February 15th, 2024

Mr. Rostin Behnam
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: CFTC's Guidance Regarding the Listing of Voluntary Carbon Credit Derivative

Chairman Behnam:

Thank you for the opportunity to submit comments on the Commodity Futures Trading Commission (CFTC) proposed guidance regarding the listing for trading of voluntary carbon credit derivative contracts. We appreciated the work of the Commission through two Voluntary Carbon Markets Convenings that included expert testimony indicative of the importance of high-quality credit generation in voluntary carbon markets. This information is reflected in today's guidance.

Indigo Agriculture, Inc. (Indigo) was founded in 2014 and is headquartered in Boston, Massachusetts, with its commercial office based in Memphis, Tennessee. Carbon by Indigo is the first private program to quantify agricultural climate benefit with registry-approved rigor at a global scale. Our ecosystem partner-based approach supports the scaling of our technology to realize the large, pooled projects needed to move beyond carbon abatement and realize mass drawdown across agricultural acres.

Farmers can adjust their management practices to reduce atmospheric greenhouse gas emissions and draw down and sequester atmospheric carbon dioxide. Simultaneously, climate smart agricultural land management practices yield environmental and economic co-benefits – from improvements in biodiversity and decreased nitrification, to enhanced grower profitability and financial resilience. Farmers have an opportunity to increase revenue from conservation monetized as carbon credits.

We welcome a role for the CFTC to help ensure transparency, resiliency, and integrity in voluntary carbon markets, and we thank you for focusing on quality standards.

> **"The process by which VCCs are issued deserves careful consideration, as that process informs VCC quality and, by extension, the overall integrity and effective functioning of voluntary carbon markets."**

High carbon credit quality is the key to farmer value, which we see consistently reflected in the upward momentum in the price which corporations are prepared to pay for credits generated through Indigo's program, and it is important to leverage standards of quality that

meet or exceed those adopted by the VCM. Particularly, nongovernmental organizations such as the Integrity Council for the Voluntary Carbon Market (ICVCM), the Voluntary Carbon Market Integrity Initiative (VCMI), and the Science Based Targets Initiative (SBTi) are developing guidance on the acceptable quality of carbon credits, approaches for generating such credits, and their use in the VCM and for corporate actions. We support standards in line with the ICVCM Core Carbon Principles and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Emissions Unit Eligibility Criteria set about by the International Civil Aviation Organization (ICAO).

> **"To support and promote VCC quality, these private sector and multilateral initiatives have focused on developing standards for high-integrity VCCs. Among other things, these standards are intended to help provide assurance that the VCCs that have been issued for a carbon mitigation project or activity accurately reflect the actual GHG emissions reduction or removal levels associated with that project or activity."**

Protocols/methodologies are used by Standards and Registries to establish credible methods, benchmarks, and emission factors that can be applied to similar projects throughout an entire industry or sector. These include existing approved methodologies currently being used to generate high-quality carbon credits from the agriculture sector. The screening of the existing methodology must follow the following 5 principles:

***Effectiveness*:**
The approved methodologies must lead to the generation of real benefits, both in terms of carbon credits generated and value for the grower.

***Comprehensiveness/Consistency*:**
Carbon credits must include and are consistent across key criteria for carbon credit generation including a) additionality, b) scientifically valid quantification, c) permanence, d) uncertainty and leakage safeguards, e) risk of reversal and options to account for any reversal, f) consideration of other co-benefits, g) social safeguards, and h) contribution to sustainable development goals.

***Efficiency*:**
Generating high-quality carbon credits from the agriculture sector requires a huge amount of data and time commitment on part of the growers. It is vital that methodologies do not add undue burden on the grower and include an efficient pathway for quantification, measuring, monitoring, verifying, and reporting. This will ensure that high-quality credits are generated in a reasonable period to ensure continued engagement of the growers in a program.

***Reliability*:**
CFTC must be part of a solution that ensures these methodologies can benefit farmers at scale; methodologies must be reliable and consistent across geographies.

***Transparency*:**
The approved methodologies must have been developed in a transparent manner and the implementation of these methodologies is also transparent, with appropriate privacy protections. It is also important for project proponents to provide sufficient public information to substantiate claims related to emission reductions and removals. Any prescriptive requirements for transparency and disclosure must be practical, considering the technical realities of project development and the needs for privacy protections for project participants.

Finally, we believe it is important to ensure that **farmers have choice** within the context of high-quality standards. To ensure long-term adoption of climate smart agriculture, farmer choice is critical. In addition to the VCM, emerging reporting requirements and climate commitments by companies are spurring additional avenues to maximize value for the farmer. It is vital that farmers have the flexibility to participate in any of these opportunities to maximize their return on investment, without jeopardizing their eligibility to participate in the other programs. At Indigo, we believe that carbon offset projects and supply chain accounting can coexist, **with prevention of double-counting**, and are developing approaches such as FieldFlex to allow a farmer to participate in both Scope 3 related programs and the carbon offset program in different growing seasons, maximizing their returns.

Thank you for your attention to the importance of quality in the VCM. The federal government can play a helpful role in facilitating the growth of a robust marketplace if it adheres to these quality criteria in agriculture to unleash new opportunities in farm profitability, conservation, and risk management. We stand ready to work with you and are available for any scientific or policy support. Thank you for your time and consideration of these comments.

Sincerely,

Mark Titterington
Co-Head, Global Sustainability & Engagement