DOUBLE COUNTING VS. DOUBLE CLAIMING VS. DOUBLE ATTRIBUTION

• **Verifying Claims** – Establishing that a set of actions has delivered climate benefits and that a verifiable claim can be created. A statement of scientific fact.

• **Double Issuance** – A form of Double Counting. A single emissions reduction is issued more than one certificate.

• **Double Use** – A form of Double Counting. A single claim is transferred/sold to more than one party.

• **Double Claiming** – The same emissions reduction is counted by two parties to an international commitment. Double claiming violates accounting rules.

• **Double Attribution** – The same claim for impact appears in multiple places. The different actors making claims don’t assert they are the only ones who contributed to the impact, nor do they attempt to allocate the results. Double claiming accepts lower rigor around “marketing” and organization specific claims.
PART 1 – DOUBLE ISSUANCE AND DOUBLE USE
VERIFY CLAIM – CREATE AN OFFSET (SCIENCE)
DOUBLE ISSUANCE – MULTIPLE CERTIFICATIONS

PROJECT A

Verifier 1

Verifier 2

Statement in Fact
(but repeated)

100 Tons Verified Reductions for Project A

100 Tons

Statement in Fact

Purchase

Leger

100 Tons Purchased by Company C

100 Tons

Purchase

Leger

100 Tons

Purchased by Company B

100 Tons Verified Reductions for Project A

DOUBLE ISSUANCE (SAME FIELD / MULTIPLE VERIFICATIONS)
DOUBLE USE – SOLD TWICE

PROJECT A

Verifier

100 Tons Verified Reductions for Project A

Statement in Fact

Purchase

COMPANY C

100 Tons Purchased by Company C

Purchase Ledger

COMPANY B

100 Tons Purchased by Company B

Purchase Ledger

DOUBLE USE
(SOLD TWICE)
KEY WORKSHOP INSIGHTS (PART 1)

- Double Issuance and Double Use are long standing issues

- In mature markets this is primarily a responsibility of the Registries and is relatively well managed

- Guidance would be helpful as new markets emerge across the globe
  - Help clarify understanding of complex types of claims
  - Foster transparency of claims (land identification, transaction verification)
  - Support privacy in the exchange of information
VERIFICATION
(1) Fraudulent Verification - No oversight of registry
(2) Increased level of audit
(3) Dangers of voluntary registry - California pretty good

Risks
(1) Brand image of credit
(2) Loss of opportunity for good data
(3) Innocents involved

ISSUANCE
(1) Multiple registries
(2) Create your own registry
(3) Merging - market maturity - legal affirmation
(4) Practice - check other registry
(5) Low risk - sloppy registry / create own
(6) Look at first transaction - partial overlap risk

ISSUANCE ACTION
(1) Make clear reasons for steps - why important
(2) Old issue - impact due to new markets - talk to new markets
(3) Clarify new complex types of claims

"It's the registries' problem" - enable
(4) Create transparency of claim - land ID
(5) Actions taken (good) - protect privacy
PART 2 – DOUBLE CLAIMING
DOUBLE CLAIMING #1 – DUAL PATH (COUNTRY LEVEL)
DOUBLE CLAIMING #2 – INCOMPLETE SALES TRACKING
DOUBLE CLAIMING #3A – DUAL COUNTRY PATH (GLOBAL LEVEL)
• Double Counting issues are primarily accounting challenges
• Project accounting needs to be integrated with national/global accounts
• Signal the importance of the issues and explain the complexities
  o Simple easy to use mechanisms will foster agriculture sector growth
  o Take care not to distort working domestic markets as global activity grows
WORKSHOP NOTES – PART 2

NATIONAL

(1) Point of Entry into National Accounts
   - Only used once in Inventory
(2) Require Serial Sales Retired in
(3) Multiple Trading Systems

NATIONAL LEVEL

(1) Article 4 - All Countries Need Similar Article 6 - Different
(2) International Ledger
(3) Markets Must Be Workable - Fungible Units
(4) Cannot Connect Projects

INVENTORY TRADING IMPACT REDUCTION

INVENTORIES

EMISSIONS TRADE ARTICLE 6

FINDING

TRANSPARENCY AFTER TRADE

ARTICLE 6

REPORT

ACCOUNTING

Globally

(1) Only airline should claim - Accounting System Should Force to Add Back into Country
   - Jet fuel/bunker fuel not included in country

(2) Countries have no shared model for NDALs' Meeting/Feed Plus

(3) Accounting Recommendations

- Yes - Connect Project to Global Account
- Explain the Issues
- Signal Importance
- Don't Mess up Domestic Markets - New Zealand Forestry
PART 3 – DOUBLE ATTRIBUTION
DOUBLE ATTRIBUTION #A – INDEPENDENT REPORTING
DOUBLE ATTRIBUTION #B – SHARED CONTRIBUTION (DIFFERENT LEVELS)

Supply Chain Program (Project A is Part)

PROJECT A

VERIFIER

100 Tons Verified Reductions for Project A

Statement in Fact

MEMBER J

100 Tons Attributed to Member J

Attribution Via Participation

MEMBER K

100 Tons Attributed to Member K

FOOD PRODUCER

Different Levels in Supply Chain

Member J Impact Claim

Member K Impact Claim

FOOD RETAILER

Member

DOUBLE ATTRIBUTION DUE TO SHARED CONTRIBUTION
DOUBLE ATTRIBUTION #C – SHARED CONTRIBUTION (SAME LEVEL)
DOUBLE ATTRIBUTION #D – OVERLAPPING PROJECTS

- Supply Chain Program X (Project A is Part)
- Supply Chain Program Y (Project B is Part)
  
  Farm is Included in Two Different Projects for Same Type of Impact

Project A
- 100 Tons Verified Reductions for Project A
- Attribution Via Participation

Project B
- 100 Tons Verified Reductions for Farm
- Statement in Fact

- Member J
  - Member J Impact Claim
  - Attribution Via Participation

- Member K
  - Member K Impact Claim

- Member M
  - Member K Impact Claim

- Member N
  - Member K Impact Claim

- Food Producer
  - Member J Impact Claim

- Food Retailer
  - Member K Impact Claim

Added after workshop

DOUBLE ATTRIBUTION DUE TO OVERLAPPING PROJECTS
DOUBLE ATTRIBUTION #E – OVERLAPPING PROJECTS / SINGLE PARTY

Added after workshop
Key Workshop Insights (Part 3)

• Attribution claims are used primarily in “marketing” and “brand” messaging, so reasonable double attribution may be acceptable
  o No hard accounting rules … ultimately must avoid sense that the claims are “a shell game”

• Major actors in the agricultural supply chain are seeking advice
  o They want to know how to make claims that are credible and consistent with their actions, and are looking for guidance—in many cases, from sustainable supply chain initiatives

• The goal is to motivate vigorous real participation in climate efforts
  o Don’t make attribution so hard that no one participates

• Help reduce the risk of attribution claims being perceived as invalid
  o Help create added clarity around meaning of terms for organizations
  o Provide education for consumers on meaning of various claims
  o Support the creation of guidelines for assigning attribution claims
WORKSHOP NOTES – PART 3

(1) Action → Result
- Buying, observing, OK
- Mandating (buy driven)

(2) Language → Oversight Provided
- Observing (not claiming, due to action)
- “We participated”
- Lines of corporate accounting

(3) Buyer driven
- Needs traceability to work

(4) Encourage claims
- Build support for support program

Scenario features
- Corporate social responsibility
- “Things not owned”
- Outside the corporate wall
- Internal
- Offset
- Registry

Risk
- Multiple programs (one fast)
- Need for diagram?
- Vertically integrated at disadvantage in chains
- Options
- Identity preservation
- Contribution agreements
- Trade - mass balance
- Need - brand claim

No normalization of claims
- System so hard no one does it
- Avoid perception it’s shell game
- Protects can lose credibility
WORKSHOP NOTES – PART 3 (CONTINUED)

1. Allocate by the Program Developer from contributions.
2. There must be $ somewhere we want people to take action.
3. More action is better than worrying about double attribution - brand value maximizes.
4. Paper on claims - ISEAL.
5. Work on creating precision of terms - makes effort "credible claiming" quantifiable.
6. Consumer education - fact sheet