

Wetlands International's response to Gold Standard's consultation on "Aligning Certified Projects with the Paris Agreement"

Wetlands International has contributed to establishing the voluntary carbon markets by developing the science and knowledge base, in particular carbon accounting methodologies and guidelines based on pilot projects on the ground. This has resulted in substantial investments in conservation and restoration of diverse wetland ecosystems, avoiding carbon emissions and removing carbon from the atmosphere, alongside creation of social and biodiversity benefits. Wetlands International has also engaged actively in UNFCCC policy dialogues, internationally as well as with national governments and we are an official member of the NDC partnership. As such, Wetlands International welcomes the opportunity to contribute to the GS public consultation.

Healthy wetlands store vast amounts of carbon in their soils and biomass, but they can become a huge source of emissions upon degradation. 5% of global emissions come from draining and converting peatlands alone. Besides their potential to mitigate climate change, wetlands also sustain employment, livelihoods and human wellbeing and they buffer water. Yet we are losing wetlands at a rate three times faster than forests. If we are to reach the 1,5 degree target of the Paris Agreement we need to urgently safeguard and restore wetland carbon stores. To make that happen, both public and private finance have to be mobilised at scale. In this context, the role of credible voluntary carbon markets is essential. Companies need to take their responsibility by reducing their own emissions *and* by offsetting their emissions throughout their pathway to net-zero. We have reviewed the consultation document from this perspective.

Nationally Determined Contributions and associated GHG inventories are taking stock of what all sectors and actors in that country collectively have achieved as enabled by that country. This also includes efforts by voluntary carbon projects that are financed through carbon markets. This finance is supporting the country to reach its targets and indeed, NDC's (especially in LDCs/LLDCs/SIDS) are often framed as conditional to such finance coming in. Hence, provided that (financial) additionality and/or vulnerability of the voluntary carbon project can be demonstrated, there is no need to discount voluntary carbon credits from the host country's NDC through a Corresponding Adjustment. Also because the companies purchasing these voluntary credits will *not* report those for domestic compliance and the credits will also *not* be registered on the NDC of the country where the company is based. Hence, at the level of the Paris Agreement and NDCs there is no double counting. If alternatively countries would be obliged to make a Corresponding Adjustment, this would make it more difficult for the country to achieve its NDC, which would not only create a huge disincentive to host voluntary carbon projects but which would also be unfair. Instead, countries should be encouraged to report on the voluntary carbon impact that contributed to achieving their NDC.

Naturally, voluntary offsetting should not allow or drive continued greenhouse gas emissions by companies and it is essential that environmental integrity is guaranteed. Therefore, more guidance is needed with regard to responsible corporate climate action. Offsetting should become part of a mitigation hierarchy where emissions are accounted, reduced, avoided and offset on the pathway to a net-zero target. To mobilise the private financing required to tackle the interlinked climate and biodiversity crisis it is imperative that companies start to offset emissions *from the beginning* and not only after reduction and avoidance of emissions. To keep track of private sector progress we suggest a voluntary registry that keeps track of net zero targets, emission reductions and carbon credits purchased for offsetting along with the country where these carbon credits are reported. This way the contribution of voluntary private finance to the Paris Agreement and country NDCs becomes transparent. Wetlands International is committed to contribute to exploring the set-up of such a registry along with shaping the guidance on responsible corporate climate action.