



VCM Report

3Q - 2025

October 2025





About Systemica

We are an ecosystem specialized in solutions for the generation and management of carbon credits and environmental assets. Our operations range from the financial structuring of the asset, through the development of projects that reduce and remove emissions, to the formulation of environmental public policies.

We create a continuous cycle of impact, ensuring that each action taken today becomes a legacy for the future, with effective and measurable results.

Our technical team delivers at a superior level. We combine experience, scientific knowledge, and a researcher's spirit to meet the strictest sustainability parameters.

As a result, our projects unfold into significant contributions in both environmental and social spheres.



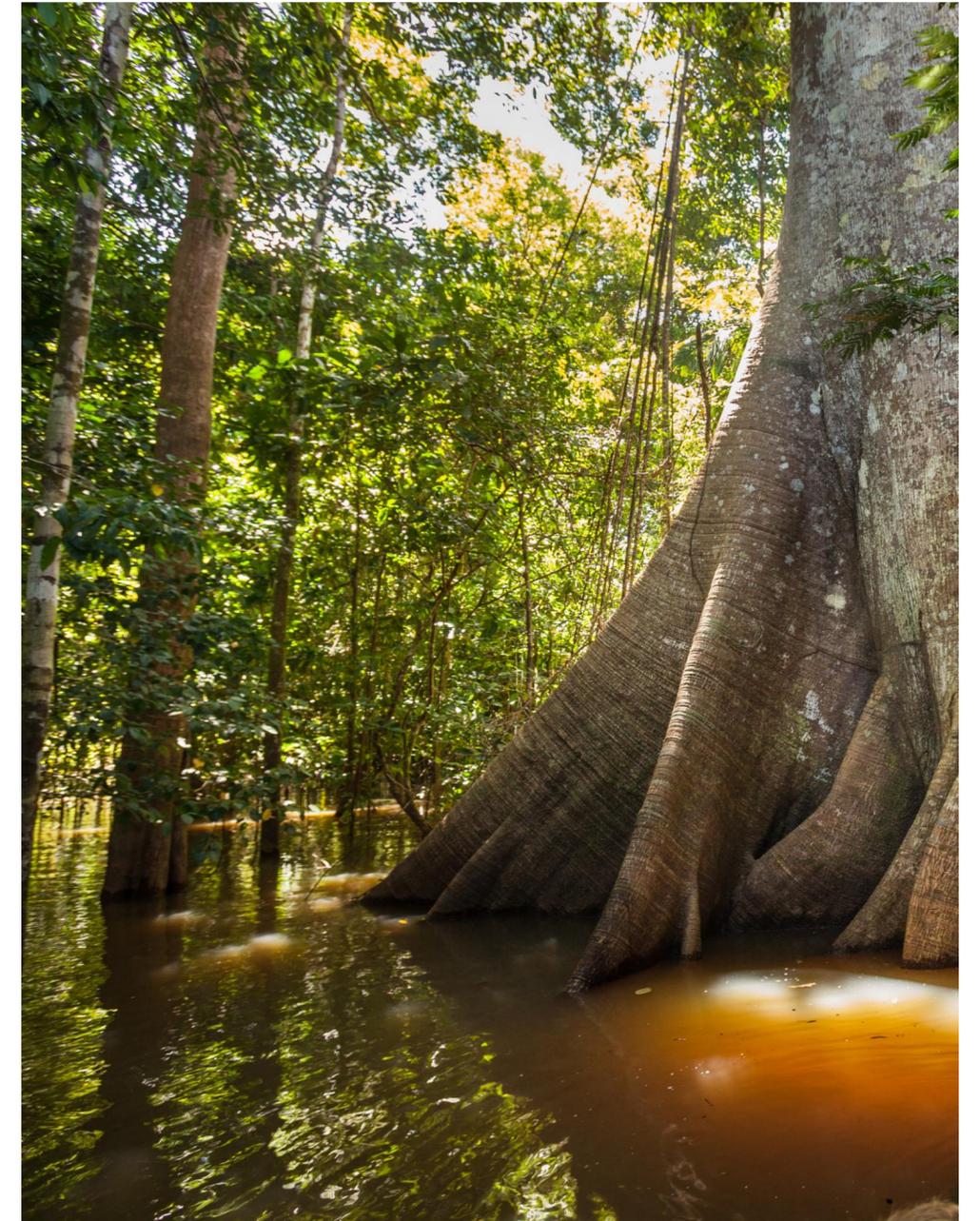
Introduction

The voluntary carbon market stands as a crucial instrument in addressing climate change, deforestation, and biodiversity loss.

Despite a challenging year, the market's value reached an estimated \$1.4 billion in 2024¹, accompanied by demand exceeding 180 MtCO₂e for the third consecutive year. Forecasts from Bloomberg suggest a potential annual market value of \$0.5 - \$1 trillion², contingent upon high credit integrity.

However, challenges persist regarding integrity and transparency, hindering the market's consolidation and effectiveness.

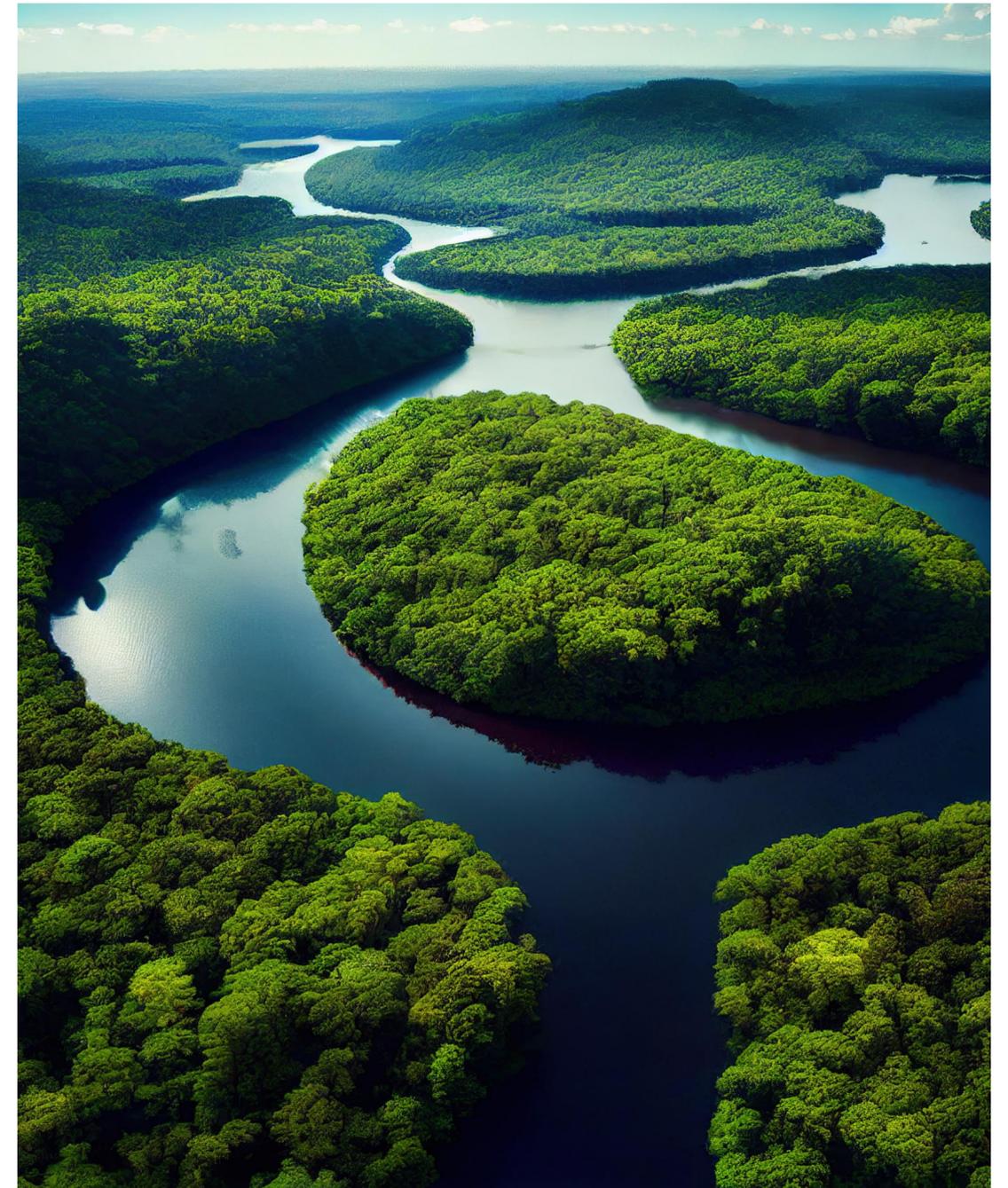
In response to these concerns, Systemica presents a comprehensive analysis of the market's performance in the third quarter of 2025 and offers insights into its outlook for the upcoming year.



¹MSCI, 2025, Frozen Carbon Credit Market May Thaw as 2030 Gets Closer
²BloombergNEF, 2024. Mega Boost for Carbon Offsets Market Seen from SBTi Easing.

Key Insights

- ✓ New credit issuance declined 7.5% year over year, extending the downward trend as the market awaits the supply of updated methodologies. In contrast, retirements exceeded 134 MtCO₂e, up 8.2% compared to the same period in 2024, indicating resilient demand despite subdued issuance levels.
- ✓ The overall market surplus remained slightly above 1 GtCO₂e, with a continued deceleration in its growth rate. Based on current issuance and retirement dynamics, the surplus is projected to expand by less than 6% by year-end 2025.
- ✓ SBTi participation surpassed 11,000 companies, maintaining a steady growth trajectory. In Q3 2025 alone, 1,154 new or enhanced corporate commitments were submitted, covering approximately 1.4 GtCO₂e in emissions.
- ✓ Spot prices in the voluntary carbon market rose to an average of US\$ 3.9/tCO₂e in Q3 2025, an 18% increase over the previous quarter.
- ✓ High-integrity credits traded at average premiums of up to 364% compared to lower-quality projects, reinforcing the expanding price differential driven by integrity, additionality, and methodological rigor.

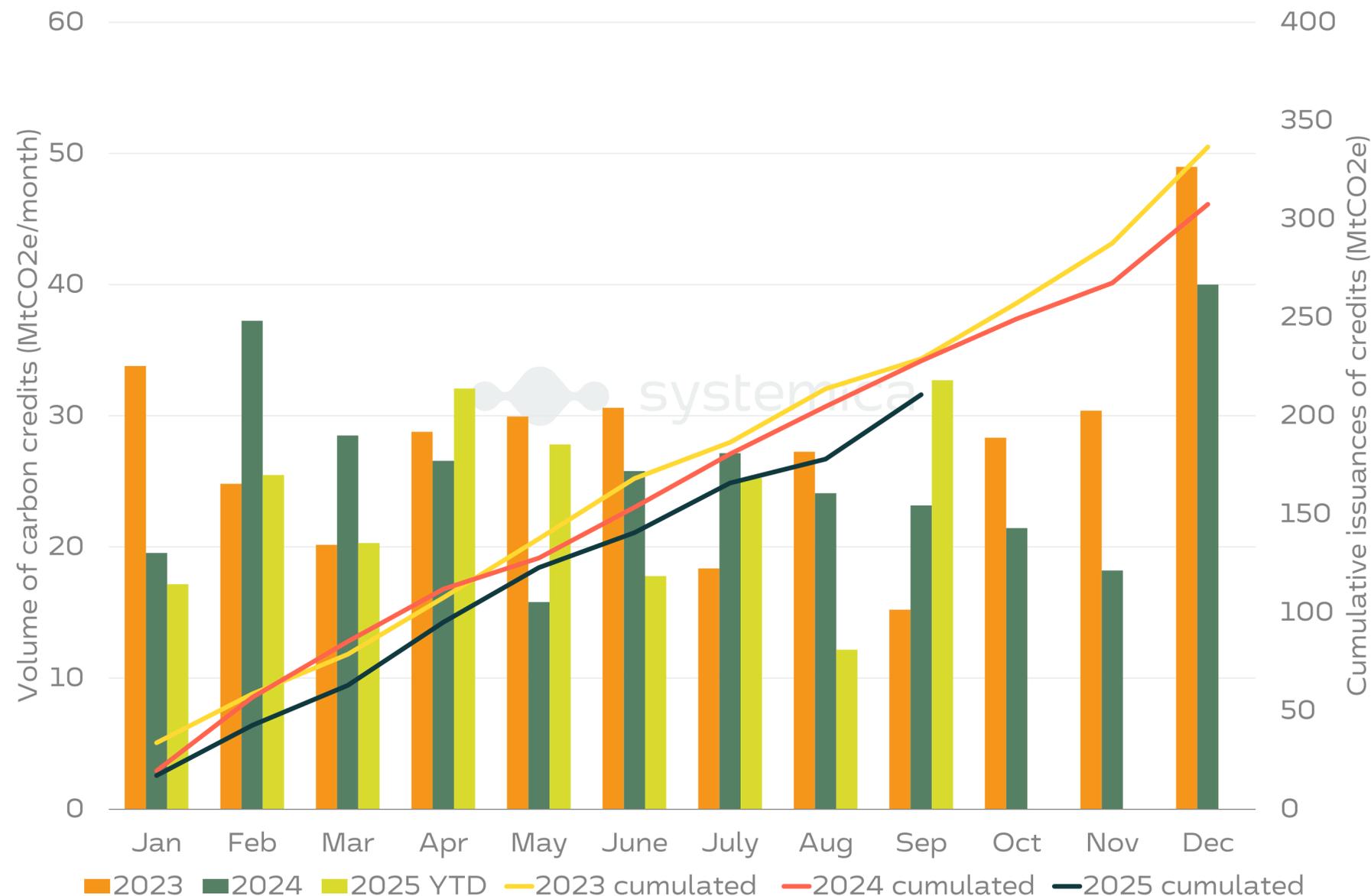


Supply of carbon credits on the market



Carbon credit issuances remain below two-year averages amid market uncertainty

Evolution of issued credits (MtCO₂e)



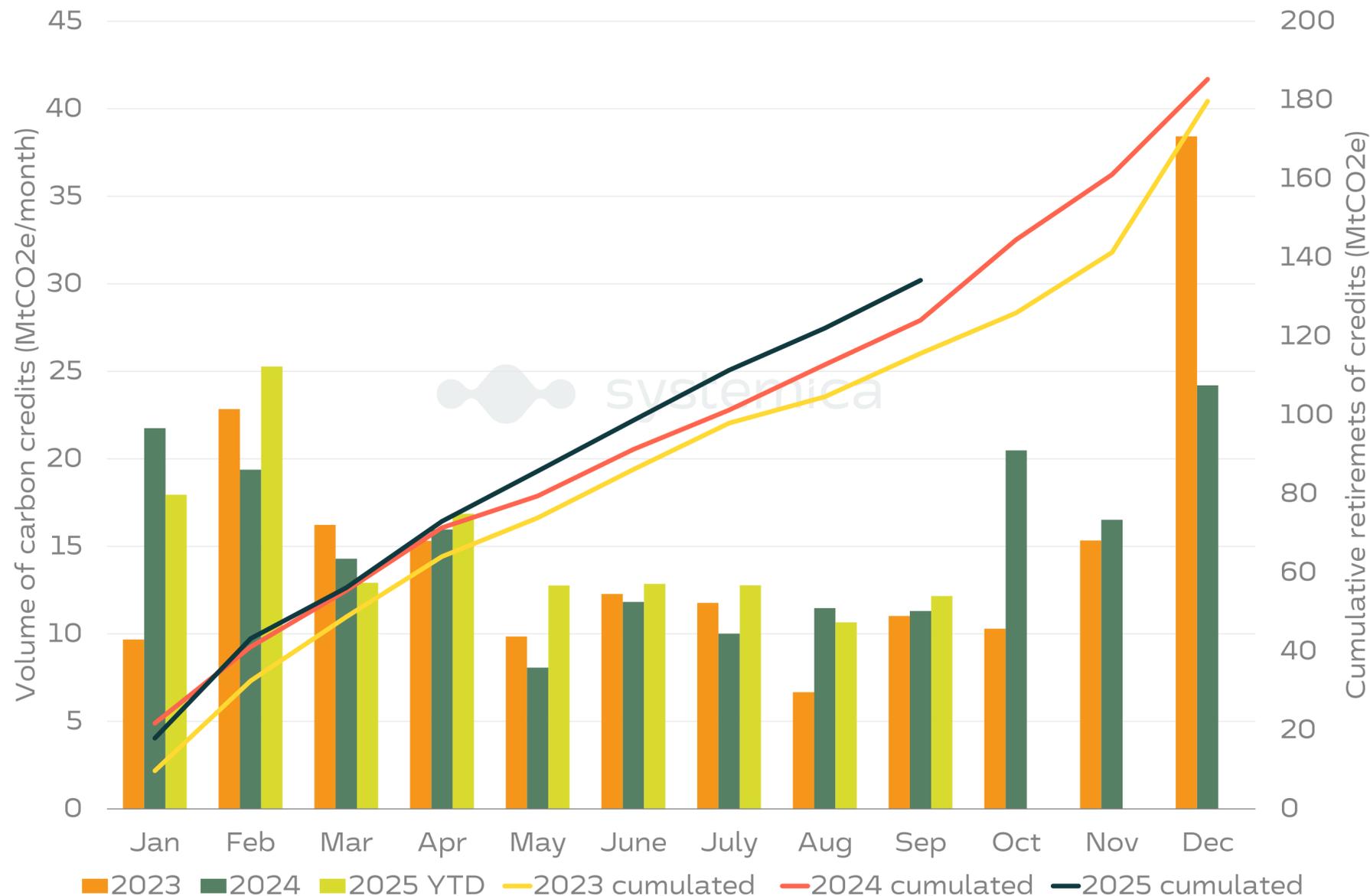
- The issuance of new carbon credits maintained its downward trajectory observed since 2022, reflecting the ongoing challenges in restoring positive price signals in the voluntary carbon market since 2023.
- In Q3 2025, issuances from REDD+ and clean cookstove projects showed moderate recovery compared to the previous two quarters, while renewable energy projects—whose methodologies were largely disqualified by the ICVCM—recorded again their lowest issuance since 2019.
- By the end of Q3 2025, total new credit issuance reached 210.7 MtCO₂e, marking year-over-year declines of 7.9% and 7.5% relative to the same periods in 2023 and 2024, respectively.
- The persistent downward trend in new issuances reflects ongoing anticipation for the release of updated CCP-aligned methodologies, while project developers continue the liquidation of existing credit inventories.

Supply of carbon credits on the market



Credit retirements increased 8.2% year-over-year, supported by above-trend activity in Q3 2025

Evolution of retired credits (MtCO₂e)



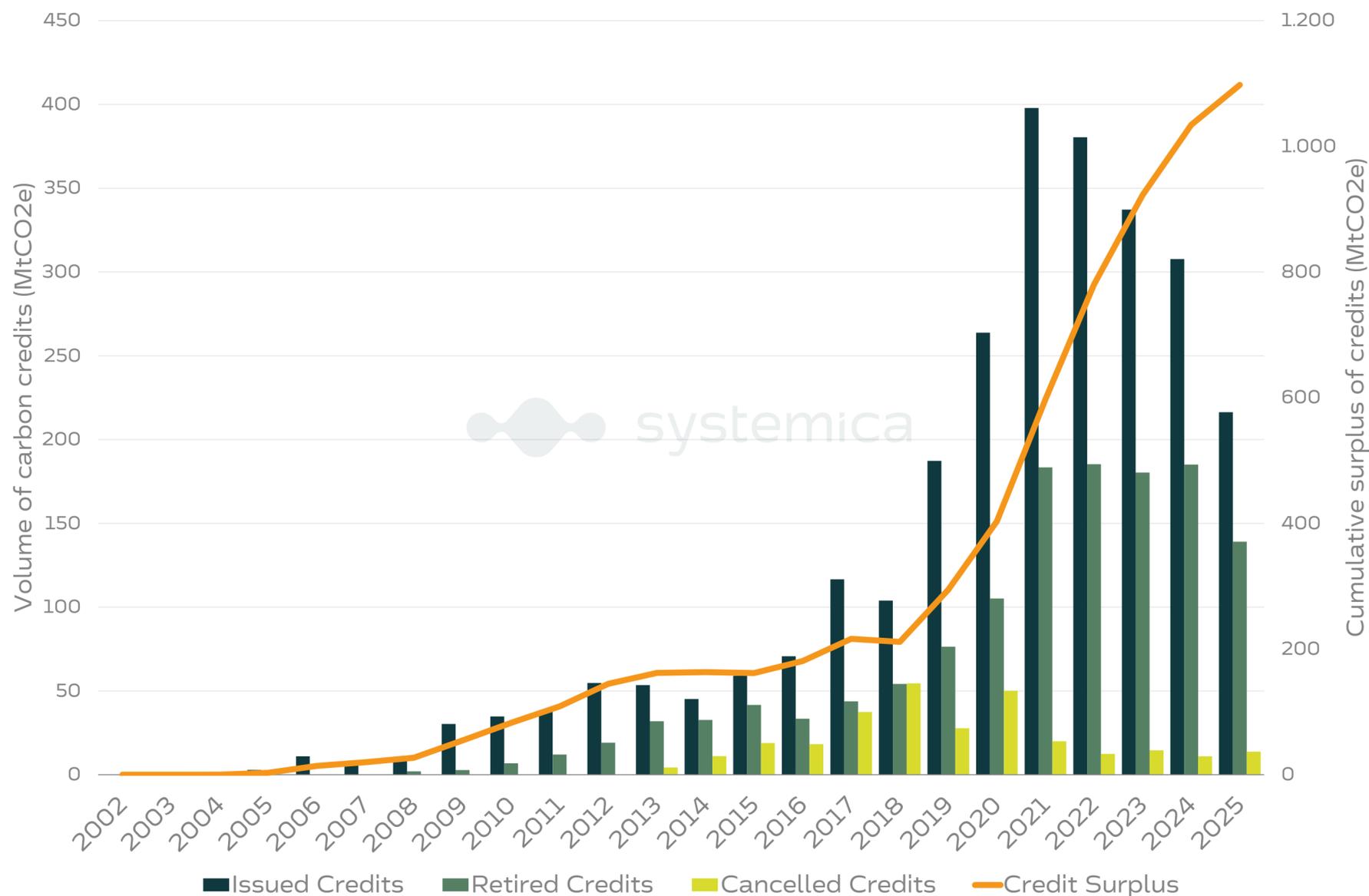
- Credit retirements in 3Q-2025 exceeded historical activity in the period, with an increase of 20.8% compared to the third quarter of 2023 and 8.5% compared to 2024.
- The volume of cumulative credit retirements exceeded 134 MtCO₂e, an increase of 8.2% compared to the same period last year, indicating stable demand despite broader market challenges.
- REDD+ credits registered their highest third-quarter retirement volume since 2021, supported by sustained demand from compliance-linked mechanisms such as Colombia's carbon tax. This underscores the role of regulated schemes in sustaining demand within the voluntary market.
- CCP-eligible credits available on the market have seen an increase in demand (+80%) compared to the same period in 2024. This consolidation of quality standards could position the market for renewed growth in demand for carbon credits in 2025-26.

Supply of carbon credits on the market



The surplus of credits available on the market remained stable, driven by the continued decline in new credit issuances.

Evolution of credit surplus available on the market



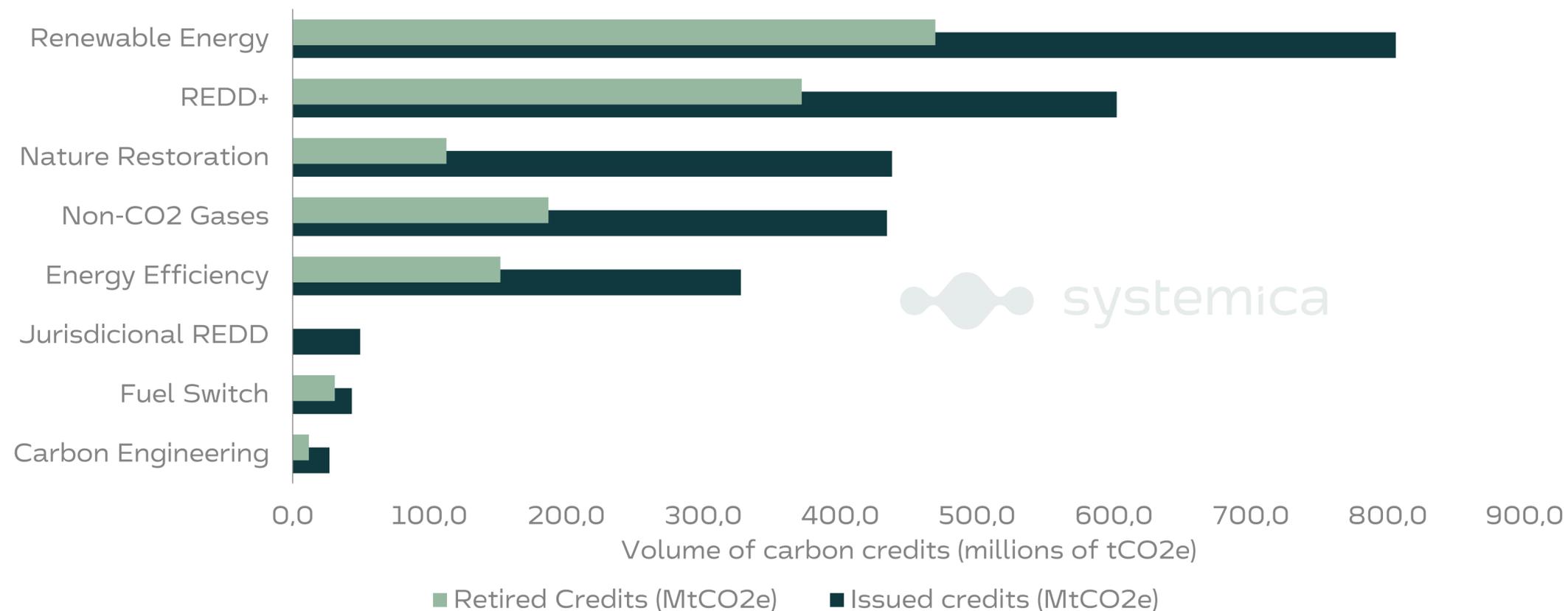
- The total surplus of credits available on the market in 3Q-2025 showed an increase of 40 MtCO₂e quarter-over-quarter, surpassing 1 billion tCO₂e.
- The surplus growth rate has declined steadily since 2021, driven by a drop in the issuance of new credits—falling from 48% to 12% in 2024—with year-to-date projections indicating a further decrease to just 6% in 2025.
- The surplus of available credits is expected to continue increasing in 2025, though at a pace consistent with the ongoing downward trend.
- Despite the surplus, quality remains a key concern. MSCI Carbon Markets estimates that 50% of available credits are rated B or lower, highlighting a persistent quality gap.
- Projections indicate that if the issuance downturn persists, the market could shift from surplus to undersupply by mid-2030, particularly for high-quality credits, potentially driving price adjustments and increased competition among buyers.

Supply of carbon credits on the market

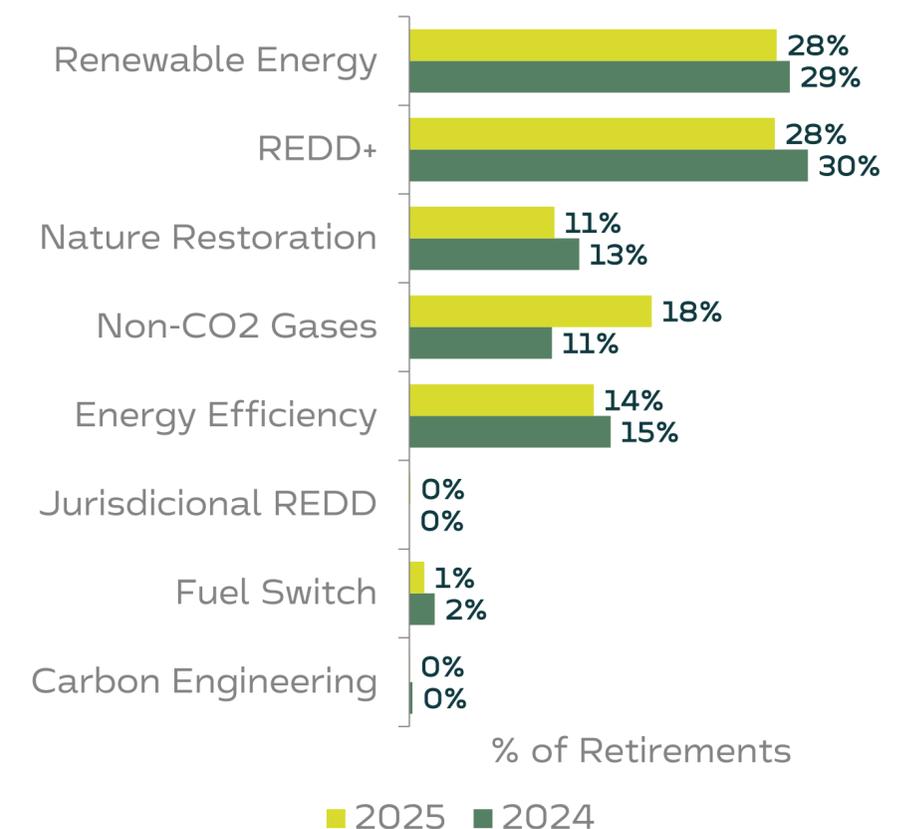


Although retirement volumes remained stable, market dynamics indicated a notable shift in credit preferences, with increased demand for CCP-labeled credits, driven by quality and integrity concerns.

Comparative table of historical issuance and retirement volumes among project types



% of Retirements 3Q25 vs 3Q24



- Renewable Energy, REDD+, and Nature Restoration credits represent the largest share of credits available in the market.
- **Non-CO₂ Gases projects—a category with CCP-eligible credits—showed strong growth in retirements, increasing their share from 11% in 2024 to 18% in 2025.** This trend highlights the growing preference for high-quality assets, with CCP-eligible projects trading at premiums of up to 20%.
- In contrast, credits from other project types saw a year-on-year decline in market share. However, demand for REDD+, Nature Restoration, and Energy Efficiency projects is expected to increase as newly approved CCP-aligned methodologies enter the market with eligible credits.

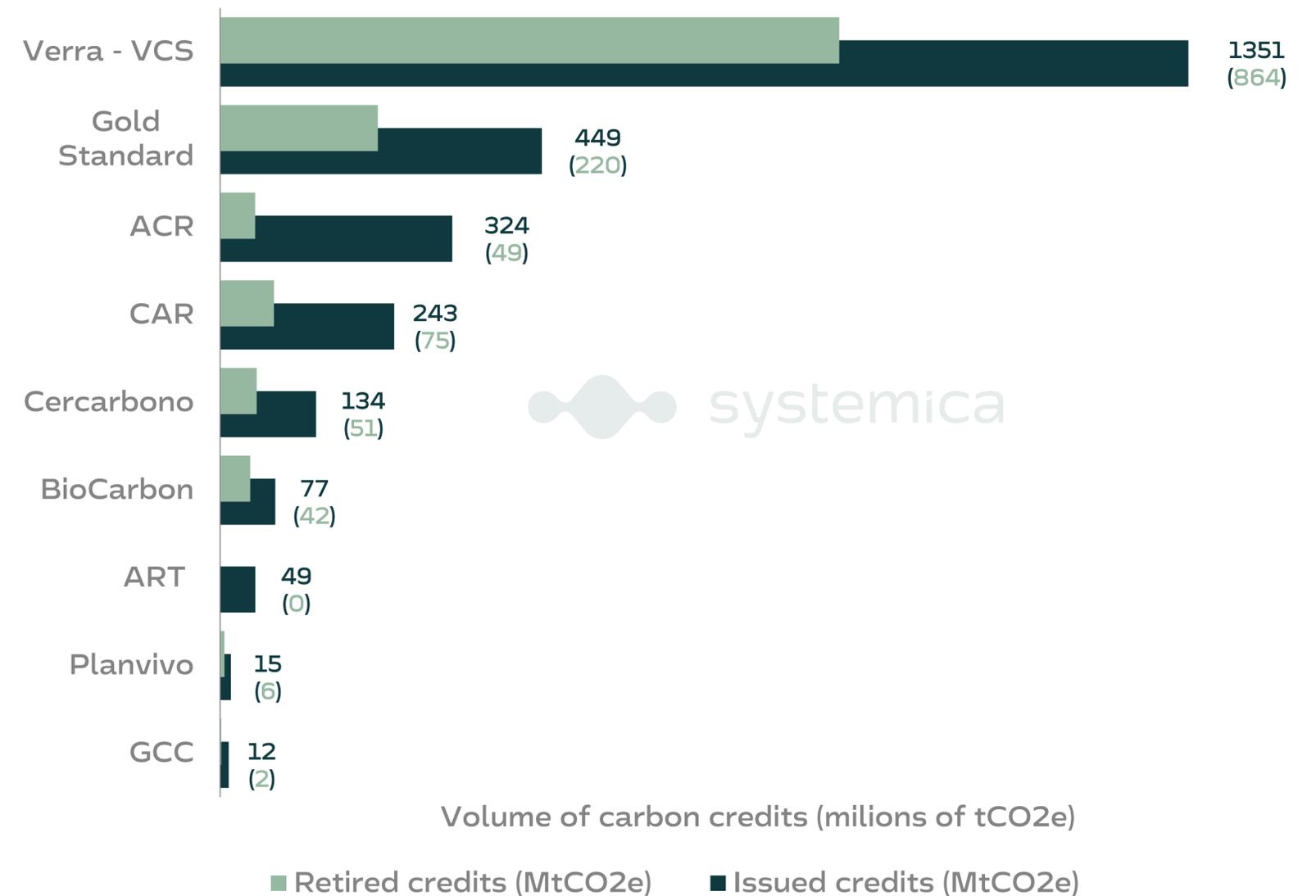
Supply of carbon credits on the market



Major players consolidate their participation in the carbon market

Comparative table of the volume of emissions between the types of carbon credit certification

- Verra and Gold Standard together represent around 83% of the market by retirements.
- In Q3 2025, Verra issued 16.5 MtCO₂e in new credits, representing a 11.4% increase from Q3 2024. Retirements rose to 22.1 MtCO₂e, up 18.8% relative to Q3 2024.
- Gold Standard credit issuance declined 4% year over year, totaling 22.5 MtCO₂e in Q3 2025. Retirements also fell compared to Q3 2024, reaching 6.4 MtCO₂e, a decrease of 18.9%.
- The ratio of retired credits to issued credits is:
 - Verra: 64.0%
 - Gold Standard: 49.0%
 - ACR: 15.1%
 - CAR: 30.9%
 - Cercarbono: 38.1%
 - BioCarbon Registry: 54.5%



VCS Projects Registered in South America



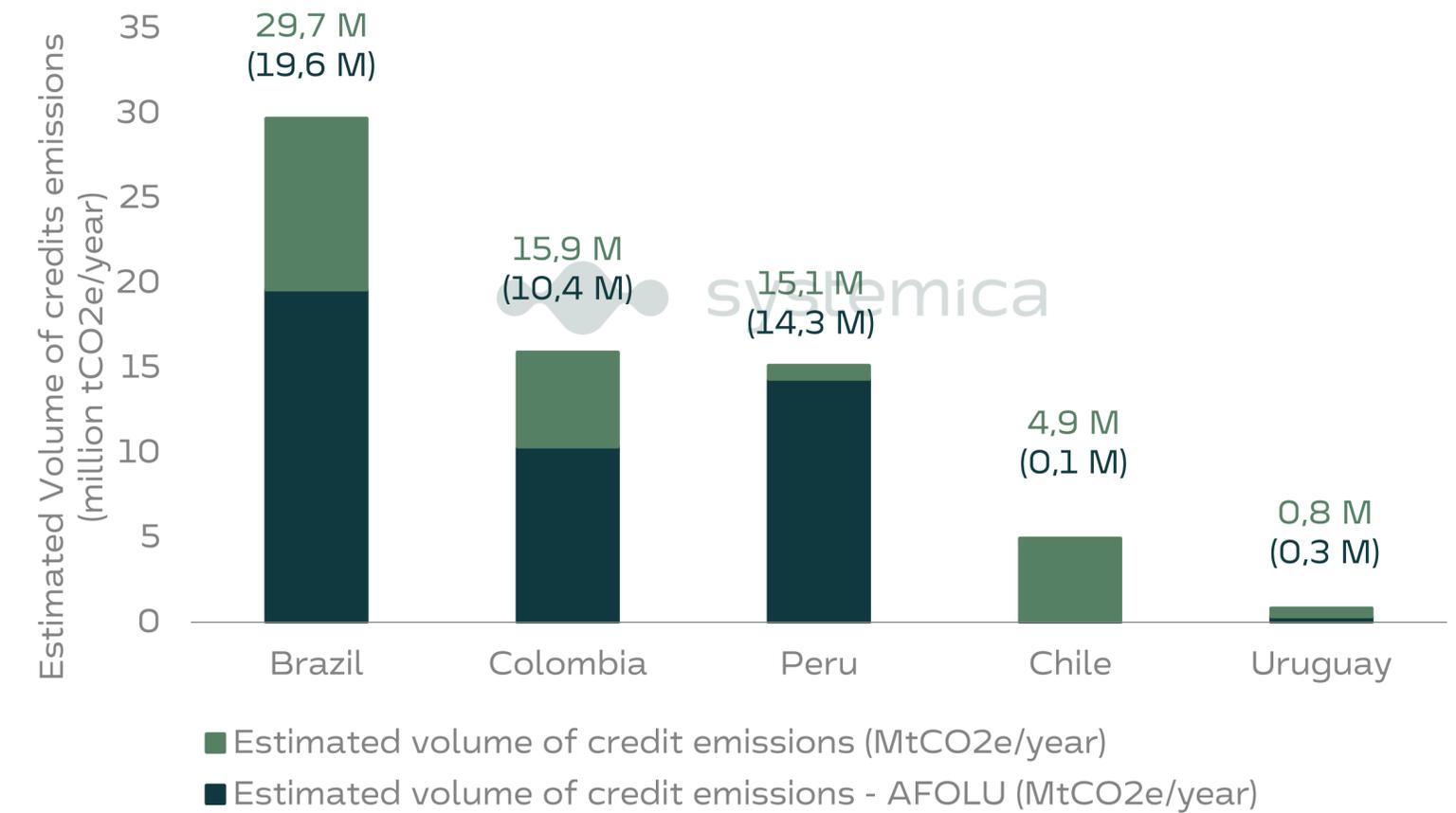
Brazil stands as regional leader followed by Colombia and Peru as powerhouses of AFOLU projects

Projects Registered in the Main Countries of South America



- The Latin American market is led by Brazil, which contributes 42% of total projects and 33.4% of annual emissions reductions in terms of volume.

LATAM Countries with the Highest Volume of Annual Credit Issues



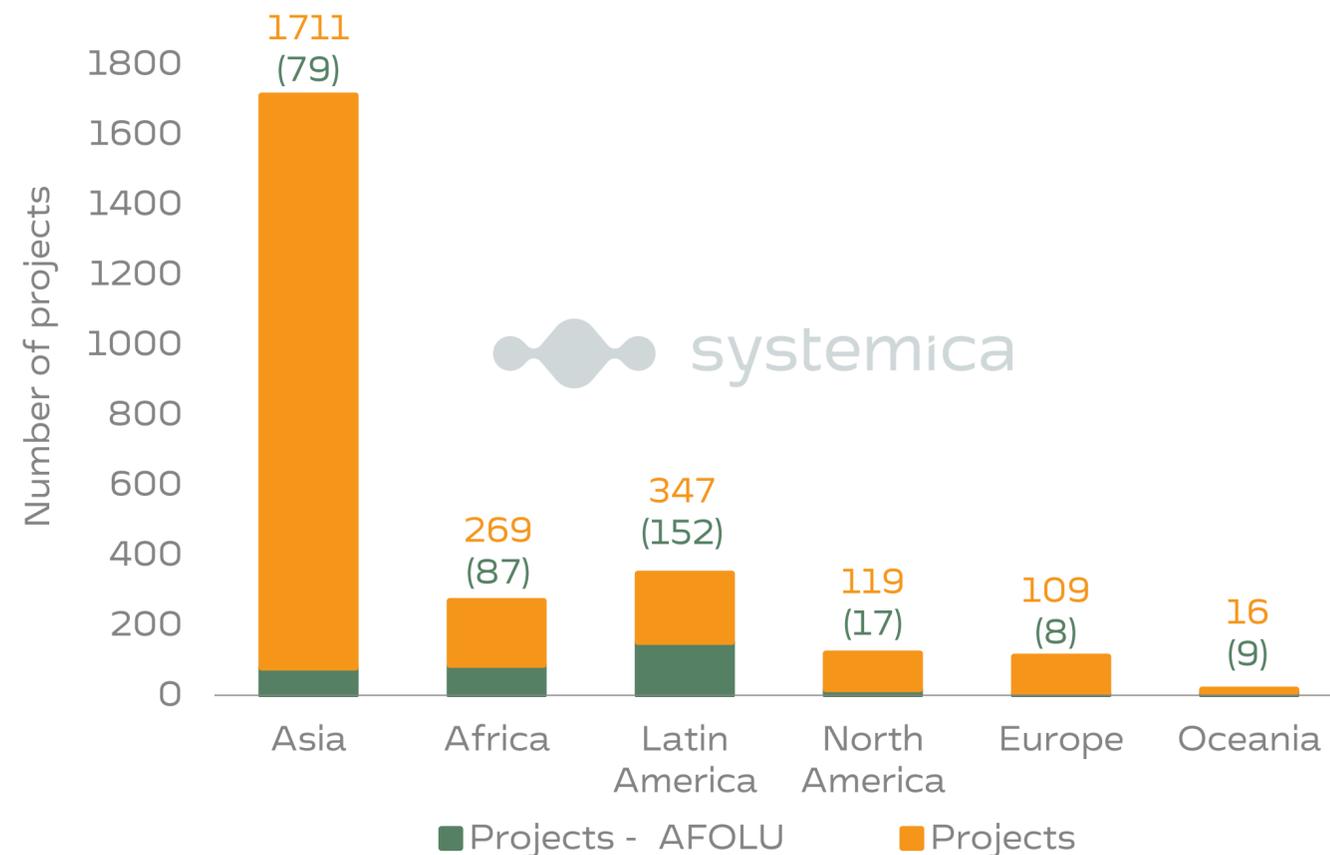
- In Q3 2025, 15 Latin American projects were added to Verra's registry, including 10 from Brazil. Brazil, Colombia, and Peru continued to lead the region in both new project registrations and projected credit issuances, reinforcing their position as the primary supply hubs in the Latin American voluntary carbon market.

VCS Projects Registered Worldwide



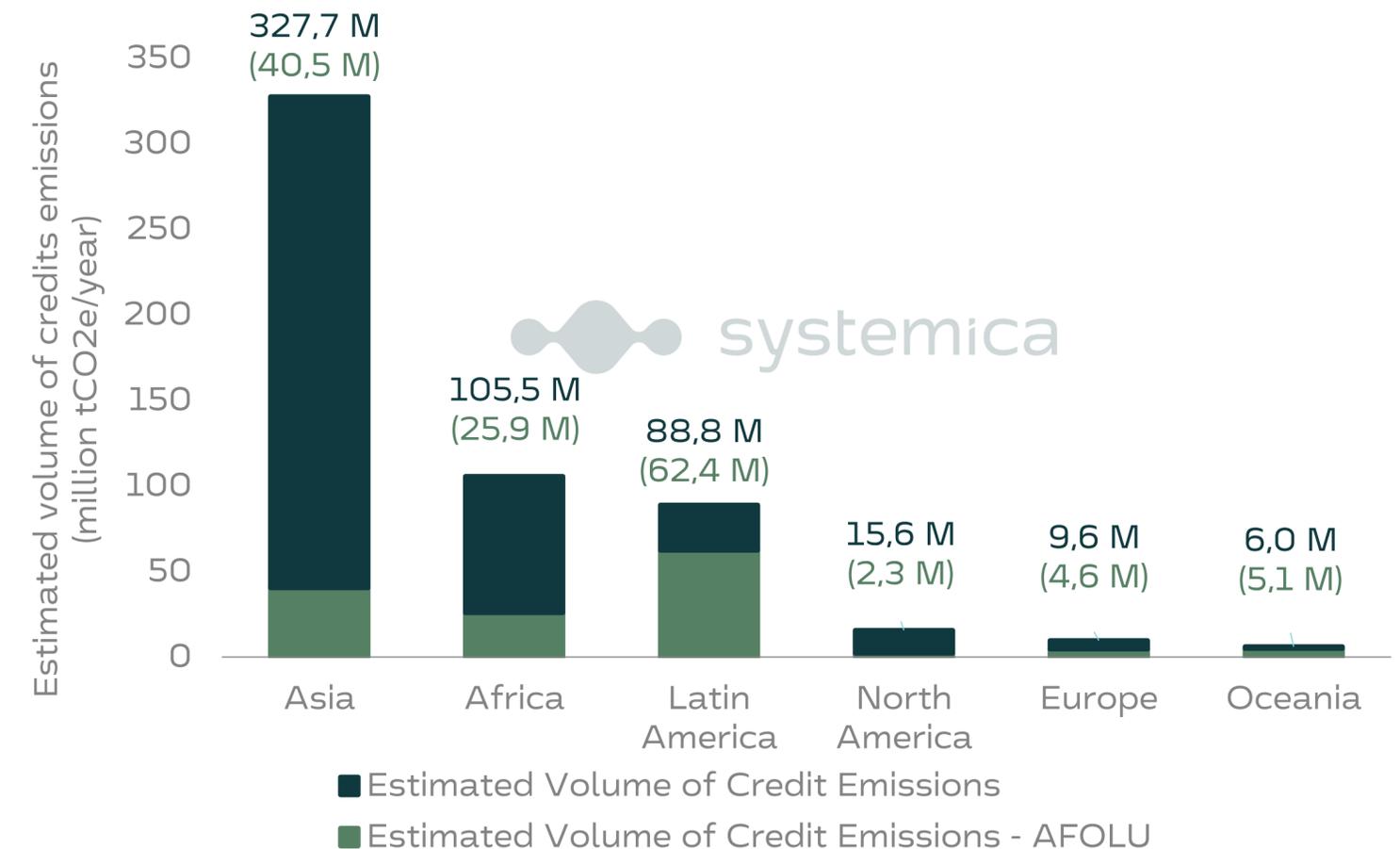
Asia remains the leader in credit emissions, while LATAM countries consolidate their strategic position in AFOLU projects

Number of VCS Registered Projects



- Asia holds the largest share of global projects at 68%, accounting for 59% of total emission volumes.
- In Q3 2025, Verra registered 53 new projects, distributed across Asia (23), Latin America (15), Africa (11), Oceania (3), and North America (1)

Estimated volume of credit emissions (MtCO2 per year)



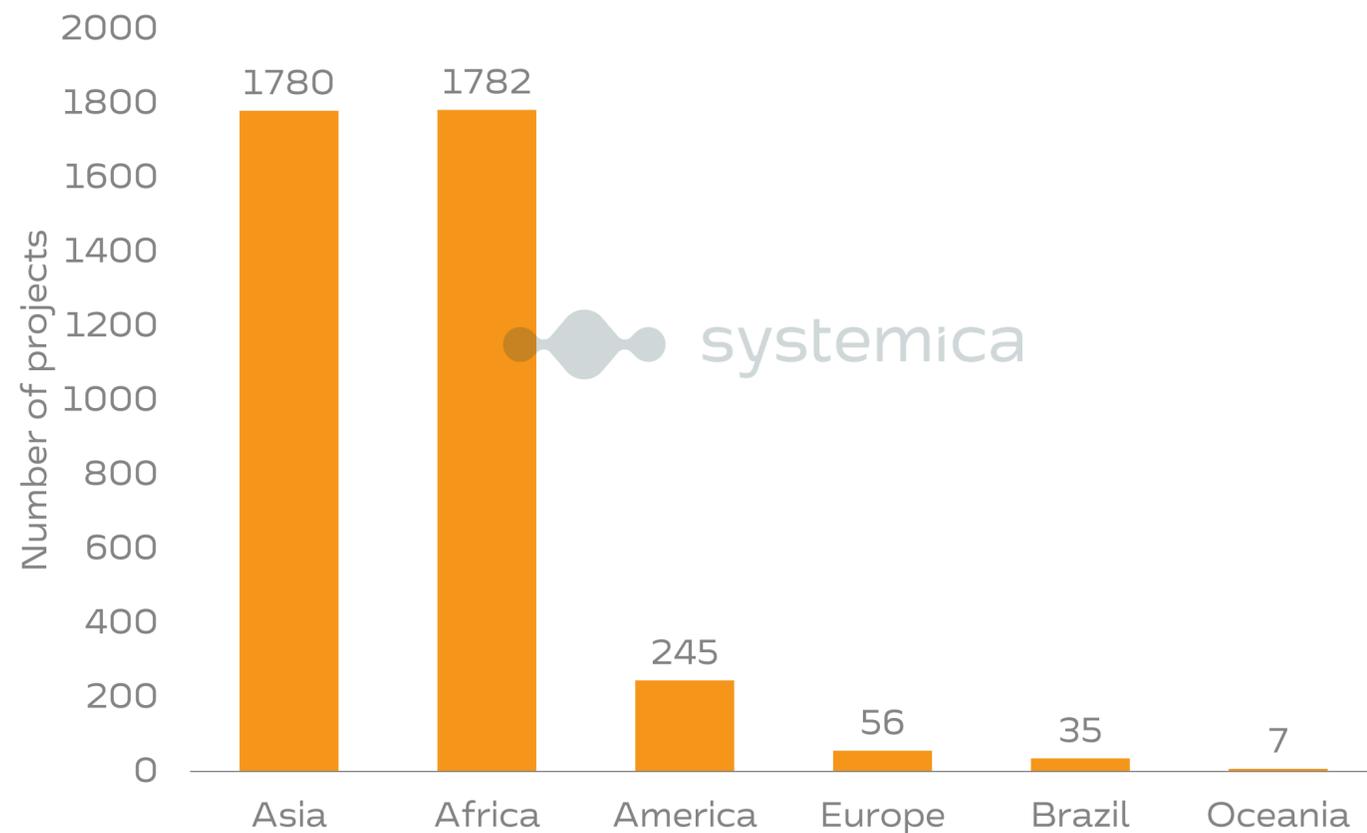
- Africa is the second largest source of VCU credits, hosting a substantial number of cookstove projects and remaining the third-largest supplier of AFOLU credits.
- Meanwhile, Latin America ranks third in estimated credit generation, contributing 44% of global AFOLU credits

Gold Standard Projects Registered Worldwide

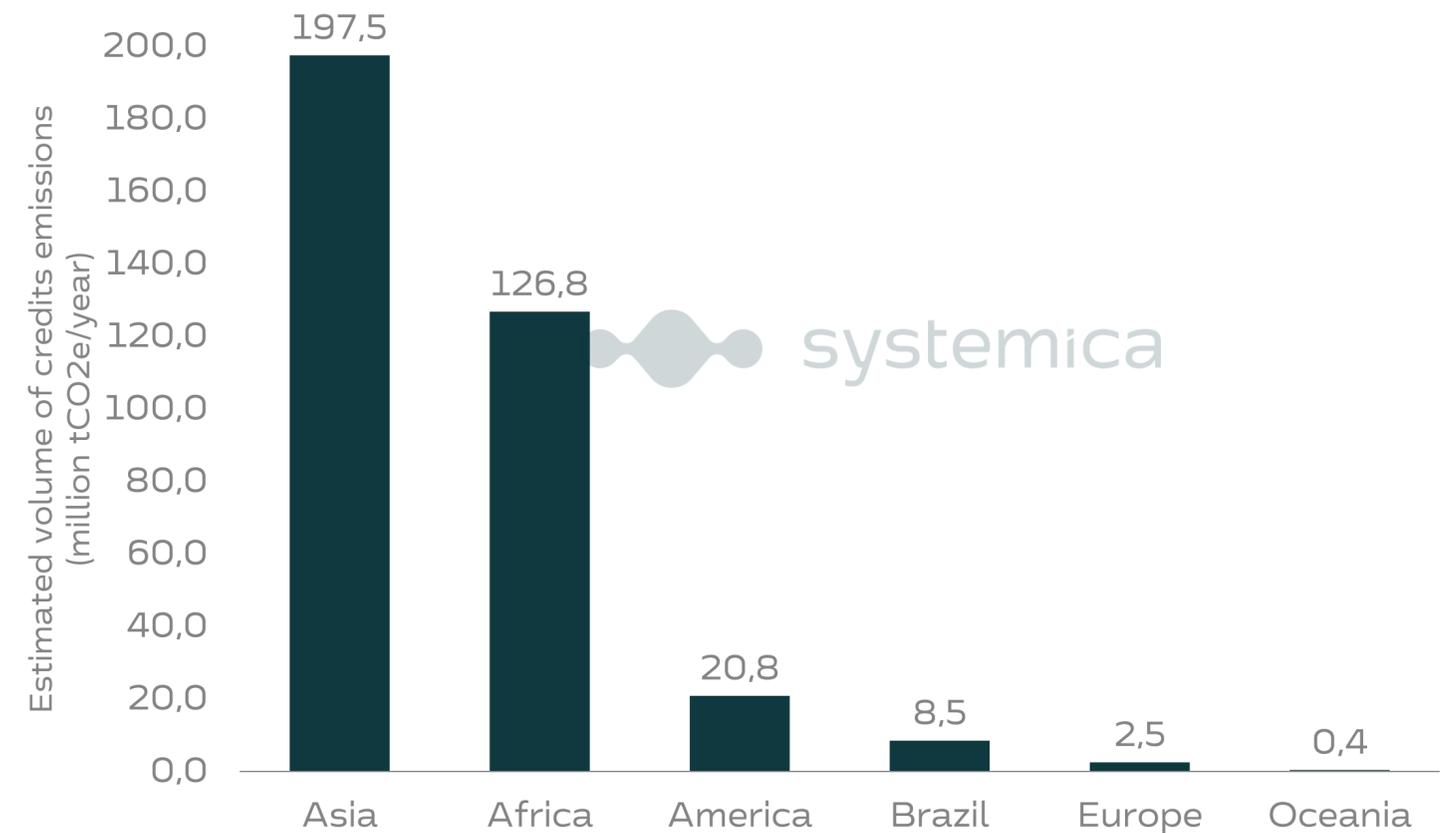


Gold Standard credits consolidates its strong presence in Asia and Africa

Number of registered Gold Standard projects



Estimated volume of credit emissions (MtCO2 per year)



- Africa and Asia continue to dominate the Gold Standard registry, accounting for approximately 93% of all registered projects.
- In 3Q-2025 alone, 78 new projects were added, with 70 (90%) located in these two regions.

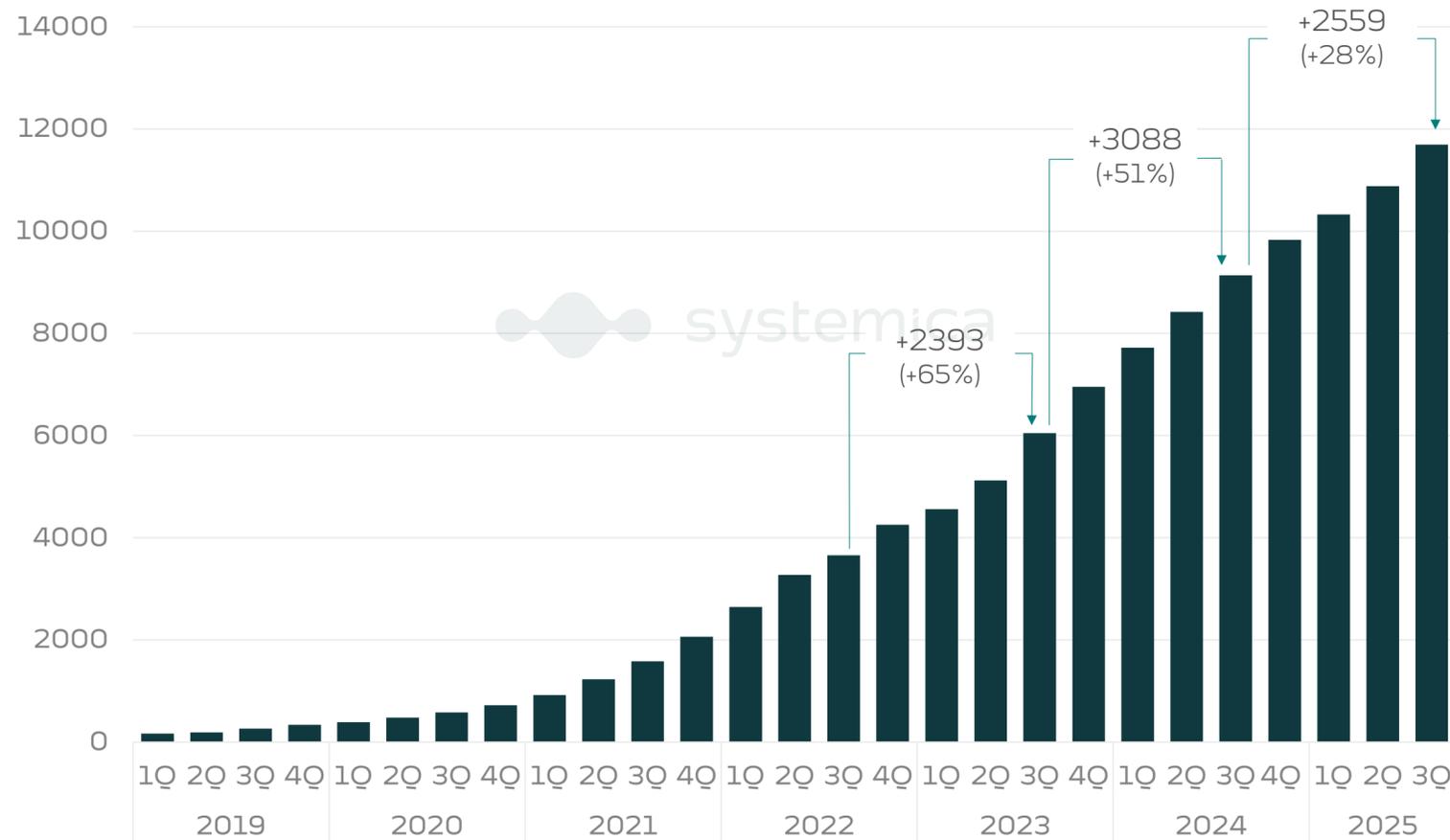
- Projects in Asia represents 57% of the total estimated annual credit issuance under the Gold Standard, while Africa accounts for 36%, underscoring the regional concentration of supply.
- Brazil has 35 registered projects with estimated emissions of around 8,5 million tCO2e/year from Gold Standard projects.

Corporate Emissions Reduction Commitments



Increase of SBTi commitments with +1,154 companies with new approved/improved targets

Evolution of SBTi participants



- In 3Q-2025, SBTi recorded a net increase of 815 participating entities.
- This represents a **47% increase in the rate of new participating organizations** compared to the previous quarter.
- **Cumulative participation remains strong.** Since 3Q-2024, 2,559 new entities have joined the initiative—an increase of **28% year-over-year**.

Companies with new or improved SBTi commitments



- As of September 2025, **1,154 companies** have signed new or updated commitments under the Science Based Targets initiative (SBTi), while 73 companies had commitments expired/withdrawn.
- In Q3 2025, new or enhanced corporate climate commitments represented approximately 1.4 GtCO₂e in covered emissions, while expired or withdrawn commitments totaled around 0.6 GtCO₂e.

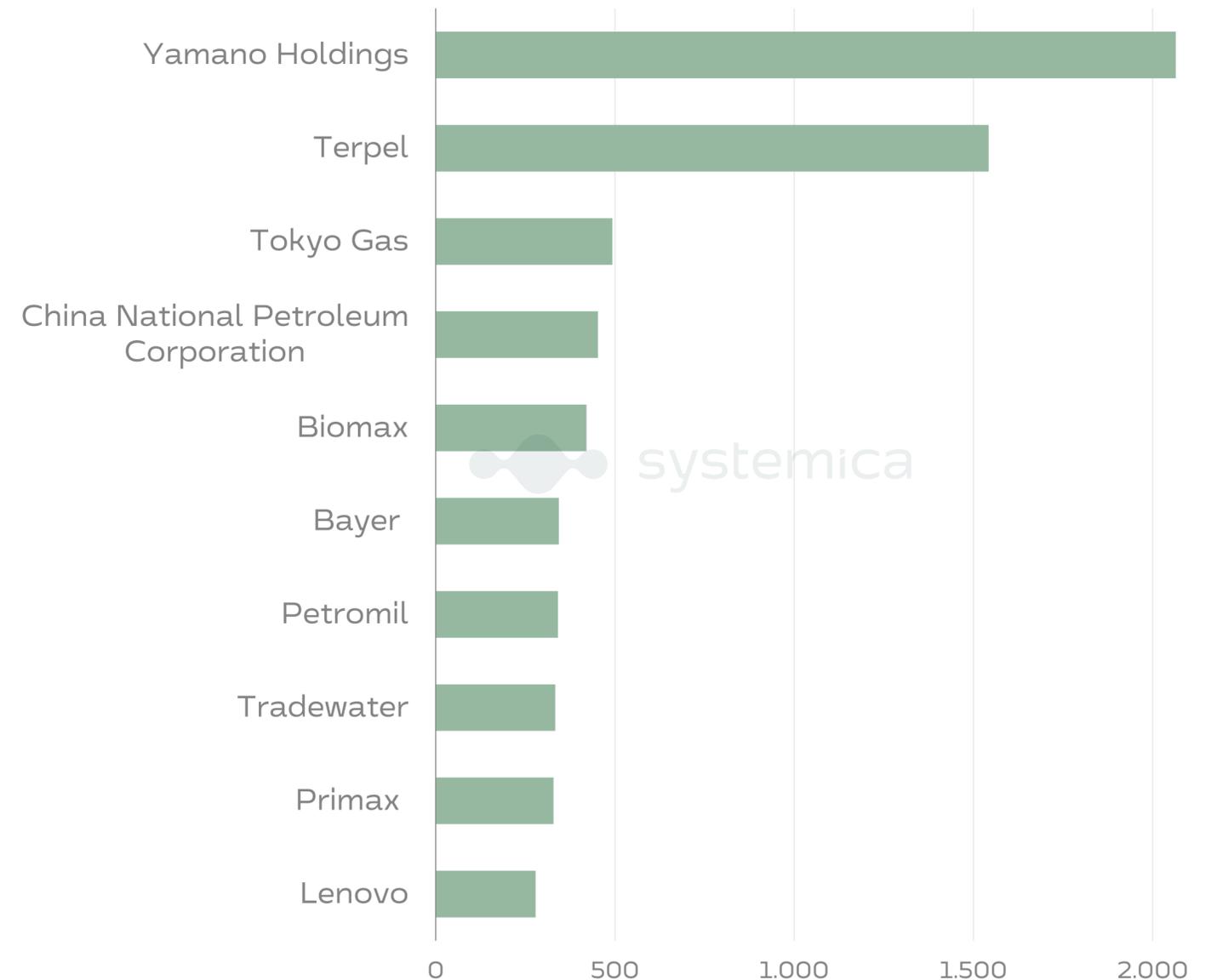
Corporate credit retirements and offtakes



Top buyers contributed to 17% of total credits retirements in 3Q 2025

Top ten corporate buyers of carbon credits in the 3Q-2025 (ktCO₂e)

- Corporate retirement concentration remained low in Q3 2025, with the 10 largest buyers accounting for 17% of total retirements, compared to around 40% at the beginning of the year.
- Demand from Colombian companies seeking carbon tax offsets also supported retirements during the period, with a particular concentration in REDD+ project credits.
- Offtake agreements continue to drive market activity, particularly for nature-based solution credits, with strong participation from technology sector companies. Microsoft leads offtake activity, with contracted volumes reaching 36 MtCO₂e year-to-date



Largest public deals announced in 2025 YTD

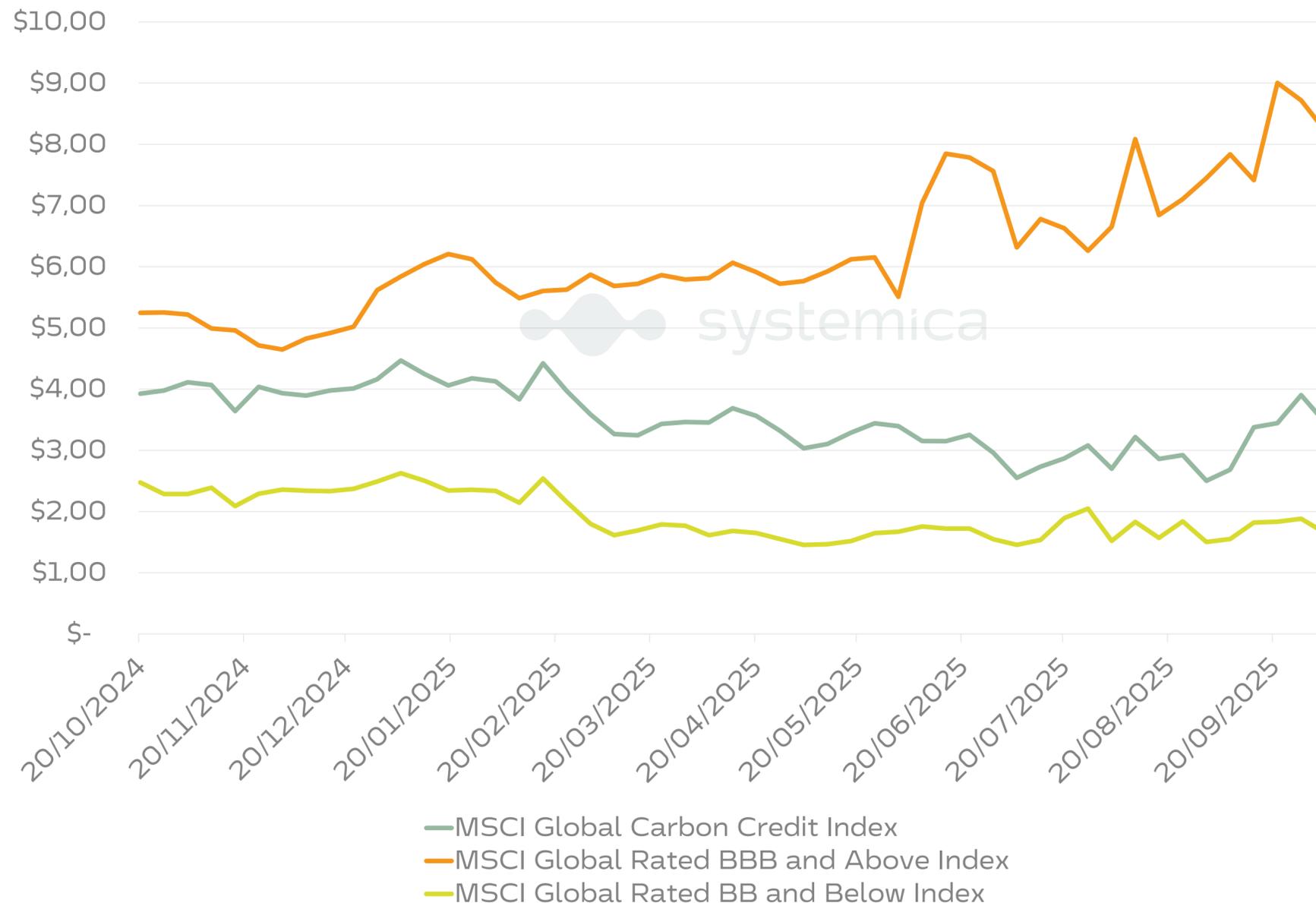


Prices on the Voluntary Carbon Market



Spot prices in the Carbon Market maintain stability within the lower range over the year, while market participants await enhanced clarity on Integrity Standards

Average carbon credit price by integrity tier for all project types and vintages (USD /tCO₂e)



- Spot prices in the voluntary carbon market increased in Q3 2025, averaging US\$ 3.9/tCO₂e, up 18% from the previous quarter.
- High-integrity credits—those with stronger environmental and methodological rigor—continued to command price premiums, widening the spread between top-rated and lower-quality assets observed since early 2024.
- According to the MSCI Global Carbon Credit Index, top-rated credits (representing roughly 15% of market volume) averaged US\$ 8.7/tCO₂e in Q3 2025, a 36% increase from US\$ 6.4/tCO₂e in the previous quarter.
- Lower-rated credits also appreciated, rising 18% quarter over quarter to US\$ 1.8/tCO₂e.
- Market prices remain widely dispersed, ranging from below USD 1 to several hundred dollars per ton, depending on project type, certification, and buyer requirements.

Systemica's Market Outlook



Voluntary Carbon Market in Transition: Integrity Gains and Demand Mechanisms Signal Emerging Growth Potential

Relevant Trends for Carbon Markets



United Nations
Climate Change

The finalization of Article 6 rules at COP29 signals a shift from negotiation to implementation in global carbon markets. The **Article 6.4 Supervisory Body (SBM)** advanced the mechanism's operationalization by adopting the **permanence and reversal standard** in its latest **Bonn session**, completing the core integrity framework alongside previously approved standards on additionality, removals, and methodology. Key parameters—monitoring duration, acceptable risk thresholds, and reversal liability—will now be set at the methodology level, providing flexibility and **supporting the participation of nature-based solutions projects**, a priority highlighted during public consultations. **The deadline for CDM transition requests to the new PACM has been extended to the end of 2026.** Interest in the mechanism is growing: EU countries have incorporated its use in climate commitments through 2040, while several credit-supplying nations are rapidly advancing regulatory frameworks. **Further progress on operationalization is expected to be showcased at COP30 in Belém.**



The integration of international and sectoral carbon markets is gaining traction. ICAO, which manages CORSIA, is **exploring the acceptance of methodologies and criteria aligned with the Paris Agreement Crediting Mechanism (PACM)** to expand the supply of credits for compliance, while urging countries to accelerate discussions on **corresponding adjustments** for eligible units. **CORSIA's first phase could create demand for up to 140 MtCO₂e in credits.** At the same time, **national carbon markets are increasing their role in compliance and tax mechanisms**, further boosting projected credit demand. The California State Assembly recently extended its compliance scheme to 2045, now called **"Cap-and-Invest,"** raising the offset limit from **4% (2021–2025) to 6% (2026–2045).** The **growing interoperability between international, national, and voluntary markets** is emerging as a key driver of credit demand in the coming years.



COP30 is scheduled to take place in Belém from November 10 to 21, amid rising geopolitical tensions and delays in updating countries' NDCs. With fewer than 30 days to go, **only 62 countries have submitted new commitments,** covering roughly **30% of global emissions.** Despite the challenging political landscape, the outlook for **carbon markets is strengthening.** Negotiations on the international market concluded at COP29, and implementation is accelerating. Carbon markets are increasingly seen as a **cost-effective tool to advance climate action** at a time when transition costs are a limiting factor. The **Brazilian presidency is expected to propose the integration of carbon markets among interested countries,** while the growing number of NDCs referencing market mechanisms signals potential expansion in demand. **Negotiations are likely to be delicate,** and the success of COP30 will depend on the ability of the presidency and parties to deliver **concrete, actionable outcomes.**

Market Updates

Carbon Markets

[Brazil to Establish Temporary Secretariat to Accelerate Regulated Carbon Market Implementation](#)

Brazil will create an Extraordinary Secretariat for the Carbon Market through a presidential decree expected by the end of the month, aiming to prevent delays in launching the country's regulated carbon market. Linked to the Ministry of Finance, the temporary body will operate for two to three years, overseeing the market's first implementation phases—developing MRV systems, establishing an emissions registry, accrediting methodologies, and conducting regulatory impact assessments. It will also define the market's initial scope and coordinate with public, private, and civil society representatives. The regulated system will apply to companies emitting over 25,000 tCO₂/year, with monitoring for those above 10,000 tCO₂ starting in 2027 and the first paid auction expected by 2030. Plans for a permanent regulatory agency remain under discussion, while Brazil aims to present a coalition on global carbon market integration at COP30 in Belém next year.

[Gold Standard Issues First Corresponding Adjustment Labels for 112K Zimbabwean Cookstove Credits](#)

The Gold Standard has marked 112,000 carbon credits from Zimbabwe's GS11551 cookstove project as "Corresponding Adjustment applied by host country," the first such designation on its registry. The move follows Zimbabwe's submission of its Article 6.2 regular information report to the UNFCCC on 22 September 2025, confirming the application of corresponding adjustments in three certified batches. Issued by the Zimbabwe Carbon Market Authority (ZiCMA), the credits—vintage 2022—represent the country's first internationally adjusted units under Article 6.2. ZiCMA has previously authorised 2.86 million credits from the same project for use under NDCs, Other International Mitigation Purposes (OIMPs), and voluntary claims. The project also qualifies for CORSIA First Phase eligibility.

[ICVCM Approves Six Durable CDR Methodologies and Expands CCP Coverage to Updated ARR and IFM Standards](#)

The Integrity Council for the Voluntary Carbon Market (ICVCM) has approved six new methodologies for durable carbon dioxide removal (CDR) under its Core Carbon Principles (CCPs). Five belong to the Isometric standard—covering biomass and bio-oil geological storage, subsurface biomass carbon removal, biogenic CCS, and direct air capture—while Gold Standard's concrete carbonation methodology was also approved, subject to CO₂ sourcing and baseline conditions. ICVCM further endorsed Verra's updated ARR methodology (VM0047 v1.1) and granted full CCP approval to the Climate Action Reserve's Mexico Forest Protocol v3.1 for Improved Forest Management (IFM), following the resolution of prior leakage accounting issues.

Market Updates

Policy Developments

[Article 6.4 Supervisory Body Advances Framework, Defers Key Permanence Decisions to Methodology Level](#)

The Article 6.4 Supervisory Body (SBM) has approved a comprehensive package of standards and procedures, marking a major step toward operationalizing the Paris Agreement's crediting mechanism. Among the new measures, the standard on non-permanence and reversals provides long-awaited guidance for nature-based projects but stops short of setting universal rules. Instead, critical issues – including monitoring duration, acceptable risk thresholds, and reversal remediation – will be defined at the methodology level. The SBM also confirmed that projects may use credit cancellation, insurance, or third-party guarantees to address reversal obligations, while host countries retain authority over corresponding adjustments. The outcome establishes a structural framework but leaves core integrity parameters for future methodological development.

[ICAO Assembly Reaffirms CORSIA Rollout and Strengthens Global Consensus on Aviation Decarbonisation](#)

At its 42nd Assembly in Montreal, the International Civil Aviation Organization (ICAO) confirmed that implementation of CORSIA, the global carbon offsetting and reduction scheme for aviation, remains on schedule. Member States were urged to accelerate participation through Letters of Authorisation and to prevent double counting of eligible units. China publicly endorsed CORSIA as a central tool for aviation decarbonisation, while delegates agreed to avoid international aviation taxes outside the ICAO framework and to broaden eligible feedstocks for sustainable aviation fuel (SAF). The upcoming ICAO Council meeting in November is expected to detail the emissions airlines must offset under CORSIA's First Phase for 2024.

[Indonesia Enacts New Carbon Regulation to Enable International Trading and Streamline Market Oversight](#)

Indonesia has enacted Presidential Regulation 110/2025, effective 10 October, establishing a new framework for domestic and international carbon market operations. Replacing PR 98/2021, the regulation removes the previous restriction tying international trading to NDC achievement, paving the way for carbon credit exports. It creates a cross-ministerial Steering Committee to develop a national Carbon Trading Roadmap and mandates the use of a new Carbon Unit Registry System (SRUK) alongside the existing SRN PPI registry. PR 110/2025 formally recognises international trade under Article 6.2, outlining provisions for authorisations and corresponding adjustments, while clarifying that voluntary carbon transactions do not require them. Further implementing rules are expected in the coming months.

Market Updates

Corporate Climate Activity

[ISO and GHG Protocol Partner to Create Unified Global Standard for Carbon Accounting](#)

In a landmark move for corporate climate reporting, the International Organization for Standardization (ISO) and the Greenhouse Gas Protocol (GHG Protocol) have announced a joint initiative to harmonise their greenhouse gas accounting frameworks into a unified global standard. The collaboration aims to simplify corporate disclosures, enhance comparability, and bolster credibility across markets. The partnership will align corporate reporting, Scope 2 and 3 guidance, and introduce a new joint product carbon footprint standard. This convergence comes amid expanding disclosure mandates in the EU and California, signalling a potential shift toward global consistency in carbon accounting practices.

[Abu Dhabi, TotalEnergies launch seagrass restoration drive to boost blue carbon, marine biodiversity](#)

Abu Dhabi's Environment Agency (EAD) and French energy major TotalEnergies have launched a year-long seagrass restoration programme as part of the emirate's climate change strategy, aiming to enhance blue carbon storage and strengthen marine biodiversity.

[SAP and Climeworks announce partnership to deliver carbon removal credits](#)

SAP has partnered with Climeworks to invest millions in diverse carbon removal solutions, including Direct Air Capture and biochar. This collaboration will provide SAP with 37,000 tons of carbon removal credits by 2034 and integrate carbon management tools into SAP's platforms.

[BNDES approves \\$46 mln for pulp company to restore 24,300 ha in Brazil](#)

Brazil's National Bank for Social and Economic Development (BNDES) has approved R\$250 million (\$45.7 mln) in financing for the world's largest market pulp producer to restore more than 24,300 hectares of degraded land with native forest in different biomes in the country.

References

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⁷Values taken from **Sciencebasedtargets.org** and **zerotracker.net**

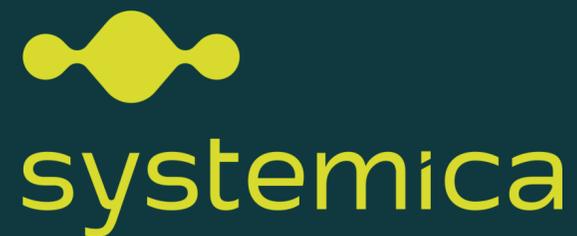
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