

1 April 2022

GOLD STANDARD RESPONSE TO THE AUSTRALIAN CLIMATE CHANGE AUTHORITY'S CONSULTATION ON INTERNATIONAL OFFSETS

Gold Standard is pleased to share this response to the Climate Change Authority's Consultation as part of its Review of International Offsets. This response is intended to complement comments provided during Gold Standard's targeted discussion with representatives of the Climate Change Authority during the consultation period.

Gold Standard runs a certification standard for climate mitigation projects and issues carbon credits that are used in the voluntary carbon market, including by Australian companies. While Gold Standard currently has one project based in Australia, a significant majority of Gold Standard credits would be considered 'international' in the context of this Review.

We would like to share the following points in response to the Guiding Questions provided for this consultation:

1. **Mitigation hierarchy:** Gold Standard does believe that the voluntary use of carbon credits, whether from within the same jurisdiction as the using entity or from another jurisdiction, has a role to play in global efforts to reduce climate change (and promote sustainable development). However, the use of carbon credits should always be secondary to entities taking direct action to reduce their emissions across their value chain, in line with the level of ambition required to achieve the temperature goals of the Paris Agreement. The Science-Based Targets Initiative, for instance, specifies a role for removal-based carbon credits to neutralize residual emissions once a company has made deep cuts to its emissions, and a role for carbon credits while a company is decarbonizing, as part of additional 'beyond value chain mitigation' that is not accounted for towards the company's decarbonization.

2. **Criteria and standards:** Gold Standard supports the existing integrity principles applied within Climate Active, which align with those of other schemes internationally. We believe it is critical that these principles are met by carbon credits (and issuing standards). We would recommend that the Climate Change Authority considers the work underway within the Integrity Council for the Voluntary Carbon Market, to develop a standardized set of Core Carbon Principles and an assessment framework to consider whether carbon market programmes, and their methodologies, align with these Principles. The intention of this work is to provide a market-wide standard for quality carbon credits, and so the Climate Change Authority may wish to consider endorsing the Principles or aligning with them. Gold Standard notes though that it is submitting this Response before the Core Carbon Principles have been published.
3. **Sustainable development and safeguards:** Given the risk of negative impacts associated with projects generating carbon credits, Gold Standard considers it essential that carbon market programmes have in place robust safeguarding provisions to avoid, or if not possible minimize, negative impacts, as well as robust stakeholder engagement procedures and requirements – both prior to and over the duration of a project. Gold Standard has based its own safeguarding requirements on a number of established frameworks, including UNDP's [Social and Environmental Safeguards](#) and the World Bank's IFC [Performance Standards](#), which could be considered by the Climate Change Authority in its recommendations. While this is not standardized across the market, Gold Standard also believes in the importance of projects also directly and deliberately leading to sustainable development co-benefits, as is required under our standard.
4. **Accounting under the Paris Agreement:** Finally, Gold Standard believes that the Climate Change Authority should consider carefully the accounting implications of different types of claims that may be made against the use of international (or domestic) carbon credits by companies or other entities. Gold Standard considers there to be a risk to the validity of an offset-based claim if the used carbon credit can also be counted towards the Nationally Determined Contribution (NDC) of the project's host country, in light of the possibility that other mitigation policies that may have been implemented to achieve the NDC are displaced or deferred. This can be addressed through avoiding the double

claim, through the host country agreeing to apply a corresponding adjustment under Article 6 of the Paris Agreement, or through the using entity changing the nature of their claim – not claiming to have offset their emissions but instead to contribute to global climate action. We consider there to be an opportunity for Climate Active to recognise this 'contribution' model in addition to Climate Neutrality, which could promote corporate climate action that is better aligned with the framework of the Paris Agreement. At the same time, Gold Standard welcomes the work being done under the Indo-Pacific Carbon Offset Scheme, and hopes this model is replicated elsewhere.

We would be happy to provide any further information if useful to support your review. We have also provided links here for our [main website](#), [standard documentation](#), and [Impact Registry](#).