FAIRLY CONTRIBUTING TO GLOBAL NET ZERO

Initial framework for organisational climate mitigation strategies

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Acknowledgements

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The views expressed in this paper are those of Gold Standard, presented for further discussion and development in 2023. They do not imply endorsement by or represent any official position of those acknowledged as contributing and supporting.
INTRODUCTION

If global mitigation goals are to be achieved it is essential that all organisations become positive contributors to global net zero and beyond. At the same time and recognising that this may be motivation enough for some organisations, others may need support in recognising the value of this shift in thinking and to have the tools and roadmap to implement it.

This document, a Framework for climate mitigation strategies, is intended for use by companies, their stakeholders and those that scrutinize corporate climate mitigation practices. Building on and complementing the work of WWF, SBTi, VCMI and other standard-setters by providing a consolidated series of principles and criteria, it provides a credible framework for organisational climate mitigation strategies, set out in a series of principles and criteria. It also provides an outline of which criteria require further development support in terms of supporting tools and guidance, alongside what can still be meaningfully progressed now.

This Framework is designed to be read alongside its associated document: Gold Standard’s ‘Considerations for credible claims’, which considers the good practices that organisations should consider when promoting their climate progress (itself a principle of good practice included within this Framework).

Both documents are presented for discussion and feedback during 2023 with a view to fully developed versions for climate (including adaptation) and nature in the 2024 edition. Further editions, potentially annually, can become both a ‘state and trends’ review of organisational strategies and claims as well as a playbook bringing together the various reference initiatives as a roadmap set out against the various criteria.
In short, the documents will be progressed further to provide a comprehensive and credible one-stop shop for organisations to understand the various elements of a robust strategy and how different tools, initiatives and guidelines fit into that and underpin and provide guidance for how credible claims can be made.

The Principles and Outline Criteria presented are intentionally concise and designed to inform the further development of specific requirements, tools, methodologies and guidelines. They are presented in five areas:

1 – Organisational governance and accounting and disclosure practices
2 - Value Chain emissions abatement practices
3 – Practice to take responsibility, including financially for historical and ongoing emissions
4 – Other responsible practices related to climate mitigation
5 – Responsible climate claims (referring to supplementary Claims Guidelines document)
1.0 PRINCIPLES AND CRITERIA

This section focuses on the core building blocks of an organisational climate mitigation strategy. These reflect the classic ‘mitigation hierarchy’ of action that, when brought together, acknowledges responsibility for historic and ongoing harmful impacts as well as a positive and optimistic drive for change. Organisations are positioned as contributors to global net zero, zero and beyond, through their own responsibility and as participants in global and sectoral collective action.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Outline Criteria</th>
<th>What an organisation can do now (n.b. references are for information and do not necessarily imply GS endorsement)</th>
<th>What needs to be developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Organisational governance and disclosure practices</td>
<td>1.1.1 Implement effective and appropriate climate governance at Board and Management level. Remove ineffective practices that do not align.</td>
<td>• Adopt good practice guidance, such as published by the <a href="https://www.weforum.org">World Economic Forum</a>, <a href="https://www.fsb-tcfd.org">TCFD Recommendations</a> and <a href="https://act.org">ACT</a></td>
<td>• Individual organisations would likely benefit from support in establishing new governance approaches. Sector bodies could further</td>
</tr>
</tbody>
</table>
1.2 - Transparently disclose emissions and progress towards all targets:

- 1.2.1 Use latest Greenhouse Gas Protocol Standards and guidance’s to establish an inventory and then publicly disclose through credible platforms and through own communication channels all aspects of target-setting, planning, accounting, reporting and assurance and correction. Information should enable a reasonable expert to follow and understand the working and to be able to establish how reporting was reached (note – existing platforms referenced in this section have received criticism in these areas, organisations should take this into account when preparing their disclosures).

(CDP/AME/World Benchmarking Alliance)

- Publicly disclose emissions and progress towards target through CDP and/or GRI as a minimum. Monitor the work of ISSB towards creating a global benchmark and baseline for disclosure standards and seek to align when appropriate.
- Apply disclosure good practices, such as Taskforce for Climate Related Financial Disclosures. Although this will be covered in later nature framework, the work of Taskforce for Nature

- Disclosure principles and assessment of disclosure platforms against them (noting limited accessibility, transparency and legibility of existing platforms).
- Guidance and/or criteria for assessing the significance and materiality of omissions, caveats and limitations and their impact on credibility of claims.
- Clearer sector specific guidance on the reasonable boundaries of scope 3

provide sector-specific approaches to support their members.
1.2.2 Minimise limitations, omissions and caveats but publicly disclose and explain the rationale behind them where they arise.

1.2.3 Openly and honestly convey any challenges and failures to achieve targets as they progress, as well as to communicate plans to rectify.

**Related Financial Disclosure** (TNFD) should also be considered.

- Create a public platform, for example via the organisation website, to capture and publish all information associated with this document.
- Take into account the significance of omissions, caveats and limitations and make measured claims accordingly (see supplementary Claims Guidelines).
- Show leadership by openly and honestly ‘owning’ accounting and reporting errors and/or corrections required for emissions. For example, within the steel sector there is no common agreement on the boundary of downstream use phase emissions.
example where data quality and availability improves.

- Provide details of any failures of implementation or impact and how they will be rectified.

BOX 1

Correcting for error: leadership in the science-based era

Some of the core principles of this framework involve actions that inherently include uncertainty. For example, designing mitigation plans that look towards an unknown future, that may rely on the actions of others. Accounting and reporting emissions involves estimations based on data that isn't always reliable or choosing instruments that require an assessment of the probability of additionality. In other words, there are risks attached to making absolute or strong and certain statements concerning plans and achievements, given that good practices change, data quality improves, methods adapt and the climate itself changes around us.

Given that some of the main drivers for voluntary action is to enhance reputation, brand equity and competitiveness this uncertainty can undermine the good efforts of organisations, causing them to redress and rebalance what they have previously shared. In the past this has led to some actors being tempted to ‘move the goal posts’ or to take refuge in vague wording, to find uncredible short cuts and work arounds or to simply deny there has been any error at all. These are all forms of greenwashing, defined by the gap
between what has been said (or not said) and what has really been achieved (or not achieved) and we must move to transition our collective societal mindset to prioritise accuracy and integrity above all else.

It can be culturally and economically difficult to persuade executives and board members to embrace the possibility of mistakes and the need to correct them. As scrutiny becomes more and more sophisticated though, there is less room to hide in the margins. Although difficult to put into a normative principle and criteria, this framework should be read as a strong encouragement to embrace a new philosophy of openness about mistakes and to see points of failure as an opportunity to learn, grow and share progress that can help others. Furthermore, Gold Standard would go as far as to encourage organisations to publically address corrections as an achievement in improving data accuracy.

Even though best intentions sometimes don’t yield hoped for results, a failure acknowledged is a greater demonstration of leadership and ambition than any work around that attempts to convey or justify a success that hasn’t really happened.

1.3 – Independently assure progress and underlying accounting and reporting:

1.3.1 Appoint independent, accredited auditors to assess accounting, reporting and progress across all targets. Note that different target types may require

Appoint an ISO14064 or equivalent assurance provider to provide a reasonable and positive level of

Linked to 1.2 above, develop guidance and tools for auditors to conduct assurance for emerging
1.3.2 Ensure a reasonable and positive level of assurance is applied and that no caveats are included that mean the resulting reports cannot be relied upon.

Assurance of different elements of accounting and reporting against the various targets included can be ‘stacked’, for example different assurance providers may provide inputs into an overarching report. Organisations should take care to assess the potential for gaps or errors where doing so.

2 – Value Chain emissions abatement practices

2.1 – Set science-aligned abatement targets for value chain emissions and create a robust implementation plan to achieve them

2.1.1 Commit to a comprehensive (i.e., inclusive of Scope 1, 2 and 3), ambitious (i.e., to achieve organisational Net Zero as defined by SBTi, earlier than 2050), science-aligned abatement of value-chain emissions, including short term 5-year targets. Gold

- Develop and commit to a science-aligned Scope 1, 2 and 3 Net Zero target to be achieved earlier than 2050 and have this validated via a credible third party. Gold

- An update on the net zero standard, that covers all scope 3 emissions enabling companies to have greater instruction on how to take
year targets, for example through the latest credible methodologies such as the Science Based Targets Initiative (SBTi) Net Zero Standard. Use the latest robust and credible accounting approaches in all target setting (see 2.2, below).

2.1.2 Create, publish and maintain a credible plan for the achievement of proposed targets, including near and longer term, including clear details on gaps and assumptions. Consider including a change control process for updating plans in future as things change and as gaps and assumptions in the initial plan are resolved.

2.1.3 Do not include any extra-value chain achievements within this target, particularly excluding the use of

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Standard recommends the SBTi Net Zero Standard and ancillary sectoral guidance and toolboxes. It is noted that SBTi requires, adjusted by sector, coverage of 90% plus in terms of emissions sources to be included in accounting and reporting.

- Develop and implement a clear plan for the achievement of the stated targets, acknowledging gaps and need for further development. Although in development and not yet comprehensive, the work of the Transition Plan Taskforce may assist, as may the work of Glasgow Financial Alliance for Net Zero. Sectoral responsibility for their full value chain emissions
- Templates, blueprints and exemplars of good planning.
- Further guidance on sectoral decarbonization pathways (as proposed by SBTi).
- Sector by sector collective action initiatives (by others)

See data quality expectations below.
offsetting towards both near and long-term targets, regardless of whether that is avoided emissions, emission reductions or removals.

guidance may also exist, for example in the Fashion Pact.

BOX 2
Towards a genuine transition

For an organisation to achieve net zero and beyond and to become a positive contributor to global climate efforts, the depth and breadth of decarbonisation and contribution in the coming years is obviously significant. There are two linked logical fallacies that organisations often fall into when considering this challenge. The first is that regulation and the action of others will do the work for them, for example through a grid switch to renewable energy or through regulation of supply chains. The second, related, is that their own business model can stay largely the same but made more efficient by contextual progress and some minor rethinking of their own business models, value chains and processes.

This Framework should be read as pointing to major, often radical rethinking of how an organisation acts and how it does business and how that business fits within a locally and globally decarbonising economy. There must be a considered mindset shift from how to make current business sustainable to what a business looks like in a world where economic advancement is framed within the umbrella of societal and environmental tolerances. From this point, businesses can begin to plot what their models should look like in
that world and endeavor to alter behaviors and processes to match. Future iterations of this document will include more exemplars for inspiration, but examples may include entirely switching from ‘traditional’ product inputs, rethinking how products are used and re-used, how an organisation rethinks its growth model and what it invests in, how it’s people work day to day and how it operates in the contexts of its value chains. The bottom line is this Framework can’t be fully achieved by any organisation based on a projection of how it operates today.

2.2 – Use credible emissions accounting and reporting methods to monitor progress towards targets

2.2.1 Apply inventory accounting and reporting good practices for entire value chain emissions.

2.2.2 Apply data quality good practices to ensure achievements are credibly reported, including by conveying the level of uncertainty in the accounting.

2.2.3 Intervention-based approaches should be accounted and reported using credible approaches, as

- Account for emissions in accordance with the (recommended) Greenhouse Gas Protocol, to a level of quality that represents good practice.
- Make sure accounting that applies market-based accounting is used only where legitimised by a credible reference framework (for example in Greenhouse Gas Guidance and criteria to supplement GHGP, providing greater clarity on what constitutes ‘good’ accounting, in the context of use towards science-aligned targets. GHGP is by necessity open to a wide range of data quality and completeness, so that any organisation can start the
recognised within the SBTi and/or GHGP system. They should be reported against targets, such as SBTi, where legitimised in that context, but they should be reported alongside the inventory (1.3.1) rather than netted within to avoid double counting.

2.2.4 Impact-based accounting, such as conveyed using carbon-credits and in project-based accounting, cannot be used towards inventory accounting (2.3.1). It’s use in intervention-based approaches remains under development.

2.2.5 Avoid double counting with carbon markets (including voluntary, compliance and under the Paris Agreement) by adjusting for credits sold Protocol or SBTi) and is reported alongside accurate accounting and used only to connote progress towards a target, rather than its achievement.

- Where interventions in value chain are supported, report these towards targets only where endorsed by SBTi. The work of SBTi, the AIM Platform and Value Change Initiative are all relevant to this area, which remains under development.
- Ensure carbon credits do not feature in any aspect of inventory reporting by following Chapter 13 of the GHGP Land and Removals Guidance.
- Guidance on the appropriate levels of data quality and uncertainty required to robustly report performance against value chain targets.
- Principles, criteria and application guidance for the process of accounting. However, in the context of science-aligned targets it is important that there is correspondingly clear guidance on science-aligned accounting quality, completeness and accuracy thresholds, including conservativeness where necessary.
for the purpose of offsetting or equivalent.

accounting and reporting of market-based allocation approaches and intervention-based approaches.

• Guidance on how deep the effort to demonstrate the credible avoidance of double claiming by claimant, considering that global default factors should in theory be deducting for issued credits.

BOX 3
The critical need for collective action
In a similar way to the need to radically reconsider business models discussed in Box 2, above, it will be equally unfeasible to deliver the depth and breadth of decarbonization working in isolation. Many of the finance mechanisms mentioned in this document come from a place of individual action and achievement, which is often the natural tendency of competitive actors. A complex value chain cannot be decarbonised by individual actors and many of the decarbonisation activities demanded require collective effort, finance and research and development to unlock them. Cross sectoral action should be considered as enhancement of and not a replacement for credible company action. Through greater collaborative efforts, companies can drive a more sustainable global supply chain, creating efficiencies, economies of scale and supporting a shift to more sustainable sectors that will support a broader market drive for lower emission products.

There are promising signs of this kind of pre-competitive, collaborative activity occurring through industry groups in many sectors. Equally promising are the sectoral transition pathways being defined for example by TPT and SBTi, mentioned in this document. Further work is needed on the financial products and instruments to serve these needs and align with these pathways, but this discussion is also underway.

It can be difficult to provide a standardised way to approach this challenge, as individual actions can also be very valuable, whilst collective action is not always available. This Framework should be read as a strong recommendation to consider, contribute to or even initiate sectoral discussions on transition pathways towards decarbonisation and to participate in forums and activities that drive towards that aim. Where collective action investment vehicles are credibly available then their use is strongly encouraged.
2.3 Implement plans and transparently manage change

2.3.1 Act according to the published plan, updated in line with good practice, changing context and as assumptions and gaps are realised. Create Board-endorsed indicators that accurately and transparently reflect the aim of the strategy and plan, report against them.

2.3.2 Many existing business practices and models will become incompatible with the deep cuts required to align with science – organisations should acknowledge this in their plans and provide details of what changes (or areas of change) are targeted to achieve this.

2.3.3 Keep stakeholders transparently up to date on changes including maintaining a report against the

- Create a monitoring and reporting plan that sits alongside the accounting and reporting approaches outlined in 1.3, below. It should focus on actions and assumptions and ensure that the original targets that were set (and all subsequent changes) are reported against.
- Consider the Accountability Framework IPLC guidance and avoid the assumption that this only relates to developing country circumstances.
- Companies should look to include transition plans, to demonstrate how business models will change to align with the latest climate science.
- Tools for monitoring and reporting actions, as well as templates and platforms for disclosure.
originally set targets to avoid perceived or real intent to move goalposts. and exist in a net zero economy.

2.3.4 All actions taken should be mindful of stakeholder inclusivity, safeguarding and the rights, access and fair compensation of Indigenous People and Local Communities as appropriate to context. Implement a “do no harm” approach and look to act on further guidance from SBTN when this becomes available.

3 – Practices to take responsibility for historic and residual emissions (see *WWF Corporate Blueprint for Climate and Nature* and *Fit for Paris* publications)

| 3.1 – Report historical and ongoing emissions | 3.1.1 Calculate, independently assess, and publicly disclose historical emissions (defined as prior to validation of Value Chain Abatement targets covered in Principle 2, above) | • Use the Greenhouse Gas Protocol to estimate historical emissions and disclose them publicly. It is acknowledged that quality of data required as well as setting a scope and |
| | | • Methods and tools for setting scope, boundary (organisational and temporal) for accounting |
associated with organisational activity using a credible methodology.

3.1.2 Using robust accounting approaches (see Section 2, above) calculate and publicly disclose ongoing emissions as organisation progresses towards the achievement of abatement targets.

boundary for long-standing and complex organisations may not be simple. A temporal boundary may need to be considered for more accurate accounting, especially for older organisations,

- Annual emissions are publicly disclosed under Principle 1.

<table>
<thead>
<tr>
<th>3.2 Recommended consideration: Take responsibility for historical emissions</th>
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<tbody>
<tr>
<td>3.2.1 Where possible, take responsibility for historical emissions through an appropriate method, particularly for the period where the impact of greenhouse gases has been reasonably known.</td>
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</table>

- Consider including an allowance for historical emissions within finance target established in 3.3, below.

<table>
<thead>
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<th>3.3 Take responsibility for ongoing emissions by setting an internal carbon price and funding climate</th>
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<tbody>
<tr>
<td>3.3.1 Set, maintain and periodically update an internal carbon fee per tCO$_2$e of emissions and publicly disclose the</td>
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</table>

- Pending further development of and consensus around internal carbon pricing methods, set an internal

- Detailed guidance for setting and updating finance targets

- Methodology for historical emissions financial allowance.

- Clarity on how far back to reasonably account and take responsibility for historical emissions.
action beyond the value chain (referred to as ‘beyond value chain mitigation, BVCM, in the SBTi Net Zero Standard)

amount and its methodology and rationale.

3.3.2 Use the finance derived from the carbon price to fund high quality direct and indirect climate action that aligns with scientific priority, sectoral decarbonisation and positive advocacy. This should include direct mitigation (i.e., resulting in emission reduction or removal outcomes) and may include indirect (for example investing in research and development or enabling conditions). Climate claims associated with these funded actions should be based on a ‘contribution to global net zero’ approach rather than a fungible, compensatory one.

3.3.3 Activities funded should be beyond those mandated by regulation, carbon price as finance target that is challenging and is high enough to influence business decision making towards the achievement of organisational Net Zero goals. It is noted that WWF recommends as follows:
- A finance target of at least 100 euros before gradually rising to 219 euros by 2030.
- Setting a finance target immediately for residual Scope 1 and 2 emissions in full, with Scope 3 being realized by 2030 latest (though Gold Standard recommends starting immediately and increasing over time)
- Some aspects may be deductible, where for e.g., regulation exists.

- Blueprints/exemplars for fund decision making towards optimal outcomes.
- Guidance on designing optimal portfolio mix for financing (see WWF paper linked previously for early advice)
- Methodologies for assessing impact of non-mitigation activities such as R&D and advocacy.
- Platforms for disclosure of finance and impact.
- Norms and good practices for benefit sharing.
- Role and approach to sustainable landscape programmes as both impact
additional, sustainable, appropriate to their context, minimize and avoid leakage, be inclusive of stakeholders input, contribute to the Sustainable Development Goals and be robustly safeguarded. Activities should not be part of business-as-usual practices within the organisation and should avoid funding action that is within the value-chain of the organisation, unless further legitimised by a credible actor such as SBTi or WWF.

3.3.4 Conduct robust monitoring, reporting and verification of the estimated impact of financed activities and publicly disclose same.

3.3.5 Where organisational Net Zero claims are intended then it is recommended to apply the

- Milkywire also provide a white paper for the setting of an internal carbon price, differentiating by differing emissions intensity and profitability to avoid perverse outcomes. This can be found here.

- Finance a mix of activities that are aligned with global priorities. In the absence of detailed guidance this should include conservation and restoration of nature and helping communities access energy and services beyond the organisation’s value chain. It should also include contributions to accelerating sectoral decarbonization.
neutralization approach envisaged by the Science Based Targets Net Zero Standard (see FAQs). This is a form of offsetting and therefore the quality criteria in 3.3, above, should be applied along with the use of a uniquely claimed carbon credit (i.e., no forms of double counting, including double claiming with host countries or other companies is acceptable).

- Recommended consideration: Use the carbon fee to retire high quality carbon credits from a credible voluntary carbon market actor, or under Article 6.4 of the Paris Agreement to take responsibility for residual emissions. A further option would be to create or participate in high quality funds designed for this purpose, for example those operated by WWF and/or certified under a credible standard.

- Organisations are also encouraged to be creative in their choices, leveraging their own work and positive influence as well as their
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- Organisations should report the impact of their efforts, using credible methods, noting that there is no intrinsic need for this to be directly, numerically compensatory.
- The work of IC-VCM could be considered in this light (noting that this remains in development and is not necessarily endorsed or supported by credible actors).
- Disclosure norms for the purchase of carbon credits are explored in the work of VCM (similarly remains in development).
4 - Other responsible practices related to climate mitigation

4.1 Positively contribute to climate dialogue:

<table>
<thead>
<tr>
<th>4.1.1</th>
<th>4.1.1 Transparently disclose all climate related advertising, lobbying, advocacy and associations.</th>
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</thead>
<tbody>
<tr>
<td>4.1.2</td>
<td>4.1.2 Cease any advertising, lobbying, advocacy and associations that are at odds with the goals of the Paris Agreement and (Recommendation)</td>
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</tbody>
</table>

- Use the public platform proposed under 1.4 above to disclose all non-abatement climate-related activities of the organisation.
- All known current and historic activities at odds with the goals of the Paris Agreement should
- More detailed guidance on what constitutes advertising, lobbying, advocacy and association and how to monitor and report its impact.

**development and may not be fully supported at time of writing.** Although carbon markets focused, some of the ideas could be extrapolated to other methods of taking responsibility for residual emissions.
4.1.3 Proactively participate in positive climate dialogue and advocacy work.

clarify the nature of historic actions to this effect.

4.2 Cessation of deforestation, further fossil fuel investment and exploration and single use products and packaging

| 4.2.1 Where relevant to the organisations value chain (including indirectly), ensure the cessation of deforestation associated with value-chain activities. |
| 4.2.2 Accepting that energy purchased and used within an organisation’s value chain is covered under Principle 1, further divest from all fossil exploration, extraction, transport and power generation investments of all forms. |
| Zero deforestation targets and plans should be developed and implemented. The work of TNFD and the Accountability Framework may be helpful. |
| Deforestation is not the key focus of this document, but further linkage to reference frameworks, such as the Accountability Framework to be developed. |

4.2.1 Where relevant to the organisations value chain (including indirectly), ensure the cessation of deforestation associated with value-chain activities.

be stopped and organisations should make clear and/or make corrections as to why these were not appropriate. Organisations are encouraged to take responsibility for historic mistakes in this regard.

• More detailed guidance on what constitutes ‘at odds’ with the goals of the Paris Agreement.
<table>
<thead>
<tr>
<th>4.3 Regulatory compliance</th>
<th>4.3.1 Adhere to all local, national and international law and participate fully in all mandatory accounting and disclosure frameworks</th>
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</thead>
<tbody>
<tr>
<td>4.4 Make sustainable procurement decisions, particularly related to purchased goods</td>
<td>4.4.1 Consider switching to commodity procurement that reflects sustainability good practice</td>
</tr>
<tr>
<td></td>
<td>Consider purchasing commodities certified under an ISEAL Alliance member system, particularly in sensitive and developing contexts.</td>
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</table>

**BOX 4**

**Supply chain visibility and safeguarding**

One of the major challenges faced by organisations is the level of visibility within their supply chains. This, coupled with supply chain dynamics, can make it difficult to make investments that realise the value of beneficial reporting outcomes.

There can be a temptation to skip over improvements to traceability and visibility of suppliers, which in turn can affect the sustainability practices and safeguarding provided, especially within more vulnerable countries and communities. It is therefore important to note that whatever plans organisations make towards their climate goals, these should not be at the expense of
progress towards visibility and sustainability of suppliers and their communities. Indeed, this topic could be said to have received the most scrutiny of all corporate actions to date and it is clear that a climate responsibility does not supercede this. Further it is clear that supply chain adaptation, leading ultimately to resilience, is an essential component of a climate strategy, given that no business can be done at all if supply becomes unviable. Adaptation and resilience will be covered in a later publication, but attention is drawn to this essential consideration now.

Visibility and sustainability are highly contextual. Hence it is recommended that organisations actively participate in credible sectoral efforts, such as those led by the ISEAL community, regional and/or industry bodies to better define what should be done.

5 – Climate related claims

5.1 Make claims that use plain language, are truthful, measured and avoid misleading stakeholders through omission or caveat

5.1.1 Ensure all ‘headline’ and ‘narrative’ claims concerning climate related achievements are built off progress and strategies related to Sections 1, 2 and 3 above and reflective of all the stated public disclosures.

• For general claims good practice guidance, Gold Standard recommends the Supplementary Claims Guidelines associated with this document, as well as the ISEAL Claims Guidance. Further information may also be found
5.1.2 Adhere to good claims practices, for example as envisaged in the supplementary Claims Guidelines.

- There is no need, technically, for a headline claim and Gold Standard does not currently endorse third party claims such as Net Zero directly, though in the context of the SBTi Net Zero Standard this remains discretionary. However, Gold Standard recommends an overarching claim, should all aspects of these principles be applied, as included in supplementary Claims Guidelines, so long as that claim is science aligned and defensible.
2.0 FREQUENTLY ASKED QUESTIONS

1. What is the relationship between my organisation’s Net Zero plan and global Net Zero?

Gold Standard takes the view that no individual, product, organisation or country can itself be genuinely Net Zero, unless global Net Zero is achieved. Instead, Gold Standard considers the summation of the principles in this document as pointing organisations towards taking responsibility for their emissions in alignment with and as a contribution to global Net Zero (and beyond). It should be noted that being in progress towards the achievement of organisational Net Zero does not logically convey a status of ‘good’ actor to an organisation as, in effect, progress connotes a reduction of harm over time (i.e., harm is still being done). Hence it becomes essential to also take responsibility for residual emissions, per Section 2 and towards contributing to global Net Zero efforts.

2. My organisation is in a hard to abate sector where science-aligned target setting is yet to be established, can we apply this guidance?

All organisations are encouraged to align with the good practices presented, wherever possible. In the absence of full alignment, organisations could still apply various elements as part of their journey towards responsibility. It is important in doing so to carefully reflect on claims made regarding achievements. For example, Gold Standard does not consider it appropriate to claim to have taken responsibility for emissions where that source of emissions is increasing, or indeed the organisation responsible for them is perpetuating activities such as fossil fuel extraction that are at odds with the goals of the Paris Agreement. Secondly, Gold Standard disapproves of any use of voluntary action to deflect or defer needed regulation. Claims that imply positive
achievements, responsibility being taken, or negative effects are mitigated are not credibly available to organisations that are not aligning with the principles and criteria in this document, therefore.

This does not mean those organisations should not act at all. Indeed, this document conveys several individual ways they might do so towards fairly contributing to global net zero efforts. It may be that in some industries and sectors that the transition plan means that it is not possible to be a contributor and instead, as is the case with the use of fossil fuels in energy generation, it is more about winding down those operations as quickly and justly as possible.

3. My organisation intends to follow good practice but is in the process of establishing its plans, what should we be doing in the meantime?

Gold Standard believes organisations should be encouraged to get started on this journey, including making strong public commitments, even where a plan is not yet fully developed to realise them. At the same time, it is important to be transparent about this and about what is still needed to align with these principles. Claims that imply positive achievements, responsibility being taken, or negative effects are being mitigated are likely to attract criticism where applied by organisations that are not fully aligned with the principles in this document. A strong pledge genuinely made is a recognition of the critical importance of acting but does not convey that the organisation has established how that would be achieved.

4. My organisation has been established a long time and/or has a very large volume of historical and residual emissions that would likely be unviable to compensate for, what should we do?
Gold Standard believes, given the extent of the climate emergency, in taking responsibility for historical emissions, for example using high-quality carbon credits. It is noted that organisations should avoid claims that imply their historical emissions have been neutralised or compensated and instead communicate that responsibility has been taken. It can be tempting to seek carbon removals to neutralise the historic negative liability of an organisation. This is often done with the right intention, but greater leadership may be argued to be found in acknowledging this historical liability and funding a more optimal mix of activities to take responsibility in a more collective-focused and less self-centered way of thinking.

Regarding historical emissions specifically, this is noted as a recommendation to consider rather than a firm criterion in this document. This allows some room to take responsibility in part if the whole is not yet achievable. If nothing else we would encourage organisations to recognise that their historical success has also come at a cost to the planet and act accordingly going forward.

5. **How should the impact of non-mitigation activities, such as sectoral research and development and advocacy be measured?**

At the time of writing there are limited tools available for these activity types, though we expect these will be developed in future. Gold Standard is interested to hear from organisations working in this space. In the absence of these methodologies, organisations should share their intended outcomes and performance indicators ‘bottom up’. It is noted that these areas will be important to support but are likely difficult, if not in some cases impossible, to assess for positive impact. New tools such as effective design criteria and activity-based or process-based results will likely therefore be needed.

6. **How can I apply these principles to a product or event?**
There is currently no legitimate framework for setting science-aligned targets for products and events, though this will be further derived from these principles in future. Gold Standard reiterates that products and events cannot themselves be thought of as Net Zero, or similar, but rather are aligned with a responsible plan for their host organisations contributing to global Net Zero. Where product claims are intended then organisations should ensure that the product's emissions are aligned with and at the same level of progress or better than the overall organisational inventory.

7. **Can I pass carbon pricing on to customers?**

The precise methods of providing funding against the internal carbon price will be contextually specific to individual organisations and perhaps sectors or countries. As business practices will inevitably need to change to achieve climate targets, so will the role of customer and pricing. Organisations should take care over how any pricing is conveyed to customers, mindful of generating support for climate efforts and the risks of being seen to externalise the cost of doing business in a climate emergency.

Care should be paid to any offset-related claims. As offsetting requires a unique claim, any offset opportunity sold to a customer should either therefore transfer the benefit of the claim to them (and can no longer be made by the organisation) or it should be made clear that the customer is offsetting the organisation, who will make the claim. This can be a difficult message to convey and to understand, given the same source of emissions is typically targeted by both.
8. **Is offsetting the preferred method of taking responsibility for residual emissions?**

To date offsetting has been the common practice way to take responsibility for ongoing emissions, based on those emissions being fungibly compensated by an emission reduction or removal elsewhere (with the specific effect that the same level of emissions is released to the atmosphere as if the company had not emitted in the first place).

Today what is most important is that an internal finance target is established and that the carbon price for the organisation is publicly disclosed as part of annual reporting and used to fund an optimal mix of climate action. It is this mechanism, rather than volume of residual emissions, that is the more sustainable method of self-accountability.

Gold Standard supports fair contributions to global net zero through mechanisms such as the carbon market, where the credits used achieve the necessary quality criteria. There is no technical need for this to be fungible with or for an equivalent number of emissions to the residual footprint of the organisation to be retired as the concept is not intended to be directly compensatory. Indeed, with the setting of internal carbon prices it may be possible to exceed this or conversely it could be preferable to support a harder to reach activity that delivers fewer reductions or removals. Of course, some organisations will wish for the reassurance of having funded an amount of mitigation outcome at least as much as their ongoing emissions and this is a reasonable, but not essential criteria for an organisation to set itself. Where an organisation is not confident in choosing impactful action to fund it may be a way to safeguard against criticism.
Gold Standard therefore recommends an approach based on overall contribution to global Net Zero (and beyond), allowing organisations greater flexibility and creativity in the ambitious activities they finance. Carbon markets are a good way to co-finance climate action however and Gold Standard strongly supports their use for some mitigation activities.

9. **Is a claim of carbon or climate neutrality still credible?**

It is acknowledged that historical targets and claims, such as Carbon or Climate Neutrality were often set with the right intention, in the absence of legitimate definitions and guidance. Gold Standard does not recommend the perpetuation of these claims as they do not represent the holistic, responsible practice set out in this document. They are also generally no longer supported by leading NGOs. Instead, for organisations following these principles, Gold Standard recommends following the supplementary Claims Guidelines, released for discussion in 2023 alongside this document.

Another way to think about this is that in conveying a complex set of achievements and progress in a short phrase, it leaves any aspect of this framework that is not being robustly applied open to firm criticism. For example, an organisation claiming to be carbon neutral while there is ongoing deforestation or investment in fossil fuel extraction, or where single use packaging remains a part of their operation, are unlikely to be able to defend that claim robustly.

Regardless of approach, Gold Standard does not recommend that historical claims considerations or updating of strategies are themselves reasons for organisations to end their support for mitigation activities already underway. Many activities previously
supported under historical strategies and good practices remain in need of financing and vulnerable to cessation, this should be considered with care.

10. Is neutralisation of emissions (i.e., using carbon removals) offsetting?

The SBTi Net Zero Standard proposes that organisations that have achieved a science-aligned level of value chain emissions can ‘neutralise’ their residual emissions using carbon removals and thus claim to be Net Zero. As noted elsewhere, Gold Standard does not consider this claim to be necessary nor reflective of the role of organisations in global Net Zero (and beyond) achievements. However, where applied Gold Standard considers neutralization using removals towards a Net Zero claim to be a form of conditional offsetting. This is because the claim implies residual emissions have been mathematically mitigated by removals elsewhere and because this wouldn't make sense unless the criteria required for quality offsetting is in place. For example, a Net Zero claim would not have efficacy if the removals used were not additional, permanent, avoidant of leakage, uniquely claimed and properly monitored, reported and verified.

11. Should I prefer carbon removals over emission reductions or avoided emissions for my beyond value chain mitigation targets? What activities and outcomes should I prioritise?

There is no reason to prioritise removals over reductions in the context of taking responsibility for ongoing emissions. However, in the context of supporting an optimal mix of actions over time, then removals should form a part of the portfolio of activities supported. The proportions of different types of activity and impact is likely to adjust over time, in line with the changing global context and advice from the IPCC. In this way, the need for removals is likely to increase in proportion and thus feature more heavily in the activities funded.
It is also noted that in future it may be feasible to recognise investments in indirect mitigation action, such as advocacy, enabling conditions, technology etc. These can often lead to far greater impact than specific projects but are not viably supported by offsetting mechanisms.

The most appropriate way to consider balance of credits, is to take a step back and think holistically about how an organisation should mobilise climate finance towards an optimal outcome. In this regard, it is best to consider a variety of direct and indirect beyond value chain investments that complement a suite of activities aligned with the sustainable development goals. Further guidance on optimising the mix of activities and outcomes is expected to be developed in 2023/2024. Gold Standard specifically recommends that organisations include funding of actions that do not easily fall into the productive economy or regulation (i.e., that are not so easily funded through other means), such as community access to energy and services and the restoration of nature.

12. **Should I prioritise nature-based solutions in taking responsibility for my residual emissions?**

Nature based solutions are important and should form a core part of the funded portfolio of activities, but not the only part. As noted above, other activities that are important include those that are not typically reached by other forms of investment, such as supporting vulnerable communities to access energy and other services.
13. What risks of double counting exist in this guidance?

There are various forms of double counting, defined as the use of the same beneficial emissions attribute used by more than one entity towards their respective targets. For value chain abatement activities, it is important to adhere to the Greenhouse Gas Protocol and ancillary guidance. There is generally no concern associated with the parallel reporting of organisation inventories (i.e., as per the Greenhouse Gas Protocol) and national inventories, as both would remain true and accurate where mutually reported. The main risk associated with double counting concerns the interface between value chain and responsibility for residual emissions targets.

For double counting between value chain abatement activities and activities funded to take responsibility for residual emissions, this is more nuanced. The following are noted:

- All forms of offsetting, including compensatory and neutralization approaches, require unique claims. The reduction or removal used (i.e., the credit retired) cannot be included towards any other target of any other entity, or the claim to have offset is put at significant risk. This is most relevant to any regulatory offset claims and the claim to have achieved Net Zero. A finance and contribute to global net zero model (i.e., not offsetting, but taking responsibility through the emerging contribution approach) can be double counted with national inventories as both would remain true and accurate claims. There may however be beneficial reasons why it is preferable to adjust the national inventory for the release of credits, even where used for contribution claims, though this needs further exploration and should not hinder efforts in the short term.
- Organisations should clearly differentiate between activities that are reported towards value chain targets and those funded as part of a responsibility for residual emissions. This especially includes mitigation action where in-value chain sources of
emissions are targeted and could be reported. However, as noted in Principle 2 (2.3.2), activities that indirectly accelerate the achievement of value chain targets, for example research and development, may be considered valid in future. There is no detailed guidance on how to assess this and to avoid the actual or perceived risk of this lowering overall ambition, however. Organisations are therefore advised to take care when considering this option.

14. **We use a non-ISO14064 auditor, but still a reputable organisation, is this ok?**

Appropriate accreditation provides clear competency, quality and management practice requirements as well as oversight of assurance provider performance and rectification of error or areas of improvement. Gold Standard strongly recommends an auditor with the appropriate accreditation (i.e., ISO14064 or an equivalent, greenhouse gas emissions-specific), regardless of the size and reputation of an assurance provider or the convenience of using other options, such as financial accountancy/audit providers.