

ICROA STANDARD REVIEW CRITERIA FOR ENDORSEMENT TO THE ICROA CODE OF BEST PRACTICE

Document Subject to Revision

General Instructions:

- For UN / Government Approved Standards, please thoroughly complete the elements highlighted in **green**: Items 1, 4- 7.
- For Independent Standards, please thoroughly complete the entire document, that includes all Items 1- 9.
- After initiating and throughout the entire ICROA endorsement process, we ask that you **refrain from externally communicating any association with ICROA**, including publishing any statements such as 'pending ICROA endorsement' or 'adheres to the ICROA Code' or 'In Line with ICROA Code, or similar statements until official feedback and endorsement is communicated by the ICROA Secretariat. Adherence to the Code and its principles is only valid via the official ICROA endorsement process.

Important: All Standards, new and currently endorsed, are required to proactively inform ICROA of any updates or changes to the standard program or methodologies, and provide information regarding the impacted criteria that will be officially reviewed by the ICROA Technical Working Group.

| Required Criteria to ensure high-quality carbon credits adherent to the ICROA Code of Best Practice | | |
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| <p>These criteria detail the elements that ICROA expects to be included and evidently shared in your responses. Please note that Incomplete responses will not be further reviewed during our Technical WG Quarterly Review Sessions ('incomplete' will be included as feedback for re-submission at a later date).</p> | | |
| <p>A <u>detailed response</u> is required, with the associated <u>concrete evidence</u> in the space provided below:</p> | <p>Provide <u>links</u> for supporting documentation that is <u>publicly available</u> and accessible information (e.g. website, official documentation and decisions) that support your response in the space provided below:</p> | <p>ICROA Feedback Technical Working Group Response</p> |
| <p>1. Is the Standard approved by a UN-Organisation (e.g. ICAO, UNFCCC) or Government?</p> | | |
| <p>1a) If yes, describe the UN-Organisation or Government that has approved the Standard, including when this was done and the appropriate level of government that has endorsed the Standard (e.g. State-level in the US, Regional/Provincial government, ...). Please include official communication and documents to support your response (e.g. approval letters, official documents of endorsement,...)</p> <p style="text-align: center;"><i>If the answer to Question 1 is YES, respond to 1a) below and to the criteria and questions in green.</i></p> | | |
| <p>YES or NO: _____</p> <p>1a)</p> | | |

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2. Independence

The Standard is designed and managed by an independent organisation or group of organisations.

2a) Provide clear information regarding who designed the Standard and developed the rules.

2a)

2b) Provide information to prove the independence of the Standard from the market. Ensure that a description of how the credits get to the market and who are the beneficiaries and parties involved in the transaction is provided and included in your response.

2b)

3. Governance

The Standard has a **robust governance** process and is well managed in a **transparent** manner. For example, this includes:

- Roles and responsibilities of the organisation, management and staff that are responsible for the program, as well as the board/governing structure that oversees the organisation.
- Enforcement of rules to guard against conflict of interest by the board/governing body, management and staff.
- Published grievance and redress mechanisms.
- Public stakeholder consultation on the development of program rules and procedures; accounting methodologies; projects and governmental programs (in the case of jurisdictional crediting); ensuring stakeholder comments are transparently addressed.

3a) Clearly describe who manages the Standard.

3a)

3b) Describe the governance arrangements and processes in place.

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| 3b) | | |
| <p>3c) Detail in a clear and transparent manner the oversight provided to verifiers/validators.</p> | | |
| 3c) | | |
| <p>3d) Describe how methodologies are developed: expert involvement, conservativeness, regularity of updates, eligibility to account for progress of science/technology.</p> | | |
| 3d) | | |
| <p>3e) Describe the public consultation process in detail (process flow and description, parties/experts involved, etc). Include the number and type of all methodologies currently validated, in draft form/under approval, upcoming/expected and expected to be removed.</p> <p><i>Note that any changes or updates to the Standard, including changes to methodologies or inclusion of new methodologies must be proactively notified to the ICROA Technical Working Group.</i></p> | | |
| 3e) | | |
| <p style="text-align: center;">4. Registry</p> <p>The Standard is linked to a publicly accessible registry, available internationally and in the English language, independent of the carbon credit provider, that tracks issued, transferred and retired/cancelled credits to ensure uniqueness for each tonne and with the basic functionality to:</p> <ul style="list-style-type: none"> • Provide public access to all underlying project/program information, including program documentation, detailed calculations, audit/verification/monitoring statements and reports and legal representations • Transparently tracks issuance, transfer and retirement / cancellation of units • Individually identify units through unique serial numbers that contain sufficient information to avoid double counting (type, geography, vintage), for example voluntary credits should not be claimed for reductions from a project where there have already been compliance credits issued for the same project, covering the same time period. • Identify unit status (issued, transferred, retired/cancelled) • Track and trace chain of custody, from creation to retirement/cancellation | | |

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| <p>The Standard must have a robust legal framework underpinning the created and ownership of all units issued as well as rules and procedures in place to ensure that:</p> <ul style="list-style-type: none"> All account holders: <ul style="list-style-type: none"> Pass “know your customer” checks Agree to the legal requirements regarding the use of the registry, as set out in Terms of Use The registry: <ul style="list-style-type: none"> Guards against Registry Service Provider conflicts of interest Has robust registry security and provisions for regular security audits <p>4a) Provide the name of the registry provider and indicate adherence to expected registry operations and characteristics, as well as independence from the carbon credit provider and other market players.</p> | | |
| 4a) | | |
| <p>4b) Share the link to the publicly accessible registry and outline if there are any access arrangements to the registry, e.g. who can access, what requirements are needed, and highlight if there are any major restrictions.</p> | | |
| 4b) | | |
| <p>5. Validation and Verification</p> | | |
| <p>The Standard requires that projects and emission reduction claims are clearly, transparently and independently validated and verified by suitably qualified, independent organisations. This also includes published provisions to assess and avoid conflicts of interest for accreditation and oversight of validation and verification bodies.</p> <p>5a) Provide the details and processes of the validation and verification for the Standard.</p> | | |
| 5a) | | |

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| | | |
| 5b) Provide the names of the validators and verifiers. | | |
| 5b) | | |
| 6. ICROA Principles The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable. These are detailed in the following sections 6a to 6g . | | |
| 6a. ICROA Principles: Independently Verified The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable. <ul style="list-style-type: none"> Independently Verified: All emission reductions and removals shall be verified to a reasonable level of assurance by an independent and accredited third-party verifier. MRV should be conducted at the specified intervals. 6a) Certify that each project is independently verified – provide a clear description of all provisions and supporting evidence and example(s) to showcase this. | | |
| 6a) | | |
| 6b. ICROA Principles: Unique The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable. <ul style="list-style-type: none"> Unique: The carbon credits are only counted once and are not double issued or sold. | | |

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| 6b) Detail the measures in place to prevent double counting/claiming or credits and also double counting of co-benefits. | | |
| 6b) | | |
| 6c. ICROA Principles: Real | | |
| <p>The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable.</p> <ul style="list-style-type: none"> Real: All emissions reductions and removals and the project activities that generate them have genuinely taken place, they are measured, monitored and verified ex-post. <p>6c) Provide details on how the Standard ensures that only real carbon reductions are credited. Provide a summary of at least one of the methodologies that enables a clear demonstration of how carbon reductions are calculated and credited.</p> | | |
| 6c) | | |
| 6d. ICROA Principles: Real | | |
| <p>The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable.</p> <ul style="list-style-type: none"> Real: All emissions reductions and removals and the project activities that generate them have genuinely taken place, they are measured, monitored and verified ex-post. <p>6d) Detail if the Standard issues ex-ante carbon reductions, and if so, please indicate if it is possible to distinguish between ex-ante and ex-post carbon reductions, and if the Standards allows for a transition from ex-ante to ex-post credits over time. Provide clear details of these processes.</p> | | |
| 6d) | | |
| 6e. ICROA Principles: Permanent | | |

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| <p>The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable.</p> <ul style="list-style-type: none"> • Permanent: Carbon credits are issued for reductions or removals that are permanent or, if they have a reversal risk, must have requirements for a multi-decadal term and a comprehensive risk mitigation to ensure the risk is minimised and compensation mechanism in place to ensure the risk is minimised, with a means to replace any units lost. <p>6e) Provide a description of the measures the Standards takes to ensure that the carbon reductions are permanent. Provide the rationale behind the use of buffer or contingency accounts, including the link between the Standard/Program and methodology level. Use concrete examples to describe the rationale and support your response.</p> | | |
| 6e) | | |
| <p style="text-align: center;">6f. ICROA Principles: Additional</p> <p>The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable.</p> <ul style="list-style-type: none"> • Additional: Project-based emission reductions and removals beyond what would have occurred if the project had not been carried out or that would have otherwise occurred. Projects demonstrate a conservative business as usual (BAU) scenario and must be surplus to regulatory requirements. Jurisdictional programs demonstrate additional reductions below the historical reference level. <p>6f) Provide and clearly describe the additionality requirements for the Standard. Make sure to also include regulatory and financial additionality of projects in your response.</p> | | |
| 6f) | | |
| <p style="text-align: center;">6g/h ICROA Principles: Measurable</p> <p>The principles identified within ICROA's Code of Best Practice are met by the carbon credits issued under the Standard: Independently Verified, Unique, Real, Permanent, Additional, Measurable.</p> <ul style="list-style-type: none"> • Measurable: Credits are quantifiable and use recognised measurement tools, including adjustments for uncertainty and leakage, against a realistic and credible emissions baseline. Credits are credited only beyond performance against a defensible, conservative baseline | | |

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| <p>estimate of emissions that assumes the BAU trajectory in the absence of the activity. Baselines should be recalculated on a regular, conservative timeframe. Regarding the avoidance of leakage, the Standard has requirements for the project to demonstrate leakage is minimal and there should be no, or minimal additional or unintended emissions related to the project's implementation and operations. The risk of leakage is adequately assessed, mitigated and calculated considering any potential increase in emissions outside of the boundary, including taking appropriate deductions.</p> | | |
| <p>6g) Provide details regarding how the Standard monitors and avoids any baselines that lead to over crediting, any information/values regarding uncertainty as well as how are baselines reconciled over time.</p> | | |
| <p>6h) Provide a description with details on how the Standard explicitly eliminates or avoids leakage.</p> | | |
| 6g) | | |
| 6h) | | |
| <p>7. Environmental and Social Impacts</p> | | |
| <p>The program must have requirements to ensure that all projects and programs comprehensively address and mitigate all potential environmental and social risks:</p> <ul style="list-style-type: none"> Standards must have legal requirements regarding the avoidance of environmental and social impacts are fulfilled. The 'Do No Harm' Principle is fulfilled regarding environmental and social impacts. | | |
| <p>7a) Describe the legal safeguards that are in place to prevent unintended environmental and social impacts.</p> | | |
| 7a) | | |
| <p>7b) Provide details on the safeguards are in place to prevent unintended environmental and social impacts (<i>should also be included in the response regarding the public stakeholder consultation process in Item 3 - Governance</i>). Share how small holders engaged proactively and fairly as well as how technology used responsibly to not displace jobs for people, especially in developing countries.</p> | | |
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| 7b) | | |
| <p style="text-align: center;">8. Consideration of Important Stakeholders</p> <p>During the Standards' development and public stakeholder consultations, industry stakeholders and local stakeholders are considered, highly linked to the UN Sustainable Development Goals (additional benefits beyond emissions reductions or removals).</p> <p style="text-align: center;">8a) Describe how industry stakeholders' views were considered during the Standard's development.</p> | | |
| 8a) | | |
| <p>8b) Describe how local stakeholders' views were considered during the Standard's development. Detail the following (as a minimum):</p> <ul style="list-style-type: none"> • How revenues are shared with the local stakeholders to improve livelihoods. • How diversified economic livelihood programs empower local people and communities. • The percentage of the investment goes to the local people and communities on the ground doing the work. | | |
| 8b) | | |
| <p style="text-align: center;">9. Innovative Approach and Market Share</p> <p>The standard is innovative and has or could reasonably be expected to develop relevant market share for impact. ICROA gives preference to Standards that bring new and innovative qualities to the voluntary carbon market, and discourages those that are minor variants of existing Standards to prevent Standard proliferation and market confusion. It is not the intent of ICROA to pick winners in the Standards space, and therefore</p> | | |

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| Standards with significant global or regional market share may be selected. Delays with the Standard's generation of carbon credits should be taken into consideration, when considering market share. | | |
| 9a) Detail the current market share the standard has and indicate the total volume of carbon credits issued to date. | | |
| 9a) | | |
| 9b) Detail if the Standard is expected to have significant market share in the future and if so, please quantify. | | |
| 9b) | | |
| 9c) Provide details regarding the Standards' plan for credit fungibility with other Standards and carbon markets. | | |
| 9c) | | |

ICROA reserves the right to conditionally endorse standards that are not considered to be fully operational (e.g. sufficient number of projects registered and credits issued) and will formally review for full endorsement once the threshold values and pre-conditions are reached. ICROA reserves the right to update and modify the conditions and threshold values, including additional thresholds and pre-requisites, according to market developments that will be discussed and validated by both the Technical Working Group and ICROA Executive Committee.

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