



Gold Standard[®]

**ACCOUNTING & REPORTING
THE CLIMATE IMPACT OF
CERTIFIED COMMODITIES:
EXECUTIVE SUMMARY**

Version 1.0 for public consultation

August 2021

This brief document sets out the guiding principles and key elements provided in the 'Guidance for creating a Greenhouse Gas Reporting System' document. It is intended to support the consultation related to the guidance by providing an at-a-glance overview of purpose, principle and key elements. No discussion is provided for these three areas as this is covered in the document itself.

1 | PURPOSE OF GUIDANCE

The document thus aims to provide guidance for ISEAL members to develop approaches to credibly, design, implement, continually improve and transparently communicate a Greenhouse Gas Reporting System appropriately and in line with the science of the climate emergency in order to:

- Identify the needs and capacities of stakeholders in order to inform a credible, robust, accessible and equitable system
- Create accounting approaches that are comprehensive, credible and appropriate to the member's context and sector
- Allocate data to corporates in the appropriate chain of custody and in recognition of traceability and safeguarding issues, including making good use of the definitions and practices of allocation of supply and chain of custody in the ISEAL community
- Quantify and monitor energy process and land management emissions associated with their certified commodities generally
- Allow room for producers to take action to improve their emissions profile in order, for example, to seek beneficial pricing or preferential procurement

2 | GUIDING PRINCIPLES

The following guiding principles apply to the use of the guidance and inform the content of all subsequent elements. The intent of the guidance is to align with good practice accounting and reporting norms, namely the Greenhouse Gas Protocol, Science Based Targets and WWF's Corporate Blueprint for Climate and Nature.

Table 1 - Guiding principles

Principle	In practice
<p>1 – Recognize and prioritize the importance and role of value chains in climate mitigation</p>	<ul style="list-style-type: none"> — Approaches align with common practices and key frameworks to enable inclusion in corporate reporting — Approaches are respectful of the corporate climate mitigation hierarchy and minimize risks of perverse outcomes
<p>2 – Promote credible and transparent accounting, reporting and claims</p>	<ul style="list-style-type: none"> — Adhere to good practices in emissions reporting, including that (from Greenhouse Gas Protocol): <ul style="list-style-type: none"> — Emissions and removals reported are relevant to the targeted commodities/standards system — Are real and accurate, as quantified, monitored and reported through credible approaches and assured by competent and independent assessment processes. — Are associated with the purchasing company, respectful of economic and spatial inputs — Are transparently allocated, tracked and ultimately claimed appropriately — Claims made are true and do not mislead consumers or stakeholders
<p>4 – Considerate of equitable access and the varying challenges faced by producers</p>	<ul style="list-style-type: none"> — Flexible enough to allow standards systems to adapt to their unique context, whilst maintaining credibility — A balance of technical integrity and accessibility/practicality in application, which will mean different things to different stakeholders

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- 5 – Promote sustainability — Work with and promote the good work of ISEAL members in other areas of sustainability in order to promote this to participating corporates

3.0 OVERVIEW OF GUIDANCE ELEMENTS

The following provides an overview of the elements covered by the guidance. They represent a synthesis of existing and new ideas, designed as a logical flow to support the creation of a reporting system. They could also be used to improve an existing system by review, or to focus on any specific element. They are not a standard (i.e. there is no 'pass/fail' intention) and users are encouraged to get started on reporting at whatever level they are able to, with transparency on limitations.

Table 2 - Overview of key elements

Design Element	Description/Example
1 – Definition of scope and boundary of the GHG-RS	<p>This element describes how producers are included, which greenhouse gases included and the energy and land/marine management sources of emissions that are relevant*.</p> <hr/> <p><i>Example: one member includes all gases and process up to farm gate, another also includes an option for transport. Each member stratifies slightly differently, one by variety, the other by climate zone and variety. Each can explain their rationale for why this is appropriate.</i></p>
2 – Definition and scope of accounting approach	<p>This element describes our supplier information is stratified (for example by variety, practice, country, geography or climate) and how the emissions information will be accounted. This could include full LCA or process specific or a hybrid.</p>

It also describes the structural approach in terms of who in the system is responsible for quantification and using which tools.

Example: one member creates a sophisticated, centralized, mandatory digital tool for all certificate holders to use. Another creates clear principles but allows individual certificate holders to bring forward approaches for approval by their Assurance Provider.

3 – Approaches to quantifying emissions data

This element describes, in tandem with Element 2, how the actual quantification is calculated, in line with good practice.

Example: taking the examples given in Element 2, above, the first develops a bespoke tool, using this guidance to inform it. The second provides an open option but also recognises a list of tools and methods over time, as they come forward for approval.

4 – Approach to claimant causality and attribution

This element describes how the system ensures that companies correctly report certified commodities that are relevant and associated with their supply, including how their purchases and choices may cause beneficial change.

Example: one member uses a fully transparent chain of custody approach and has defined how the purchase of certified commodities from specific suppliers is a causal factor for change. Another takes a mass balance approach and manages an overall attribution system.

5 – Approach to assurance

This element describes how accounting and reporting in Elements 1 to 4 are assured.

Example: the member that chose a mandatory, central tool only requires its Assurance Providers to check that the tool has been used correctly. The

member that allows Certificate Holders to decide for themselves requires additional training and possibly accreditation for its Certification Bodies to be able to assess these. To overcome this, the Certification Bodies partner with a centralised expert partner to help review approaches as part of their audit plan.

6 – Relationship with impact metrics and other mechanisms

This element describes any other elements of the member’s system that relate to impact claim and how this is managed with regards to matters such as double counting, where relevant.

Example: a member includes an ecosystems services impact approach as an optional add on for Certificate Holders. This allows users to pay for additional benefits, meaning that an additional layer of attribution is needed to ensure no double claiming. Another member has a large number of certificate holders issuing credits for carbon offsetting and needs to deduct these from the information being ascribed to companies.

7 – Approach to certificate and license holder claims

This element describes how all the previous elements come together in how claims are managed.

Example: one member creates bespoke claims guidance and advises its corporate community to use them, another refers to ISEAL Good Practice Guides while a third decides to pro-actively ‘police’ claims, requiring the removal of any public claims that do not adhere to their policies.

8 – System M&E and capacity building

This element describes how the member will maintain and update the system and individual elements over time, including for correction of past learning where needed. It may also include details of training and capacity building programmes.

This also includes clarity on how data will be managed, particularly where sensitive and personal data will be captured.

Example: one member appoints a team to monitor the impact and efficacy of its CRSD whilst another commits to periodic review, working with an expert partner. Both create training and capacity programmes for a variety of stakeholders involved.