



International Carbon Registry

Requirement Document

Summary
ICR serves as a platform for climate projects of any sizes where environmental integrity is promoted with credibility, consistency and transparency of quantification, monitoring, reporting, validation, and verification.

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Table of Contents

1.	Background	4
1.1	Introduction.....	4
1.2	Objective	5
1.3	Reference Standards	5
2.	Principles.....	7
3.	Definitions.....	8
4.	General Requirements.....	12
4.1	General.....	12
4.2	Documentation	12
4.3	Eligibility Criteria	13
4.3.1	Approved methodologies	13
4.4	Start Date and Crediting.....	13
4.5	Adjustment.....	14
4.6	Project Location.....	14
5.	Project Design	15
5.1	Project Design Description	15
5.2	Ownership	15
5.3	Location	15
5.4	Boundary	15
5.5	Additionality	15
5.6	Baseline	16
5.7	Identification of Relevant GHG SSRs to the Baseline.....	17
5.8	Identification of Relevant GHG SSRs to the Project.....	17
5.9	Leakage.....	17
5.10	Quantification.....	17
5.11	Documentation	17
5.12	Monitoring Plan.....	17
5.13	Safeguards.....	18
5.14	Non-Permanence	18
5.15	Deviation	19

5.16	Start Date	19
5.17	Crediting Period.....	19
5.18	Other GHG Programs	19
5.19	Other certifications	19
6.	Validation	20
6.1	Validation	20
6.1.1	Validation Process	20
6.1.2	Competence.....	20
6.1.3	Validation Report.....	20
7.	Project implementation	21
7.1	Implementation, operation, and deviations	21
7.2	Monitoring.....	21
7.2.1	Deviations	21
7.3	Leakage.....	21
7.4	Monitoring report	21
8.	Verification.....	22
8.1	Verification	22
8.1.1	Verification Process	22
8.1.2	Competence.....	22
8.1.3	Verification Report	22
9.	Validation and Verification bodies.....	23

1. Background

1.1 Introduction

Immediate climate action is required to transition the world to a low-carbon economy. The need grows more urgent by the day, as evidenced in the August 2021 report by the Intergovernmental Panel on Climate Change (IPCC)¹. To achieve the goals of the Paris Agreement to limit global warming to 1.5 degrees Celsius, the global community needs to reach Net-zero emissions no later than 2050. Although the primary focus of governments and corporations must be on reducing emissions, it is paramount to establish a credible offsetting mechanism to support the goals of the Paris Agreement and those of the United Nations for Sustainable Development. The voluntary carbon market has the potential to significantly accelerate efforts to mitigate climate change and achieve the goals of the Paris Agreement.

Carbon credits enable organizations to compensate for emissions by financing the avoidance/reduction of emissions from other sources or removing greenhouse gases from the atmosphere, thus contributing to the transition to global Net-zero. Carbon credits also support emerging climate technologies, help scale down costs, and introduce these technologies to the market earlier by decreasing additional costs against carbon-intensive alternatives and can thus contribute to further climate research and development. Therefore, it is crucial to identify and support new and expensive technology and help finance and deploy these solutions now so that economic growth can continue in countries worldwide, including those rapidly industrializing today. The investments needed to scale emerging low-carbon technologies do not meet today's markets' risk and return expectations. An effective and adaptable carbon market can facilitate capital flows to these technologies through carbon offsetting mechanisms established on the principles that emerged in initiatives such as the Clean Development Mechanism.

ICR is a Greenhouse Gas (GHG) program and an initiative in Iceland to facilitate financing climate projects while safeguarding environmental integrity and contributing to a sustainable and low-carbon economy. The ICR serves as a platform for climate projects of any size where environmental integrity is promoted with credibility, consistency, and transparency of quantification, monitoring, reporting, validation, and verification. ICR recognizes the need to scale and accelerate the decarbonization of the economy, with climate financing for climate projects avoiding or reducing GHG emissions and sequestering or removing GHG from the atmosphere. ICR also recognizes the need to bring prominent technologies and nature-based solutions to light that have yet to establish a methodology according to the CDM or other GHG Programs but need the financial support of the emerging carbon markets to be viable. Therefore, the ICR is based on ISO standards, resulting in a more effective and efficient review of emerging methodologies. ICR welcomes GHG projects from the entire world. However, it places particular emphasis on decarbonizing energy production and utilization and technological development for

¹ <https://news.un.org/en/story/2021/08/1097362>

carbon removal projects and includes sectors that have not participated in this emerging global carbon market.

ICR's mission is to build confidence in the carbon market from investors, project developers, corporations, the environmental community, authorities, and the public. The goal is to facilitate the necessary scaling of the voluntary carbon markets, the underlying climate solutions and utilize the market mechanism for real climate impacts. By that, financing climate projects viable for a fast transition to a low-carbon economy can be accelerated.

1.2 Objective

The objectives of ICR are to:

- (a) provide accessible requirements applicable to all types of climate-related mitigation projects, and facilitate and promote transparency by all parties involved in the ICR, both emitters and project developers;
- (b) ensure the quality and consistency of project design descriptions, and monitoring reports prepared by project proponents and submitted to ICR during the project cycle;
- (c) ensure consistency and quality of validation and verification reports prepared by validation/verification bodies and submitted to ICR during the project cycle;
- (d) promote efficiency, effectiveness, integrity, and transparency of climate projects;
- (e) promote the development of emerging technology, facilitating a fast transition to a low-carbon economy.

1.3 Reference Standards

ICR Requirement Document is structured to be consistent with principles, requirements, and guidance of:

- International Organization for Standardization ISO 14064-2, ISO 14064-3, ISO 14065, and ISO 14066 (ISO).
- World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - The GHG Protocol for Project Accounting (WBCSD/WRI)
- Clean Development Mechanism/Joint Implementation (CDM/JI), Voluntary Carbon Standard (VCS), Gold Standard (GS), and other GHG Programs.

The ISO 14060 family of standards provides clarity and consistency for quantifying, monitoring, reporting, and validating and verifying GHG mitigations to support sustainable development through a low-carbon economy and benefit organizations, project proponents, and interested parties worldwide. Specifically, the use of the ISO 14060 family of standards:

- Enhances the environmental integrity of GHG quantification.
- Enhances the credibility, consistency, and transparency of GHG quantification, monitoring, reporting, verification, and validation.

- Facilitates the development and implementation of GHG management strategies and plans.
- Facilitates the development and implementation of mitigation actions through emission reductions or removal enhancements.
- Facilitates the ability to track performance and progress in reducing GHG emissions and/or increase in GHG removals.

All standards contain consistent general requirements for quantifying GHG mitigations that result from project-based activities, including requirements for:

- Establishing GHG accounting boundaries.
- Estimating baseline emissions.
- Determining project-case emissions.
- Monitoring project activities.

ISO and WBCSD/WRI are generally consistent in their requirements but have different structures and terminologies. ICR relies on terminology from either or all standards depending on context. Further, CDM and other GHG Programs set out principles regarding Additionality and crediting mechanisms. In general, Climate projects and emerging methodologies shall fulfill the requirements of ISO 14064-2, and validation of projects and methodologies and Verification of Mitigation outcomes shall be according to current versions of ISO 14064-3, ISO 14065, and ISO 14066.

2. Principles

The principles of the requirements are adapted from WBCSD/WRI, CDM, and ISO 14064-2. All climate projects shall strive to follow these principles, and methodology development shall adopt these as fundamental principles. The application of principles is crucial to safeguard that GHG-related information is a true and fair account. The principles are the basis for and will guide the application of the requirements in this document.

Relevance - Use data, methods, criteria, and assumptions that are appropriate for the intended use of reported information.

Completeness - Consider all relevant information that may affect the accounting and quantification of GHG Emission Mitigation.

Consistency - Enable meaningful comparisons in GHG-related information.

Accuracy - Reduce bias and uncertainties as far as is practical/cost-effective.

Transparency - Provide clear and sufficient information for reviewers to assess the credibility and reliability of GHG Emission Mitigation claims.

Conservativeness - Use conservative assumptions, values, and procedures to ensure that GHG Emission Mitigations are not over-estimated.

ICR sets further out requirements consistent with the CDM and other GHG Programs facilitating registration of climate projects and issuances of carbon credits.

3. Definitions

Account means a Registry Account where Account Holders hold their ICC assets.

Account Holder means an organization (or an individual) that has beneficial ownership of the right to the ICCs held with the Account.

Active ICCs mean ICCs that have been verified that impacts are real and can be used for offsetting emissions.

Activation means activation of issued ICCs based on verification of real GHG Emission Mitigations. Active ICCs can be retired and used for the purpose of offsetting Emissions.

Adjustment Account or Buffer Adjustment Account means an account on the ICR Registry in which Project proponents deposit part of issued ICCs to meet possible reversal events and/or non-permanence of impacts according to the ICR Requirement Document the ICR Process Requirements and any other applicable requirements.

Adjustment Credits or Buffer Adjustment Credits means non-tradeable credits held in a pooled adjustment account on the ICR Registry in which Project proponents deposits part of issued ICCs to meet possible reversal events and/or non-permanence of impacts in accordance with the ICR Requirements and the ICR Process Requirements and any other applicable requirements.

AFOLU means Agriculture, Forestry, and Other Land Use

Applicable Law means any applicable local, state, national, or international law, statute, regulations, ordinance, or other means of establishing legal rights and obligations.

Cancellation Account means an account in the ICR Registry that lists serial numbers of disputed Instruments, Instruments transferred to third parties without accounts in the ICR Registry, and Instruments held by Account Holders that have exited the ICR Registry.

Carbon credit means a transferrable unit issued electronically representing a GHG Emission Mitigation in an amount of one (1) metric tonne of CO₂ equivalent, which can be used for offsetting emissions.

Carbon Dioxide Equivalent (CO₂-e) means a unit for comparing the radiative forcing of a GHG to that of carbon dioxide

Carbon Dioxide Removal (CDR) means the process of removing carbon dioxide from the atmosphere and storing it for decades, centuries, or millennia.

Climate Projects means an activity initiated by a Project proponent with the aim to mitigate climate change. Climate projects can involve an activity to reduce or avoid GHG emissions or to sequester or remove GHG from the atmosphere.

Early Registration means listing a Project that is in development on the Registry that has not been implemented yet.

Environmental Benefits mean benefits to the environment other than GHG emission Mitigations.

Fores Carbon Code means a set of requirements for voluntary carbon sequestration projects that incorporate core principles of good carbon management as part of sustainable forest management in Iceland issued by the Icelandic Forestry Service.

GHG Sink means a process that removes a GHG from the atmosphere

GHG Source means a process that releases a GHG into the atmosphere

GHG Reservoir means a component, other than the atmosphere, that has the capacity to accumulate GHGs and to store and release them.

Greenhouse Gas or GHG means carbon dioxide (CO₂), methane (CH₄), nitrogen trifluoride (NF₃), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and other fluorinated greenhouse gases.

Greenhouse Gas Emissions or GHG Emissions mean a release of a GHG into the atmosphere.

Greenhouse Gas Emission Mitigation or GHG Emission Mitigation means the measured decrease of GHG emissions and/or the mass of GHGs removed from the atmosphere over a specified period of time relative to a project baseline.

Greenhouse Gas Removal or GHG Removal means withdrawal of a GHG from the atmosphere by GHG sinks.

ICC means International Carbon Credits

Icelandic Forest Carbon Units (FCU) means a Carbon Credit issued according to the Forest Carbon Code.

ICR Account means an account held by the Account Holder in the ICR Registry in accordance with the procedures set out by ICR, including any User Guidelines.

ICR Requirements means the International Carbon Credit Program managed by ICR and any other standard produced and administered by ICR from time to time.

ICR site or website means www.carbonregistry.com

In-active ICCs mean ICCs that have been issued in the ICR registry from a registered project that an approved VVB has validated.

Instrument means a unit issued by and held in the ICR Registry representing the right of an Account Holder in whose account the unit is recorded to claim the achievement represented by

the unit. Such achievement may include, but is not limited to, i) a GHG Emission Mitigation in an amount of one (1) metric tonne of CO₂ equivalent that has been validated and verified in accordance with the applicable ICR Requirements and any Operational Documents, ii) guarantee of the nature and origin of energy is produced from a renewable natural resource in an amount of one (1) Mega Watt Hour (MWh). Recordation of an Instrument in the holder's account at the ICR Registry is evidence of that Account holder's entitlement to that Instrument.

Issue or Issuance means the creation of serialized credits as validated GHG Emissions Mitigations or ICR credits (ICC) equivalent to the number of validated GHG reductions or GHG removal enhancements for a project over a specified period of time OR the creation of serialized credits as verified Guarantee of Origin or GO credits equivalent to the number of verified production of energy by renewable source over a specified period of time. Issued credits are delivered to the Beneficial Owners Account for transfer, activation, retirement, or cancelation.

Market Participant means any Account Holder of the ICR Registry who does so in the capacity as a broker, agent, or representative of any kind on behalf of a third party for the purposes of utilizing the ICR services.

Mitigation Outcomes means the impacts resulting from Climate project activities on climate change measured in CO₂-e.

Monitoring Report means a report summarizing results from a continuous or periodic assessment of GHG Mitigations Outcomes.

Operational Documents ICR Requirements and accompanying procedures and guidelines available on the ICR website

Privacy Policy means the ICR GDPR Privacy Policy available at the ICR website as amended from time to time.

Project proponent(s) means an individual(s) or organization(s) that has overall control and responsibility for a Climate project.

Registration means a full registration of a Project which has been Validated.

ICR Registry or Registry means the Registry Technology that houses, records ownership, originates, cancels, facilitates the issuance, transfer, retirement, and data retention of various environmental credits designed, implemented, maintained, and supported by GEM.

Registry User-ID or User-ID means the login user-id appointed to the User.

Requirements mean those requirements adopted by ICR and outlined in the ICR Requirement Document and ICR Process Requirements.

User means an individual with administration and/or other access permissions to the Account holder's Account.

User-Account means a user instance connected to the Account Holders Account holding information on Projects, Production sites, and/or Instruments issued.

User Guidelines mean all supporting documentation to the ICR Requirement Document and the ICR Process Requirements as amended from time to time.

Validation means the process of evaluating the reasonableness of the assumptions, limitations, and methods that support a statement about the outcome of future activities.

Validation report means a report summarizing the findings and results of a Validation.

Verification means the process of evaluating a statement of historical data and information to determine if the statement is materially correct and conforms to criteria.

Verification report means a report summarizing the findings and results of a Verification.

Validation and Verification body (VVB) means a competent and impartial entity responsible for performing and reporting on a Validation and/or Verification, respectively.

Vintage means the year in which the Climate project Mitigation outcomes are generated based on Validated estimation of Mitigation outcomes for In-active ICCs or as Verified by a VVB for Active ICCs.

VVB Review criteria mean the ICR procedures to ensure the quality of validation/verification practices conducted by VVBs as set out in the ICR Requirement Document and ICR Process Requirements or other guidance documents and informed to the VVB by ICR from time to time.

4. General Requirements

Climate projects eligible for registration and issuance of ICCs shall include physical action/implementation.

Projects may be located in any part of the world but are not required by a statutory requirement in the host country and complies with all applicable statutory requirements. Projects shall deliver real, measurable, and additional climate Mitigation compared to their baseline and applies approved baseline and monitoring methodology. In order to avoid double accounting, projects shall not be included in any other voluntary or compliance GHG program. Also, if the Project Boundary overlaps with another GHG program of a similar nature. In that case, the Project proponent shall demonstrate that there is no double accounting of impacts completing Project Design Description and at Validation and Verification.

4.1 General

While designing, implementing, and monitoring a project activity, the Project proponents shall consider and use any applicable standards, methodologies, standardized baselines, methodological tools, guidelines, and other regulatory documents.

The Project proponents shall ensure that the proposed project activity complies with all requirements in ISO 14064-2. For readability and consistency, Project proponents shall use Templates made available by ICR.

4.2 Documentation

The Project proponents applying to have a project activity validated by an approved VVB shall prepare a Project Design Description using a valid version of the applicable Project Design Description Template.

When completing the Project Design Description Template, the Project proponent shall provide all necessary information and documentation to demonstrate compliance of the proposed project activity with all applicable requirements herein and the requirements of ISO 14064-2.

The Project proponent wishing to have GHG Emission Mitigations achieved by the implemented registered project activity verified by a VVB shall prepare, for each monitoring period, a Monitoring Report using a valid version of the Monitoring Report Template.

When completing a Monitoring Report, the Project proponents shall provide all necessary information and documentation to demonstrate compliance with the implemented registered project activity and monitored GHG mitigations with all applicable requirements herein and the requirements of ISO 14064-2.

When completing the Project Design Description Template or Monitoring Report Template, the Project proponent shall follow the instructions outlined.

4.3 Eligibility Criteria

Projects who follow an approved methodology that lead to mitigation of climate change are eligible. All projects shall conform to all requirements herein, ISO 14064-2, and applicable requirements of approved methodology.

4.3.1 Approved methodologies

All projects validated and verified against an approved methodology are accepted if projects comply with the current version of this document and the current version of the applied methodology. Approved methodologies are:

- Methodologies, modules, and tools valid under the Clean Development Mechanism Verified Carbon Standard, American Carbon Registry.
- Methodologies, modules, and tools developed by ICR and approved through the Methodology development process.
- New methodologies, modules, and tools developed by Project proponents and approved through the Methodology development process.

Approved methodologies are listed in the ICR Approved Methodologies document.

Project proponents can propose approval for new methodologies for climate projects. For the methodology to be approved, it shall be validated according to ISO 14064-2 by an approved VVB and requires further impartial internal screening for conformity to the requirements herein. The requirements are further outlined in the Methodology Requirements Document.

4.4 Start Date and Crediting

The Project's start date is the date when operations of the climate project start and begin to Mitigate. Crediting periods for all project types except AFOLU is ten years or a conservative estimate of the technical lifetime of the installed technologies or implemented measures and associated impacts. AFOLU crediting periods can be different as specified in the relevant methodology. AFOLU projects shall follow the same crediting period as other methodologies if not explicitly specified in the methodology. The start of the first crediting period and the Project's start date are generally the same except if especially allowed for in relevant methodology.

ICR Credits, or ICCs, may be issued when projects have been validated. At issuance, all ICCs are in-active and cannot be used for offsetting purposes until activated². Credits are activated sequentially according to serialization and Vintage when Mitigation outcomes are verified.

Project proponents may apply at the end of the current crediting period for a renewal of the crediting period by complying with all future requirements, re-evaluating baseline scenarios using tools and methodologies in effect at the time of renewal of crediting period validated by approved VVB. There is no limit on renewals of crediting periods for Carbon Dioxide Removal

² First verification of mitigation outcomes can coincide with validation.

(CDR) projects as long as the Project fulfills all then effective requirements and is deemed additional. The crediting period can be renewed once for carbon avoidance or reduction projects, as long as the Project fulfills all then effective requirements herein and ISO 14064-2.

4.5 Adjustment

The risk of non-permanence of projects registered with ICR is addressed with an Adjustment account held and operated by ICR. All projects shall deposit 1% of issued ICCs to the Adjustment account irrespective of methodology. For reversal events when the Project proponent cannot compensate, ICR cancels ICCs from the Adjustment account on a first in, first out basis. Project based non-permanence risk adjustment is discussed in 5.14.

4.6 Project Location

Projects throughout the world are eligible to be registered with ICR if they comply with the requirements herein, requirements of ISO 14064-2, and the requirements of the applied methodology. Project proponents shall demonstrate the applicability of projects with regards to the requirement herein and the requirements of ISO 14064-2 if a methodology is applied in other geographic locations than their applicability.

5. Project Design

Projects shall conform to all ICR requirements included herein and requirements set out in ISO 14064-2 and applied methodology and follow the ICR Process Requirements.

Approved methodologies shall be applied according to the methodology in question with tools and modules referred to.

Where the requirements under an approved GHG program conflict with the requirements herein and/or ISO 14064-2 and regarding the registration process, ICR requirements and ISO 14064-2 take precedence.

5.1 Project Design Description

For submission of projects to ICR for the purpose of registration, Project proponents shall design the Project in accordance with the requirements of ISO 14064-2, the requirements of chosen methodology the requirements of this document.

For submitting projects to ICR, the Project proponent shall use the ICR Project Design Description Template to provide details of the Project and its GHG Emissions Mitigations, including schematics, specifications, and a description of how the Project mitigates GHG emissions. The Project proponent shall follow the instructions depicted in the template.

5.2 Ownership

Project proponents shall demonstrate that they have the right to implement the project activity.

5.3 Location

The Project proponent shall provide details of the Project's geographic location and its activities, including organizational, geographic, and physical location information, allowing for the unique identification of its activities.

5.4 Boundary

The Project proponent shall provide a detailed description of the geographic boundary of Project Activities and the physical location of facilities as applicable to project activities. The location of the boundaries shall be documented with GPS coordinates. The Project proponent shall provide maps, shapefiles, and other relevant information to delineate the project boundary as applicable.

5.5 Additionality

Additionality is an essential characteristic of GHG credits, including ICCs, because it indicates that they represent a net environmental benefit and real mitigation of GHG emissions and can thus be used to offset emissions. The concept of Additionality is a vital consideration for quantifying project-based GHG Emissions Mitigation. Additionality is only recognized for project activities that would not have "happened anyway." ICR's approach to Additionality is a demonstration of a positive outcome of legal requirement test and additionality test based on a positive list or project-specific test.

Legal requirement test

Projects are not additional if their implementation and/or operation is required by any law, statute, or other regulatory framework, agreements, settlements, or other legally binding mandates requiring implementation and operation or requiring implementation of similar measures that would result in the same levels of GHG Emission Mitigations in the host country.

Additionality Test

Project proponents shall demonstrate Additionality of the Project following the applied approved methodology, if mandated by the methodology, and requires that GHG emissions are mitigated below that would occur in the absence of the Project. Projects shall otherwise fulfill at least one of the following criteria:

Financial: Does the Project face financial limitations that revenues due to the sale of carbon credits could mitigate, or are carbon credit revenues reasonably expected to incentivize implementation of the project or carbon credits revenues essential in maintaining the project operations' ongoing financial viability post-implementation?

Technological: Does the Project face significant technological barriers such as lack of trained personnel, supporting infrastructure for implementation, logistics for maintenance, lack of knowledge on practices, and are carbon market incentives essential in overcoming these barriers?

Institutional: Does the Project face significant organizational, cultural, or social barriers to implementation, and are carbon market incentives a key element in overcoming these barriers?

Project proponents shall choose at least one of three assessments but may choose more if the Project faces more than one implementation barrier.

5.6 Baseline

The baseline scenario represents the activities and GHG emissions that would occur in the absence of the project activity. The project proponent shall select or establish, describe, and apply criteria and procedures to identify, determine, and justify the GHG baseline scenario. In developing the baseline scenario, Project proponents shall justify assumptions, values, and procedures so that the most plausible baseline scenario leads to a conservative estimation of GHG emission reductions.

Where applying an approved methodology, the Project proponent should establish and describe the baseline scenario according to the applied methodology's requirements.

Before attempting to identify a baseline scenario, project developers should check that the data needed to do so are available. Available data shall be relevant, reliable, and verifiable and may involve industry, country, regional, and local information. All sources for obtaining necessary information shall be documented.

5.7 Identification of Relevant GHG SSRs to the Baseline

The project proponent shall identify GHG SSRs relevant to the project baseline and its boundary to the extent possible, meaning conservative assumptions, emission factors, and calculation methods are applied following the applied approved methodology. The Project proponent shall justify any exclusion of any GHG SSR. Emission factors shall be 100-year global warming potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report.

5.8 Identification of Relevant GHG SSRs to the Project

The project proponent shall describe, identify, and assess relevant GHG SSRs to the Project following the methodology applied to the Project and its boundary.

5.9 Leakage

Potential sources of leakage and the location of areas where leakage could occur must be identified and any appropriate mitigation measures described. Any leakage shall be subtracted from the number of ICCs eligible to be issued.

5.10 Quantification

GHG Emission Mitigations achieved by the project activity with respect to estimation on leakage lay the foundation for the volume of ICCs that can be issued. GHG emissions reductions and removals shall be quantified following the applied methodology(s) for all GHG SSRs identified and all GHG and shall be reported in CO₂-e with emission factors derived from IPCC.

The project proponent shall estimate GHG emissions reductions and/or removals for selected GHG SSRs separately for:

1. each relevant GHG for each GHG SSR relevant for the Project;
2. each GHG SSR relevant for the baseline scenario.

Net GHG emissions and/or removals generated by the project activities shall be quantified.

5.11 Documentation

The Project proponent shall continuously document records of evidence of conformity of the Project with the applicable requirements and according to ISO 14064-2. The documentation shall be available and accessible to the VVB upon request for at least three years after the end of the crediting period.

5.12 Monitoring Plan

The impacts of project activities on identified GHG SSRs shall be monitored in order to determine the net GHG benefits and for the purpose of activating ICCs that have been issued. The project proponent shall establish and maintain a monitoring plan for measuring or otherwise obtaining, recording, compiling, and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the Project and the baseline scenario. The

monitoring plan shall be in line with the applied methodology and the requirements of ISO 14064-2.

If the project has other environmental and/or social benefits being certified. In that case, the monitoring plan shall also outline measurements or otherwise obtaining, recording, compiling, and analyzing data and information important for quantifying and reporting impacts on relevant environmental and/or social impacts.

5.13 Safeguards

Project proponents shall identify the project's negative environmental and socio-economic impacts and engage with local stakeholders during the project design and implementation of the activities.

The Project proponent shall implement a process of continuous communications with local stakeholders.

The Project proponent shall address all negative environmental and socio-economic impacts of the project activities and input received during a consultation with local stakeholders and ongoing communications. If mitigations involve deviations from the Project Design Description, the Project proponent shall update it.

All projects shall undergo a 30 day public comment period. The project proponent shall respond to all comments received and demonstrate action implemented to the VVB.

5.14 Non-Permanence

Project proponent implementing AFOLU projects and Carbon Dioxide Removal (CDR) shall deposit non-tradable buffer credits to cover unforeseen losses in carbon stocks.

The number of credits to be deposited in the AFOLU pooled buffer account is determined by the approved methodology. If not explicitly addressed in the applied methodology, the deposit to the AFOLU Buffer Account shall be 20%, and for the CDR Buffer Account shall be 5% of issued ICCs.

Based on risk assessment and mitigation outcomes from monitoring and risk management, the Project proponent can apply reimbursement of AFOLU ICCs. However, project proponents shall never hold less than 10% of issued and active ICCs in the AFOLU Buffer Adjustment Account and 1% on the CDR Buffer Adjustment Account.

A proportion of expected GHG Emission Mitigations shall be transferred in a Project Adjustment Account to protect projects from unexpected reductions in carbon stocks or increases in emissions unless the Project proponent can demonstrate that the risk of reversal associated with the project intervention is avoided. The project proponent shall establish and apply criteria, procedures, and/or methodologies to assess the risk of a reversal of GHG Emission Mitigations. A reversal risk assessment must address the risk of non-permanence that addresses both general

and project-specific risk factors. General risk factors include financial failure, technical failure, management failure, rising land opportunity costs, regulatory and social instability, and natural disturbances. Project-specific risk factors may vary by project type. Project proponents may use an approved risk assessment tool or using ISO 31000 to assess the non-permanence risk.

5.15 Deviation

Projects may deviate from procedures set out in methodologies where alternative methods may be more efficient and where the deviation will achieve the same level of accuracy or are more conservative.

Projects may deviate from the validated project design description in order to accommodate changing circumstances post-validation. All such deviations shall be described and assessed by VVB during the subsequent Verification for conformity to the requirements herein and ISO 14064-2. Project Design Description shall be updated accordingly.

5.16 Start Date

The project start date is the date when activities that lead to GHG Emission Mitigation have been implemented, and the Project's operations start.

5.17 Crediting Period

GHG Emission Mitigations recognized as ICC credits which are equal to one metric ton of carbon dioxide equivalent (CO₂-e) avoided, reduced, sequestered, or removed. After projects are registered, ICC credits are issued based on the amount GHG avoided, reduced, sequestered, or removed and reported by the project proponent and validated by an approved VVB and according to ICR Process Requirements. ICCs are issued on an Ex-Ante basis (i.e., after Validation of project and methodology estimates) and activated on an Ex-Post basis (i.e., after Verification that mitigations have actually occurred) and only for GHG Emission Mitigations that occur within the Project crediting period. The process of issuing and activating ICCs is described in the ICR Process Requirements. All ICCs have unique serial numbers with embedded information identifying the project type, location, Project proponent, and vintage. The unique serial number persists as ICCs are transferred between accounts or are retired and become offsets.

5.18 Other GHG Programs

Project proponents shall not issue credit for the same GHG Emission Mitigations under ICR and another GHG program. Project Activities may apply for transfer of registration to ICR. If transferring, all previous documentation regarding Project activities shall be made available for ICR and the VVB.

5.19 Other certifications

Projects may possess other environmental and/or social benefits certifications. Such certifications may be identified in the Project Design Documents. The project proponent shall demonstrate the environmental and/or social benefits of the certification and make all documentation available for the VVB for validation and verification.

All monitoring for other certifications shall be identified in the monitoring report and be included in the validation and verification plan.

6. Validation

Validation is the process for evaluating the reasonableness of the assumption, limitations, and methods that support the statement of the outcome of the implementation of the Project and its activities and conforms to the ICR requirements and applied methodology. All projects are subject to Validation of projects.

6.1 Validation

Validation involves determining the project methodology and a project's eligibility to generate GHG Emissions Mitigations outcomes. Validation shall be conducted according to ISO 14064-3 and ISO 14065. The evidence-gathering plan shall be sufficient so the validation body can provide a reasonable level of assurance. The validation report shall be made public.

Validation shall be completed within two years as of early registration of the Project.

The Project shall be early registered with ICR before the validation process initiates.

6.1.1 Validation Process

The validation process shall follow the requirements set out in ISO 14064-3. The criteria for Validation are ISO 14064-2, the requirements herein, and the methodology applied.

If the project deviates from the applied methodology, the validation body shall determine if the deviation is material.

6.1.2 Competence

The validation team shall meet the competence requirements set out in ISO 14065 and ISO 14066.

6.1.3 Validation Report

The Validation Report shall describe the validation process, any findings raised during Validation, actions to react, and the conclusions reached by the validation body. The Validation body shall use the Validation Report Template and follow all instructional text in the Validation Report template. The Validation Report shall include a validation statement and the opinion of the Validation.

The validation statement shall be according to ISO 14065.

7. Project implementation

7.1 Implementation, operation, and deviations

The Project shall be implemented and operated in accordance with the Project Design Description. The Project proponent shall indicate any short-term deviations from the Project Design Description, applied methodologies, other applied documents, or permanent changes to the registered Project Activity (hereinafter referred to as post-registration changes). All deviations shall be reported in the updated version of the Project Design Description and validated under the subsequent Verification.

7.2 Monitoring

The project proponent shall monitor the Project Activity and its GHG Emission Mitigations in accordance with the Monitoring Plan. The impacts of project activities on relevant emission SSRs shall be monitored in order to determine net GHG Emission Mitigation.

According to the monitoring plan, the project proponent shall provide the results of monitoring to the VVB. The monitoring report shall include schedules, roles and responsibilities, equipment, resources, and methodologies to obtain, estimate, measure, calculate, compile and record GHG data and other information for the Project and GHG emissions and/or removals.

7.2.1 Deviations

The Project proponent shall indicate any short-term deviations from the monitoring plan, applied methodologies, other applied documents, or permanent changes to the registered Project Activity and update all applicable documentation submitted to ICR.

7.3 Leakage

Projects shall monitor and calculate leakage. All leakage shall be deducted from the total GHG emission reductions and/or removals of the Project and subtracted from the number of GHG emission reductions and removals eligible to be activated.

7.4 Monitoring report

The impacts relating to SSRs of the operation of the implemented Project shall be reported regularly and according to the monitoring plan and the methodology applied in a Monitoring Report. Project proponents shall use the Monitoring Report Template for reporting.

8. Verification

Verification is the process for evaluating and independently determine if the outcome of the implementation of the Project and its activities and conformity to the ICR requirements based on historical data and information. All projects are subject to Verification of the implementation of projects and mitigation outcomes. The same VVB shall be contracted to carry out Validation and the first Verification unless the VVB does not fulfill the requirements for conduct the Verification.

8.1 Verification

Verification involves determining the Project's GHG Emissions Mitigation outcomes. Verification shall be conducted according to ISO 14064-3 and ISO 14065. The evidence-gathering plan shall be sufficient so the VVB body can provide a reasonable level of assurance. The verification report shall be made public. First verification can be conducted at the same time as Validation.

8.1.1 Verification Process

The verification process shall follow the requirements set out in ISO 14064-3. The criteria for Verification are ISO 14064-2, the requirements herein, and the methodology applied.

If the project implementation has deviated from the applied methodology from Validation, the VVB body shall conduct a Validation of the deviation and determine if the deviation is material.

8.1.2 Competence

The verification team shall meet the competence requirements set out in ISO 14065 and ISO 14066.

8.1.3 Verification Report

The Verification Report shall describe the verification process, any findings raised during Verification, actions to react, and the conclusions reached by the VVB. The VVB shall use the Verification Report Template for the Verification Report and follow all instructional text contained in the template. The Verification Report shall include a Verification statement and the opinion of the Verification.

The verification statement shall state the volume of GHG emission Mitigation Outcomes generated during the monitoring period and been verified with respect to non-permanence risk and leakage eligible to be issued as ICCs.

9. Validation and Verification bodies

Validation and verification bodies are eligible to provide validation and verification services under the ICR if they have signed an agreement with ICR and are accredited under an ICR approved GHG program and/or accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum.

The VVB shall hold such accreditation or approval for Validation or Verification (as applicable) for the sectoral scope(s) applicable to the methodology applied to the Project. Where the methodology falls under more than one sectoral scope, the VVB shall hold accreditation or approval for Validation or Verification (as applicable) for all relevant sectoral scopes.

VVBs are eligible to conduct Validation of methodology under the methodology approval process. The VVB shall hold accreditation for Validation for the sectoral scope(s) applicable to the methodology. Where the methodology falls under more than one sectoral scope, the VVB shall hold accreditation for Validation for all relevant sectoral scopes.

To apply to become an approved VVB with ICR, VVBs must complete an application and submit a signed application, along with any supporting evidence, to admin@carbonregistry.com.