

ENVIRONMENT & CLIMATE CHANGE | ESG NEWS FLASH

Voluntary Carbon Market

January 2024

The new law establishing the voluntary carbon market and the rules for its operation was approved by **Decree-Law no. 4/2024, of January 5**, and has been in force since January 6.

With the aim of transitioning to a carbon-neutral society and framed by the Roadmap for Carbon Neutrality - RNC 2050, the National Energy and Climate Plan 2030 - PNEC 2030 - and the Climate Framework Law, this new legal regime focuses on types of **greenhouse gas (GHG) emission reduction projects and carbon sequestration projects, developed in Portugal, which promote the mitigation of GHG emissions.**

The **agents of the voluntary carbon market are i)** promoters of GHG mitigation projects, **ii)** individuals and organizations, public or private, that acquire or use carbon credits, and **iii)** entities responsible for certification.

This legal framework **establishes rules for emission offsetting actions and financial contributions to climate action**, with a view to "the participation of various agents, at an individual or organizational level, public or private, either on the supply side, through the promotion of GHG emission reduction or carbon sequestration projects that generate carbon credits, or on the demand side, through **the acquisition of these credits for the purpose of offsetting residual GHG emissions (...)**", which implies the cancellation of carbon credits, as well as the registration of projects and the corresponding credits on a public platform.

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GHG emission reductions or carbon sequestration through voluntary carbon market projects generate **tradable carbon credits**, projects being subject to validation, verification and compliance through specific rules.

Some details of the voluntary carbon market system still need to be **regulated by ministerial order or information to be made available by the competent authorities**.

Contact us to find out about the interest and impact of the voluntary carbon market in relation to your sector of activity.

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This information flash does not exempt you from reading Decree-Law No. 4/2024, of January 5th.

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