Carbon Market Trend Brief

1st Week of October 2026

Global Corporations Expand Long-Term Offtakes of High-Integrity Soil-Based Carbon Credits

- Shift in credit supply structure toward contracting volumes from the development stage
- Shift in buyer criteria toward issuance feasibility and project operating structure

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Global Corporations Expand Long-Term Offtakes of High-Integrity Soil-Based Carbon Credits

In the soil-based carbon credit market, buyers are increasingly contracting a project's future output years in advance, rather than only purchasing credits that have already been issued. This appears to reflect a convergence of needs: buyers want a stable supply of credits, while developers need to secure project funding early. As contract terms lengthen, what buyers examine seems to be moving from credit quality and price toward whether a project can deliver the planned volumes and whether farmer participation will be sustained.
GSK recently signed an eight-year, 600,000-tonne agreement with India's Varaha, and the buyer base is broadening from big tech firms such as Microsoft and Google to sectors including pharmaceuticals and consumer goods. As some programs link credit sales revenue directly to farmer income, soil-based credits are increasingly treated as a procurement item evaluated not only for emission reductions but also for their impact on agriculture and local communities.

GSK Signs 8-Year Contract with India's Varaha for 600,000 Tons of Regenerative Agriculture Credits

GSK announced an eight-year agreement to purchase 600,000 tonnes of carbon credits from Varaha*, a carbon project developer in India. Under the deal, a regenerative agriculture project will be scaled up across 50,000 hectares of farmland in northern India, where participating farmers will shift to practices such as direct seeded rice, minimum tillage, and residue retention. The project is expected to issue roughly 100,000 tonnes of credits per year from 2028 to 2033, equivalent to about 7% of GSK's projected residual emissions.

GSK added that it expects benefits beyond emission reductions, including lower particulate emissions, reduced agricultural water use, and higher farmer incomes. During the first monitoring period, particulate emissions fell by about 4,574 tonnes and about 59.5 billion liters of irrigation water were saved. Incomes of participating farmers reportedly rose by 12–16%.

Earlier, Microsoft signed a 12-year agreement with US-based Indigo Ag** for 2.85 million tonnes of soil carbon credits, and the first credits from that project have recently been issued to Microsoft. In India, Grow Indigo***'s farmer carbon program "Aadi" has begun India's first soil carbon payments, reaching about 2,500 farmers in the northern region. With long-term purchase agreements and actual payments to farmers now proceeding together, linking project development to credit purchasing appears to be becoming more common in the soil-based credit market.

Notes:

**Varaha* : An Indian startup operating nature-based carbon projects, including regenerative agriculture and biochar for smallholder farmers.*

***Indigo Ag* : A US agtech enterprise developing and operating regenerative agriculture and soil carbon projects.*

****Grow Indigo* : A subsidiary of Indian agricultural company Mahyco, actively driving regenerative agriculture and carbon projects for farmers.

Implications

Shift in credit supply structure toward contracting volumes from the development stage

Growing long-term offtake appears to stem from buyers and developers each seeking to secure what they need early. Buyers can lock in future volumes, while developers can use purchase agreements to raise project funding. Soil-based projects in particular take time to recruit farmers, change farming practices, and measure reductions, so whether a buyer is lined up before credits are issued could largely determine whether a project proceeds. Alongside the spot market for already-issued credits, contracts in which buyers join at the development stage to secure future volumes seem likely to become one pillar of credit supply.

Project Operational Structure as a Core Credit Purchasing Factor

In multi-year contracts tied to a specific project, buyers are expected to examine not only credit quality and price but also whether the contracted volumes can be issued as planned. Because soil-based projects require farmers to keep changing their practices and to have the resulting reductions measured and verified, farmer recruitment and retention, along with the measurement and verification system, could directly affect credit supply. Where sales revenue is paid to participating farmers, it also warrants checking whether that compensation is enough to sustain their participation.
As long-term offtake expands, buyer criteria suggest a widening beyond expected issuance volume and price to cover a project's feasibility and operating approach.

Related Articles & References

1) Kenny Fisher, GSK signs 600,000-Tonne Carbon Removal Deal with Varaha
2) Juan Guerrero, Sustainable agriculture developer advances delivery of offtake with tech giant
3) Superkalam, India's First Soil Carbon Payments Put Farmers at the Centre of Regenerative Agriculture