OPERATIONLISING ARTICLE 6 AND ENABLING RESPONSIBLE CLAIMS –

SUMMARY OF CONSULTION FEEDBACK + NEXT STEPS

Version 1.0

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1. BACKGROUND

Between 12 October – 19 November 2021, Gold Standard consulted on changes and additions to two Gold Standard for the Global Goals (GS4GG) documents, to reflect the changing international context in light of the implementation of the Paris Agreement and adoption of guidance underpinning Article 6.

The consultation covered:

1. Amendments to Gold Standard's Double Counting Requirements and Procedures, in particular to introduce a new process for managing Gold Standard-issued Verified Emission Reduction units (VERs) authorised for use as Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6 of the Paris Agreement.

2. Amendments to Gold Standard's Claims Guidelines, in particular to provide new guidance to inform claims made with respect to VERs that are correspondingly adjusted by their Host Country in accordance with Article 6 guidance, as well as VERs that are not correspondingly adjusted.

Further information on the consultation, and the background to it, is available here.

2. FEEDBACK

Gold Standard received feedback from five organisations or individuals. Full feedback has been published on the consultation page, and the main messages are summarised below.

Double Counting Requirements and Procedures

The primary amendment under consultation was the addition of new requirements and procedures to manage VERs that have received an Article 6 Letter of Authorisation from their Host Country, meaning that the Country has agreed to apply a corresponding adjustment for the underlying emission reductions or removals and not count them towards the Country's NDC.

The main focus of feedback was the proposed provisions that would apply in the event that a Host Country issues a Letter of Authorisation, but then does not apply the corresponding adjustment that they are obligated to make under the Article 6.2 Decision adopted at COP26. Gold Standard had consulted on provisions that would require the relevant project developer to ensure the reconciliation of the affected VERs. Two respondents expressed concern about this political risk being placed on the project developer, noting the commercial risk and financial exposure that this would represent, in particular for smaller and more risk-averse entities. One respondent suggested that Gold Standard consider buffer reserves as an alternative mechanism to manage this risk, though noting the potential challenges in implementing such a reserve. They also suggested that flexibility should be provided, for instance for Least Developed Countries (LDCs).

One respondent also sought great clarity on whether the new requirements related to the authorisation of VERs for use under Article 6 were mandatory, and how they should be treated for VERs intended for compliance and/or voluntary use.

Claims Guidelines

One respondent asked Gold Standard to make clear that claims of 'carbon neutrality' or 'climate neutrality' can only be made where carbon credits are used that represent the enhancement of carbon removals, rather than the avoidance of emissions. It was also recommended that Gold Standard more clearly distinguish between avoidance-based, reduction-based and removal-based carbon credits in the name given to Gold Standard-issued carbon credits, which are currently all titled 'Verified Emission Reductions'.

Another respondent recommended that Gold Standard align its Claims Guidelines with the concept of 'Beyond Value Chain Mitigation' described by the Science Based Targets Initiative, in order to clarify how companies can contribute to climate action within a host country and towards the host country's NDC without a double claim occurring. It was also recommended that Gold Standard consider aligning with approaches proposed under the Voluntary Carbon Market Integrity Initiative.

Another respondent sought greater clarity on the proposed guidelines related to double claiming, the use of VERs with and without corresponding adjustments and from which date these guidelines would apply.

Finally, another respondent encouraged Gold Standard to align with other market participants, noting that a standardised approach is needed as to the claims can be made when purchasing carbon credits with different attributes. The respondent noted the importance of clear guidance, and that its absence created challenges for market participants.

3. RESPONSE AND NEXT STEPS

Gold Standard is grateful to those who provided feedback and has considered all feedback carefully to inform our next steps. These are outlined below.

Double Counting Requirements and Procedures

On 24 February 2022, Gold Standard published amendments to its GHG Emissions Reductions & Sequestration Product Requirements to introduce updated Double Counting Requirements, including new Optional Requirements[1] to manage VERs authorised for use as ITMOs under Article 6 of the Paris Agreement.

The Optional Requirements to manage VERs authorised for use as ITMOs under Article 6 have been revised in two main ways from the version consulted on in October 2021:

1. To reflect and align with the final Decisions related to Article 6, adopted by governments at COP26 in November 2021, after the consultation was launched.
2. To accommodate alternative means by which double counting can be avoided in the event that a Host Country does not apply a corresponding adjustment for a VER that the Host Country had previously authorised for use under Article 6. The Requirements also specify that Gold Standard may introduce further options in the future, and we invite further engagement with stakeholders on this issue.

With the adoption of these amendments, Gold Standard has sought an extension from the International Civil Aviation Organisation (ICAO) to the eligibility granted to Gold Standard VERs for use towards CORSIA compliance obligations, to allow VERs with a post-2020 vintage that follow the Optional Requirements to be considered eligible.

Claims Guidelines

As noted by several respondents, Gold Standard fully recognises the importance of aligning with other market participants and initiatives, to provide clear guidance to market actors. With this objective in mind, **Gold Standard intends to publish revisions to its Claims Guidelines in May 2022**, following the publication of Claims Guidance by the Voluntary Carbon Market Integrity Initiative, which is expected in April 2022. Gold Standard will also continue to work closely and seek alignment with other relevant initiatives, including the Science Based Targets Initiative.

[1] As an Optional Requirement, these are not mandatory for all projects; however if a project wishes for their post-2020 VERs to be eligible for use-cases that require the avoidance of double counting with the host country's NDC – which include use towards another country's NDC or use towards a CORSIA obligation – then the Requirements must be followed.

In relation to the primary amendment that Gold Standard intends to make to its Claims Guidelines – to inform the avoidance of double claiming with, and the risk of displacement within, the Host Country's NDC – our work continues to be shaped by the following principles:

- Providing a clear signal to market actors, aligned with other market initiatives and participants as far as possible.
- Ensuring high levels of integrity and transparency in the use of the carbon market and carbon credits by companies and other entities.
- Providing a legitimate and clear route for the future use of both carbon credits that will be correspondingly adjusted by the relevant Host Country in accordance with Article 6 requirements, and for carbon credits that will not be adjusted for.