

Public Comments for the Gold Standard's paper, *Operationalizing and Scaling Post-2020 Voluntary Carbon Market*

Double claiming

TNC welcomes the Gold Standard's foray into defining the necessity of a corresponding adjustment (CA) in a post-Paris world. However, we are concerned with the lack of specifics presented here and would recommend a tiered approach towards implementation of this plan. A few concerns include:

(1) The need for the Gold Standard to grow demand for non-compensation/offsetting claims cannot be overstated. Most discussions to date around CAs have typically involved nonprofits and governments but have not had as much participation from buyers. We would recommend a market study conducted with businesses to best understand and identify potential demand for new language around claims.

For example, it is unclear whether customers or other groups targeted through current carbon neutrality claims would understand any of the proposed alternative claims, such as: *"Company X has purchased and retired YY carbon credits through the voluntary carbon market and has thus financed the reduction of YY tons of CO₂e [outside its organizational boundaries], representing a tangible contribution to the climate mitigation goals of the host country and the Paris Agreement."*

Regardless of the final wording of any claim a business makes, we need transparency to fully understand what buyers are purchasing, from where those tonnes come, and how these purchases aggregate to meet the Paris Agreement targets.

(2) The timing and scope of implementation would benefit from more clarity, particularly from specific examples or pilot approaches. These are large caveats to the Gold Standard proposed changes. For instance, how will the Gold Standard determine when "there is confidence that countries will not be exploited"? Furthermore, what happens if projects in some countries can access a CA mechanism, while other countries do not offer such a mechanism? At what point would all projects need to apply CAs or the alternative claims method... after one country offers a CA pathway? After ten?

It would be incredibly useful if the Gold Standard were to provide specific examples to the following cases: cases where a country has a clear CA mechanism, where a country does not have a clear CA mechanism, and those where a country might have a CA mechanism but with implementation problems (not limited to potential corruption in some countries).

Additional guidance is also needed about the role of domestic purchases of offsets. If a US-based corporation purchases US-based offsets, is there a need for a CA? What if the company is multinational; as long as there is a subsidiary body in the project country, does that negate the need for a CA?

TNC recommends that the Gold Standard first pilot this approach; or, that the Gold Standard offers this approach on a voluntary basis for projects to test for a period of time (such as 1-3 years). That way, Gold Standard can receive real market feedback on how difficult such a transition may be and have better guidance.

Use of offsets

TNC notes that companies should offset only *after* setting an ambitious climate target and strategy. We also think that the use of offsets should not delay internal decarbonization activity.

Role of removals

TNC would caution against the guidance around removals in the most recent Net Zero document developed by the Science Based Targets initiative last year.

NCS removals must be considered in a landscape context that avoids undermining their effectiveness. In this sense, land-based removals – obtained via offsets or otherwise – must be appropriately bolstered by land-based avoided emissions.

Effective activation of a restoration approach could be undermined by insufficient investment in management or protection of NCS. For example, in Indonesia, where deforestation pressures are high, inadequate control of forest conversion counteracts any benefits accrued from reforestation.

There is nothing suggested by science, including the IPCC, that land-based removals should precede emissions in priority or timing. In fact, in order to effectively meet the Paris Agreement, avoided emissions – through implementation of protection NCS interventions – should be prioritized before or at least in concert with restoration initiatives that deliver removals.

Support for NCS methodologies

TNC supports and encourages the Gold Standard's intention to expand into Nature-based Solutions (NbS). [TNC-led research](#) has found that NbS could cost-effectively provide a third of the mitigation needed to halve emissions by 2030 by protecting, managing, and restoring forests, farms, grasslands, wetlands, and other ecosystems. We have been pioneering new approaches to quantify emissions reduced or removed from family forests, blue carbon, soil carbon and more, and would welcome additional methodologies for these critical activities.

While we agree with the Gold Standard that reducing deforestation and forest degradation is an urgent problem that must be addressed, we disagree with the characterization of market-based approaches as suffering “significant credibility concerns”. There has been much work done to identify and address the causes of deforestation worldwide. We believe there is a role for carbon markets in supporting REDD+ initiatives, done in tandem with additional policies to address subsidies for agriculture and other key drivers of deforestation.

National scale solutions to addressing climate change are vital and REDD+ is an important part of curtailing the massive source of emissions represented by continuing deforestation. However, if appropriately implemented, the integrity of carbon finance projects can be adequately ensured with varying levels of integration into official national efforts. There are circumstances under which nested approaches to carbon financing may be sufficient or even optimal depending on country circumstances. Particularly where nesting is being pursued, project methods can be well-aligned with government standards to ensure integrity without the necessity of being driven directly by national government efforts. Countries such as Guatemala and Cambodia are in the midst of implementing nested systems that will address integrity needs by requiring independent projects to align with and meet other conditions necessary to support government efforts.

TNC fully supports national level implementation where possible and appropriate, but also recognizes country sovereignty if and when countries choose to nest projects into a national or sub-national REDD+ approach. The leading standards for REDD+ also adopt this approach, and we would encourage Gold Standard to do the same. Here are examples of the following standards:

- **ART/TREES:** In its response to public comments, ART/TREES states, “ART recognizes the importance of local actions to reduce deforestation and encourages continued private sector investment in these activities. As such, ART wishes to give Participants flexibility in how projects or subnational efforts are nested, noting that many jurisdictions and countries have already begun developing approaches. ART does not wish to prohibit any nesting arrangements that have been or will be developed within participating jurisdictions.”
- **Verra:** Verra is currently updating guidance for REDD+ projects to nest into sub-national or national REDD+ approaches and is updating its 2012 Jurisdictional Nested REDD+ standard.
- **Forest Carbon Partnership Facility:** Several countries within the FCPF’s Carbon Fund are pursuing a nested approach, including the Democratic Republic of Congo and Guatemala.