project, rather than from unrelated sectors like forestry. Given that Carbonext specialises in nature-based projects, and that the majority of credits purchased by fossil fuel companies, like Shell, are nature based credits such as those generated from REDD+ projects, a sectoral alignment requirement would substantially limit the types of credits currently available to these companies.

Additionally, Carbonext also argued that carbon credits could incentivise Scope 1 and 2 emission reductions, often referred to as insetting, which effectively advocates for broader carbon credit use as a tool for managing corporate emissions on paper. Carbonext also repels efforts to attribute corporate responsibility for Scope 3 emissions, which it argues “are not under the control of the company making the [VCMI Scope 3] claim”.

While there is no direct evidence that Carbonext is acting on Shell's behalf, the overlap in commercial interests as well as the positions it put forward in VCMI's consultation promote outcomes that would be favourable to Shell and other significant buyers of carbon credits that have an interest in offsetting their Scope 3 emissions, rather than directly address them internally.



● Concluding remarks on VCMI

VCMI finalised and launched its Scope 3 Action Code of Practice in April 2025, which formalised its controversial approach that effectively amounts to offsetting Scope 3 emissions in all but name. The framework was largely unchanged and in fact even doubled down on certain problematic provisions. For example, it allows companies to overshoot their modeled emissions reduction trajectories by up to 25% of their target year emission levels (the volume of tCO₂e) and by 25% of their reduction delta which refers to the total emissions cut a company has promised between its base year and its target year (i.e. the targeted emissions reduction of x tCO₂e).

As NewClimate Institute notes, if a company sets a low-ambition target and VCMI permits such a large overshoot of target-year emissions, the company's absolute emissions could in fact increase relative to the base year. Additionally carbon credits can be used to "close this gap", which effectively amounts to offsetting and provides a real risk of disincentivising companies from actually taking steps to address their Scope 3 emissions given how easy and inexpensive it is to purchase carbon credits. Moreover, this flexibility can be applied as late as 2040. Carbon Market Watch and other NGOs have warned that the final framework could promote "the use of carbon credits to camouflage the fact that companies [...] are off track" and risk "undermining [VCMI's] credibility" by enabling greenwashing under the guise of integrity.

Direct responses from oil and gas companies, like Shell, to VCMI's consultations are not publicly available, but the positions in submissions from affiliated companies like Carbonext in Shell's case, and from trade associations like IETA and the American Petroleum Institute, advanced positions that favour the interests of oil and gas companies like BP and Shell as well as other major buyers of carbon credits.

Feedback from these different players to VCMI over several consultations and over several years can be considered a form of lobbying. Such an approach ensures a plentiful well of opinion promoting misleading climate claims related to carbon credit use - that has become central to the branding strategies of big polluters - or likewise in loose implementation restrictions to allow credits to compensate for a company's Scope 1, 2 and 3 emissions.



We demonstrate that the above entities and trade associations, clearly put effort into lobbying VCMI to influence decisions that align with their business interests. While there is no direct evidence this directly shaped VCMI's work, the final outcome on its scope 3 code of practice is highly problematic and tends to be in tune with interests that benefit many market actors with a financial interest such as effectively promoting Scope 3 offsetting, discouraging Scope 3 action and rewarding companies that are off track in reaching their climate targets.

Moreover, given that the role of Stakeholder Forum members is to act as a consultative body to provide views and feedback to VCMI guidance and shape the design of VCMI's outputs, the inclusion of companies like Shell on VCMI's Stakeholder Forum membership list raises additional concerns. The participation of such companies in a forum, for which the membership list is no longer publicly accessible, raises questions about transparency and the appropriateness of granting such companies a seat at the table in shaping VCMI guidance.

Companies with direct commercial interest in decisions related to carbon credit use should not be eligible in such a forum, especially since public consultations are open channels they can contribute to. Although the content of discussions or meetings involving these companies is not publicly disclosed, the fact that they have a seat at the table, raises concerns that big polluters were well positioned to influence the development of VCMI's rules in ways that could fit their interests.

VCMI's conflict-of-interest policy is not publicly available, meaning one cannot verify what rules and procedures VCMI may have in place regarding conflicts-of-interest within their governance and membership structure.¹⁴ It is highly concerning that companies like Shell with a vested financial interest in carbon credits had a seat at the table. This situation raises valid concerns over whether or not the VCMI's conflict-of-interest safeguards are sufficiently robust to ensure that standards meant to uphold integrity are developed independently and without undue influence from actors holding significant commercial stakes in the outcomes of its decisions.

¹⁴ Carbon Market Watch asked VCMI for its conflict-of-interest policy. VCMI informed us that while this documentation exists, it is reserved for internal purposes and is not disclosed on the website. Hence, Carbon Market Watch was not able to review the documentation. While VCMI has a [Code of Conduct statement](#) on their website, it is not clear how this applies in practice. For instance, in the context of the recently closed Stakeholder Forum, we see a conflict-of-interest and potential contradiction of VCMI's statement given that Shell was represented here. It is not clear whether companies like Shell actually recused themselves from relevant decision-making (and if this relied on their own discretion to do so), which is a critical issue given that the Stakeholder Forum helped shape VCMI's outputs.



Full recommendations

In light of the concerning findings detailed in this report, Carbon Market Watch has prepared the following set of recommendations for relevant stakeholders aimed at reigning in the undue negative influence of oil and gas companies and of other carbon market interests on key decisions regarding the quality and eligibility of carbon credits.

ICVCM and VCMI must exclude fossil fuel representatives and market participants from decisionmaking roles

Carbon market integrity initiatives must prohibit representatives of major oil and gas companies or of entities with financial interests in carbon markets,¹⁵ including carbon credit standards, from holding decisionmaking roles, such as seats on governing boards or stakeholder fora. The involvement of such actors in decisionmaking processes affects the availability, eligibility, use, and (perceived) quality of carbon credits, posing a clear risk that a conflict-of-interest can occur.

In the past, ICVCM's governing board has included senior representatives from Verra and BP, while it currently includes the most senior representative of the American Carbon Registry and of the Architecture for REDD+ Transactions. Although these market representatives cannot formally vote on ICVCM executive decisions to approve or reject carbon crediting programmes and methodologies, they still can weigh in on the ICVCM's strategic direction and governance positions, and thus have the opportunity to influence voluntary carbon market policy developments, which is wholly inappropriate.

ICVCM should remove current market participants from its governing board entirely. ICVCM should also revise its governance documentation to prohibit the future participation of market participants or of other entities with financial interests in any governance capacity.

¹⁵Defined, for the purposes of this report, as any entity (or representative of that entity) that issues, buys, or sells carbon credits or that otherwise either has an ownership interest or investment interest in any entity, organisation or business which participates in the voluntary carbon market.



VCMI's influential Stakeholder Forum, which provided views and feedback to VCMI guidance and helped shape the design of VCMI's outputs, included in its membership a representative from Shell, which is inherently problematic. VCMI should also define, and publicly disclose, a policy to exclude such representatives from participating in its decisionmaking processes, including in related fora, for example if it decides to renew its Stakeholder Forum in the future.

ICVCM and VCMI must strengthen and clarify their conflict-of-interest provisions

ICVCM's conflict-of-interest provisions lack clarity, and may even be inconsistent, especially with regard to the role of market actors that have significant financial interests in the voluntary carbon market.

It is unclear how the various roles, responsibilities, and conflicts-of-interest safeguards within ICVCM's policy documents are applicable to Governing Board members, especially the three market participant members. As mentioned previously, while these representatives are formally restricted from voting on decisions regarding the assessment of carbon crediting programmes and methodologies, ICVCM's governance documentation implies they are still permitted to participate in, or vote on, broader governance and strategic decisions of the Governing Board. Such decisions can still have direct and indirect impacts on market participants' commercial interests and thus appears to be at odds with ICVCM's internal governance documents. It also seems that ICVCM may rely too much on members disclosing their conflicts of interest and recusing themselves on their own initiative, which is not always necessarily appropriate: ICVCM should also conduct its own due diligence to determine whether members have, or are likely to have, a conflict of interest.

ICVCM must clarify and consistently apply its conflict-of-interest provisions across its internal policies to ensure market participants and other market actors with financial interests are prohibited from participating in or voting on any governance or strategic decisions. If ICVCM wishes to consult with market participants, it must define clear policies for such engagements, which must be done in an independent and fully transparent manner and have no bearing on any ICVCM decisions.



VCMI should publicly disclose all documentation governing its conflict of interest provisions as well as governance and decision-making processes. This should include a clear definition of the role played by different actors involved in its governance structures, a comprehensive conflict-of-interest policy explaining clearly how conflicts are identified and managed in practice, and disclosure of how safeguards are enforced. All documents should be made accessible to the public to ensure clarity and accountability.

Carbon credit initiatives, like ICVCM and VCMI, and governments should disclose public consultation responses and lobbying efforts of fossil fuel companies and actors with financial interests in carbon markets

Integrity initiatives such as ICVCM and VCMI, as well as governments and other organisations conducting public consultations with an impact on carbon credit quality or eligibility, like ISO, GHG-P and SBTi, should make all inputs accessible to the public. This includes consultation submissions, position letters and lobbying materials submitted by companies and industry associations .

At a minimum, disclosure should be required for oil and gas companies and any entity with a financial interest in carbon credits or in the decisions influencing the supply and demand of credits. This would enhance transparency, enable public scrutiny, and reduce the risk of opaque or undue influence over standard-setting processes.

Apply heightened scrutiny to industry trade association engagement

Trade associations such as the International Emissions Trading Association (IETA) and the American Petroleum Institute (API) evidently include major oil and gas companies as well as actors with financial interests in carbon credits among their members.



Carbon credit initiatives such as the ICVCM and VCMI, as well as other organisations making key decisions on carbon credits such as government ministries and corporate climate action standards (e.g. ISO, GHG-P, SBTi), must account for this when engaging with trade associations and considering their input.

Trade associations like IETA and API should publicly disclose which members have contributed to each of its consultation responses as well as whose views they have brought forward in other lobbying engagements, such as when meeting with government officials or carbon credit initiatives like ICVCM and VCMI.

End the use of carbon credits as a substitute for decarbonisation

All companies, especially fossil fuel companies, must drastically reduce their own emissions as the absolute priority and must stop using carbon credits to offset their emissions, whether directly such as via “carbon neutral” products/services or net-zero targets, or indirectly such as by reporting the use of carbon credits as being equivalent to in-house emission reductions in sustainability reporting and greenhouse gas inventories.

The fossil fuel sector must scale up renewable energy investments and stop self-classifying their emissions as hard-to-abate in an effort to delay climate action and to justify the use of carbon credits to enable continuation of business-as-usual polluting practices.



Annex: Overview of ICVCM's governance documentation and handling of conflicts-of-interest

1. Modalities and procedures 2024

a) Document purpose

- i) Establishes ICVCM's core governance architecture. It defines the structure, composition, powers, and decision-making processes of ICVCM bodies, including the Governing Board. Under the ICVCM Modalities and Procedures, the Governance Committee determines the eligibility criteria and establishes the procedures for the nomination, and appointment of Governing Board members. Final authority to appoint members rests with the Governing Board itself, which may accept or reject nominees put forward by the Governance Committee.

b) Governing board composition

- i) The Governing Board comprises up to 22 members, including three seats reserved for "market participants", alongside 9 Independent members and other stakeholder categories.
- ii) All members, including market participants, are expected to serve in their individual capacity rather than as formal representatives of their employers.¹⁶
- iii) Independent members
 - 1) Under the ICVCM's criteria an "Independent member", in contrast to a "market participant", if they have had no recent or material financial or professional ties to the voluntary carbon market.¹⁷
 - 2) Specifically, Independent members must not, in the two years prior to appointment:
 - Have been employed by or had a material pecuniary relationship with any for-profit active market participant deriving revenue from the voluntary carbon market.¹⁸
 - Nor may they be employed by organisations that are significant buyers or investors in carbon credits or that are involved in setting carbon credit standards.¹⁹

¹⁶ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) Integrity Council Modalities and Procedures, Clause 1 \(Governing Board\), paragraph 3, p. 2.](#)

¹⁷ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) Integrity Council Modalities and Procedures, Clause 1 \(Governing Board\), paragraph 2, p. 2.](#)

¹⁸ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) Integrity Council Modalities and Procedures, Clause 1 \(Governing Board\), paragraph 7\(a\), p. 3.](#)

¹⁹ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) Integrity Council Modalities and Procedures, Clause 1 \(Governing Board\), paragraph 7\(a\), p. 3.](#)



iv) **Market Participants**

- 1) The Modalities and Procedures reserve three Governing Board seats for market participant members, distinct from Independent members.²⁰ The document does not actually define “market participant,” even though the “market participant” category of Governing Board member seems to conflict with the aforementioned criteria for independent members. The document indicates that the “Governance Committee shall determine criteria for members representing [...] market participants [...] and shall] establish procedures for application, nomination and appointment of the members of the Governing Board.”²¹

c) **Conflicts of interest requirements**

- i) The Modalities and Procedures does not define or regulate conflicts of interest in substantive terms, rather it requires all board members to comply with a separate conflicts of interest policy.²²
- ii) Specifies limited procedural consequences where a conflict exists, including restrictions on voting and rules governing quorum.²³
- iii) A Governing Board member (or approved alternate) who has a conflict of interest on a particular matter may not vote on that matter. However, they still count toward the quorum for the meeting, even though they are treated as non-voting for that decision.²⁴

2. Conflicts of Interest Policy

a) **Document purpose**

- i) The Conflicts of Interest Policy establishes the principles, procedures, and mechanisms for identifying, disclosing, and managing conflicts of interest within the ICVCM's governance structures.
- ii) It applies to all Governing board members, including “market participant” members,²⁵ and requires them to act in ICVCM's best interests, avoid personal or third-party benefit, and refrain from influencing decisions based on external interests.²⁶

²⁰ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) *Integrity Council Modalities and Procedures*, Clause 1 \(Governing Board\), paragraph 2\(c\), p. 2.](#)

²¹ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) *Integrity Council Modalities and Procedures*, Clause 1 \(Governing Board\), paragraph 6\(e\), p. 3.](#)

²² [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) *Integrity Council Modalities and Procedures*, \(Governing Board\), Duties of the members of the Governing Board, Clause 3 paragraph 1\(a\)\(b\), p. 4.](#)

²³ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) *Integrity Council Modalities and Procedures*, Clause 1 \(Governing Board\), paragraph 3, p. 2.](#)

²⁴ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2024\) *Integrity Council Modalities and Procedures*, \(Governing Board\), Duties of the members of the Governing Board, Clause 4 paragraph 7, p. 6.](#)

²⁵ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 2, paragraph 1\(a\), p. 1.](#)

²⁶ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 1, paragraph 3\(a\),\(b\),\(c\), p. 1.](#)



b) Conflicts of interest

- i) Under the policy, a conflict arises when a Covered Person (e.g. a Governing board member, such as a “market participant”) has “Interests” that may affect their ability to act “fairly and independently” and in the Integrity Council’s best interests.²⁷
- ii) The policy defines interests as:
 - 1) **Organisational Interest:** current or recent (within the past two years) employment, consultancy, governance roles, or other links with an organisation that may benefit from ICVCM decisions.²⁸
 - 2) **Personal Interest:** situations where the Covered Person or an immediate relative may obtain a direct personal benefit from ICVCM-related actions.²⁹
 - 3) **Financial Interest:** ownership, investment, or other financial interests, including current or prospective interests, in entities that transact with the Integrity Council or participate in the voluntary carbon market.³⁰
 - 4) **Representation Interest:** advocacy for, or representation of, private, professional, or organisational interests (current or within the past two years) that could influence impartial performance or conflict with ICVCM’s mission or objectives.³¹
- iii) The policy distinguishes between conflicts:
 - 1) **Actual Conflict**, when a covered person has a live and ongoing conflict.³²
 - 2) **Potential Conflict**, when a covered person may have a conflict in the future.³³
 - 3) **Perceived Conflict**, when a reasonable third party, believes a covered person’s interests could compromise their impartiality.³⁴

3. Code of Conduct

a) Document purpose

- i) The Code of Conduct sets out the ethical standards, behavioural expectations, and integrity principles applicable to all ICVCM office holders, including Governing Board members.
- ii) It applies to all Governing board members, including “market participant” members.³⁵

b) Conflicts of interest

- i) All covered persons must comply with the Conflicts of Interest Policy where it applies.³⁶

²⁷ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 1, p. 2.](#)

²⁸ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 2\(a\), p. 2.](#)

²⁹ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 2\(b\), p. 2.](#)

³⁰ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 2\(c\), p. 2.](#)

³¹ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 2\(d\), p. 2.](#)

³² [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 3, p. 2.](#)

³³ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 3, p. 2.](#)

³⁴ [ICVCM Council Conflicts of Interest Policy \(2024\): Clause 3, paragraph 4, p. 2.](#)

³⁵ [ICVCM Code of Conduct \(2022\): Clause 2, paragraph 1\(a\), p. 1.](#)

³⁶ [ICVCM Code of Conduct \(2022\): Clause 5, paragraph 1, p. 2.](#)



Where it does not formally apply, covered persons are still required to act in accordance with its spirit, including by not using their ICVCM role to obtain any improper financial or other benefit for themselves or third parties,³⁷ and by not seeking to influence ICVCM decisions on the basis of external interests.³⁸

4. **ICVCM Call for Market Participant Members**

a) Document purpose

- i) Invites applications to fill one of the three market participant seats on the Governing Board. It outlines the role expectations and criteria for this role.

b) Market participant role and requirements

- i) Market participant members sit on the Governing Board, which is responsible for strategic decision-making, including decisions relating to the Core Carbon Principles (CCPs) and the Assessment Framework, and provides oversight of the application of the ICVCM Assessment Framework.³⁹
- ii) The three market participant seats are reserved for current active participants in the voluntary carbon market and are intended to ensure that market perspectives and practical experience are understood and considered in Governing Board discussions.⁴⁰

c) Conflicts of interest

- i) All Governing Board members must comply with the ICVCM Code of Conduct, Conflicts of Interest Policy and the Integrity Council Policies.⁴¹
- ii) In accordance with the ICVCM Conflicts of Interest Policy, market participant Governing Board members are not permitted to participate in Governing Board decisions relating to the assessment of carbon crediting programmes or methodologies.⁴²

³⁷ [ICVCM Code of Conduct \(2022\): Clause 5, paragraph 2\(a\), p. 2.](#)

³⁸ [ICVCM Code of Conduct \(2022\): Clause 5, paragraph 2\(b\), p. 2.](#)

³⁹ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2025\) Call for Market Participant Members to the ICVCM Governing Board.](#)

⁴⁰ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2025\) Call for Market Participant Members to the ICVCM Governing Board.](#)

⁴¹ [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2025\) Call for Market Participant Members to the ICVCM Governing Board.](#)

⁴² [Integrity Council for the Voluntary Carbon Market \(ICVCM\) \(2025\) Call for Market Participant Members to the ICVCM Governing Board.](#)



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