



**STANDARD FOR GREENHOUSE GAS  
REDUCTION/REMOVAL PROJECTS**

**Version 1.1**

**Date: April 2023**

## VERSION AND REVISION CONTROL

Version	Date of Amendment	Section	Description of Amendment	Amended by
1.0	29 Sept 2021	All	Update to reflect developments related to the internal testing of the Standard and IT platform	Matthias Rommelspacher; Olivia Tuchten; and Robbie Louw
1.1	30 April 2023	All	Inputs from the Environmental Integrity Committee and updates to align with the core Carbon Principles.	R Louw

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## 1 INTRODUCTION

The Inclusive Carbon Standard (ICS) is a not-for-profit organisation that issues Carbon Credits for greenhouse gas emission reduction projects. The ICS provides a platform that provides requirements for the development of greenhouse gas emission reduction and carbon removal projects and the generation of Inclusive Carbon Credits (ICCs), the greenhouse gas units that may be issued under the standard.

The distinguishing feature of the ICS is its aim to reduce the costs associated with the issuance of carbon credits by utilising technology innovations and by simplifying the processes associated with project registration and the issuance of carbon credits. The ICS uses a unique approach to the structuring of methodologies used in project development, as well as the management and administration of the project registration and carbon credit issuance process. The ICS can supply carbon credits into a variety of markets.

The ICS uses a technology platform to ensure that the ICCs generated by registered projects are credible in all respects. Project activities shall meet the validation, registration, monitoring and verification requirements set by the ICS and, in doing so, may achieve certified ICCs.

## 2 PRINCIPLES

### 2.1 *Overall Principles*

The ICS is built on the following principles:

- 1) **Credibility:** Issued ICC must be real, measurable, permanent, additional, independently verified, and unique.
- 2) **Balancing of auditing requirements:** The auditing requirements, and resulting administrative burden, for the issuance of ICC should be balanced with the auditing requirements for the actual emissions that will be offset by the ICCs. One of the aims of the ICS is to correct the current imbalance in the administrative burden related to emission reduction projects, where the auditing efforts and expenses in traditional carbon standards outweigh the market value of the final product.
- 3) **Cost effectiveness:** the aim of the ICS is to reduce the cost associated with the issuance of credible greenhouse gas units by utilising innovative technology, and by simplifying the processes for project registration and the issuance of ICC.

- 4) **Use of existing auditing capabilities:** the ICS uses ISO14065 accredited auditors that have completed the ICS training course.
- 5) **Simplifying project registration through:**
  - a) **Use of Component Methodologies rather than full methodologies** allows for optimal use of methodology infrastructure.
  - b) **Simplifying Credit verification and issuance through use of technology:** The ICS aims to cater for projects that use remote sensing and/or monitoring equipment that is connected to the IoT. Where equipment is connected to the IoT, all project data is required to be stored on the ICS Platform, in order to facilitate the secure database component related to the ICS. The secure database component is intended for use in the validation of projects and the subsequent verification and issuance ICCs.
  - c) **Linkages:** The ICS is built with the view to linking to domestic markets. The acceptability of the ICS (and resulting ICS projects) for use in such domestic carbon market mechanisms will be determined by the respective government institutions, and market operators of such mechanisms. The linkages in the ICS are managed through a Tagging system of both Projects and Carbon Credit.

## **2.2 Alignment with International Best Practice**

The ICS aligns with International best practice, in the following reference documents:

- i. ICROA Code of Best Practice
- ii. CORSIA Eligibility Criterion
- iii. The Core Carbon Principles

The aspects related to the integrity of carbon credits are:

### **2.2.1 Additionality**

The ICS adheres to international best practice on additionality by ensuring projects surpass the "business-as-usual" scenario and differ from baseline scenarios. Various additionality arguments are allowed, including automatic additionality, investment analysis, and barrier analysis, while also requiring project-specific baselines and prohibiting credit issuance for legally mandated actions/projects.

### *2.2.2 Mitigation activity information*

Project proponents must provide project details that include sufficient information such as project description, location, crediting period, stakeholder consultation, local legal requirements, risk assessment, alignment with Sustainable Development Goals, and various safeguard elements. This information must be audited during the validation audits.

### *2.2.3 Realistic and credible baseline*

The ICS ensures that all projects are based on a realistic and credible baseline by requiring the use of approved Component Methodologies for establishing baselines. These methodologies must adhere to international best practices and are subject to validation by Accredited Auditors. The baseline component methodology has to be approved by Accredited Auditors and the Environmental Integrity Committee. Additionally, the baseline itself has to be audited at a project level by an Accredited Auditor. This multi-tiered approach ensures the credibility and accuracy of the established baselines for each project.

### *2.2.4 Quantified, monitored, reported, and verified*

The ICS places a strong emphasis on ensuring that all emission reductions are quantified, monitored, reported, and verified accurately. To achieve this, the system requires projects to employ approved Component Methodologies for quantifying and monitoring emission reductions. These methodologies are in line with international best practices. Projects are subject to validation by Accredited Auditors at the project registration stage. Emission reduction Monitoring Reports details the actual implementation, monitored parameters, and emission reduction calculations. These reports are then verified by an Accredited Auditor during the verification process prior to the issuance of the credits. This thorough and multi-layered approach ensures the highest level of credibility and accuracy in quantifying, monitoring, reporting, and verifying emission reductions under the ICS framework.

### *2.2.5 Permanent emissions reductions*

The ICS places a strong emphasis on ensuring permanence in carbon removal projects by requiring that all such projects prove permanence through the application of an approved Component Methodology for permanence. To demonstrate permanence, project developers can choose from different approaches based on the principles established by the ICS. One option is to conduct a permanence risk assessment, where credits are deposited in a risk mitigation buffer account to compensate for potential reversals. Alternatively, projects can adopt the ton-year approach, which accounts for the climate benefits of temporary carbon storage over a

specified period of time. By offering multiple ways to address permanence, the ICS ensures the credibility and effectiveness of carbon removal projects, while acknowledging the varying characteristics and complexities of different project types.

#### *2.2.6 No double counting*

The ICS effectively addresses double counting through a combination of registry management, auditing, and legal measures. Firstly, the ICS registry ensures that credits are uniquely issued to projects, preventing double issuance within the system. Secondly, during the validation and verification process, Accredited Auditors assess the risk of double counting, taking into account potential overlaps within the ICS and between different standards or alternative environmental attributes such as Renewable Energy Certificates. Lastly, at the project registration and issuance stages, the project owner is required to sign a sworn affidavit, declaring that there is no double counting or double claiming of the project's environmental benefits in any form. Through this comprehensive approach, the ICS effectively minimizes the risk of double counting and maintains the environmental integrity of its carbon credit program.

#### *2.2.7 Program governance*

The ICS governance structure is designed to ensure the environmental integrity of the carbon credits it issues by implementing a robust framework with key internal structures. The Board of Trustees provides strategic guidance and oversight, ensuring that the ICS operates effectively, transparently, and adheres to legal corporate governance compliance. The Environmental Integrity Committee is responsible for safeguarding the environmental integrity of the Credits, developing and maintaining the technical standards to uphold high-quality requirements consistently. The Board of Trustees and the Environmental Integrity Committee are completely independent of each other, eliminating any possibility of conflict of interest between the two entities. These interconnected governance components within the ICS work cohesively to maintain transparency, accountability, and the environmental integrity of the carbon credits generated under the system.

#### *2.2.8 Registry with clear and transparent chain of custody*

The ICS maintains a robust and transparent Registry, which ensures a clear and unambiguous chain of custody for carbon credits generated within the system. This Registry plays a crucial role in tracking the issuance, transfer, and retirement of credits, providing stakeholders with reliable and up-to-date information on credit ownership and transactions. The Registry also maintains a comprehensive record of all project information throughout the entire project life cycle, from registration to issuance of credits. It covers the full life cycle of credits, including issuance, transfer of ownership, and retirement or cancellation. By implementing stringent security measures and data



management practices, the ICS Registry guarantees the integrity and traceability of carbon credits, fostering confidence in the environmental impact of the projects under its purview and minimizing the risk of double counting or other irregularities.

#### *2.2.9 Co-benefits*

The ICS's practice of tagging for co-benefits plays a crucial role in fostering positive socio-economic impacts of carbon credit projects registered within its framework. By aligning with international best practices, the ICS encourages project developers to incorporate sustainable development goals and prioritize social and environmental outcomes alongside emissions reduction efforts. This approach allows for the identification of projects that deliver added value to local communities, such as improved livelihoods, health benefits, or biodiversity conservation. Furthermore, tagging for co-benefits enables buyers of carbon credits to select projects that align with their specific sustainability objectives, promoting transparency and driving demand for projects with a broader positive impact. This, in turn, incentivizes the development and implementation of carbon credit projects that not only mitigate climate change but also contribute to the overall well-being of communities and ecosystems.

#### *2.2.10 Do No Significant Harm (DNSH)*

The ICS mandates that all projects conduct a Do No Significant Harm (DNSH) risk assessment during the registration stage to ensure that projects comply with sustainability principles. This assessment consists of defining the project's boundaries, identifying potential impacts, assessing their significance, developing mitigation measures, determining residual risks, and creating a DNSH management plan. Additionally, the process involves consultation and stakeholder engagement to gather perspectives on potential impacts. The findings of the DNSH risk assessment, including potential impacts, mitigation measures, residual risks, and the management plan, are documented and reported in the project registration documents, demonstrating that DNSH principles have been considered in the project design and implementation.

#### *2.2.11 Cancun Safeguards for REDD+ Projects*

The ICS ensures that REDD+ projects adhere to the Cancun Safeguards by requiring project developers to demonstrate compliance with these principles throughout the project lifecycle. During the registration process, projects must provide a summary detailing how each safeguard has been considered and addressed. By incorporating the Cancun Safeguards into its framework, the ICS promotes sustainable development, biodiversity conservation, and respect for the rights of indigenous

peoples and local communities, thus maintaining the environmental and social integrity of REDD+ projects within its system.

### **2.3 Technology Platform**

The ICS aims to cater for projects that use remote sensing and/or monitoring equipment that is connected to the IoT. Where equipment is connected to the IoT, all project data is required to be stored on the ICS Platform, a secure, cloud computing platform, in order to facilitate the secure database component related to the ICS. The secure database component is used in both validation and verification processes, where this is possible as some projects may not have monitoring equipment connected to the IoT, and in the issuance of Carbon Credits. The data sets are verified at the point of entry into the secure database, for example through electronic handshakes from meters with valid calibration certificates. The data sets that are entered into the secure database are therefore considered immutable and therefore cannot be altered or tampered with. A smart contract can therefore be automatically executed, and Carbon Credits issued.

## **3 SCOPE OF THE ICS**

The ICS provides entities with a platform for the issuance of carbon credits, related to greenhouse gas emission reduction or carbon removal projects, in the context of the environmental and social needs of society.

The ICS issues Carbon Credits on a per-project basis. Projects that are registered under the ICS will be able to seek issuance of the certified ICCs that results from the project activities.

The ICS documentation guides the following:

- Drafting and approval of methodologies that guide the implementation of greenhouse gas reduction or removal projects;
- Design and implementation of project activities utilising approved Component Methodologies;
- Validation, Activation and Registration, including of integration of IoT devices, of greenhouse gas reduction and removal projects;
- Post Registration Changes to registered greenhouse gas emission reduction and carbon removal projects;
- Monitoring, reporting, Verification, and issuance of ICC; and
- Voluntary cancellation of ICC, i.e., for use in compliance and voluntary carbon markets

### **3.1 Emission Reduction**

The ICS will not issue ICCs for greenhouse gas emission reductions or removals unless the associated activity has occurred, and has been verified by an Accredited Auditor, and the Project has been Activated on the ICS platform. Only ex-post crediting is applicable.

### **3.2 Users**

All Project Owners will be required to complete a Know-Your-Customer (KYC) procedure prior to the uploading of Project Reports. This process is a security measure required to reduce the risk of identity theft or fraud.

### **3.3 Markets**

The ICS is applicable to both compliance and voluntary markets, including domestic compliance markets as articulated in the NDCs of specific countries. The ICS allows for tags to allocate projects and credits to specific markets. Carbon credits that are issued from Projects that used Tagging Component Methodologies will be tagged as being eligible to be traded into these markets. The onus is on the developer of the Component Methodologies, and therefore the Component Methodology Owner, to ensure that the eligibility criteria in these markets are met. Additionally, the ICS's tagging system can be leveraged to recognize and promote projects that contribute to net-zero transition goals, further reinforcing the ICS's role in supporting the global pursuit of net-zero emissions by mid-century.

### **3.4 Project Types**

The ICS provides for both greenhouse gas emission reduction projects as well as carbon removal projects:

- Emission reduction projects: Projects that avoid the emission of greenhouse gases into the earth's atmosphere, when measured against a baseline. All Projects must use approved Component Methodologies.
- Carbon removal projects: Projects are projects that involve the long-term storage of carbon in plants, soils, geological formations. The ICS allows for the registration of carbon removal projects, such as reforestation and afforestation projects as well as carbon capture and storage projects, which are implemented according to an approved Component Methodology.

### 3.5 Sectoral Categories

Projects under the ICS are categorised on a sectoral basis. The sectoral categories under the ICS follow the IPCC emission categories and subcategories. The highest-level IPCC categories include the following:

- Energy
- Industrial Processes and Product Use
- Agriculture, Forestry and Other Land Use (AFOLU)
- Waste

The use of these sectoral categories allows for the selection of appropriate auditors, i.e. auditors that have been accredited for particular activities. The use of the categories also assists with alignment of the project categories that are eligible under relevant market structures.

Projects can only be developed if Component Methodologies in the respective sectoral categories have been approved.

### 3.6 Eligible Greenhouse Gases

The greenhouse gases published by the IPCC are eligible under the ICS.

### 3.7 Project Transitioning from Other Carbon Standards

The ICS allows for greenhouse gas reduction/removal Projects from other Carbon Standards to be converted from the standard of origin to the ICS. Carbon Standard includes the following standards:

- The Clean Development Mechanism (CDM);
- The Verified Carbon Standard (VCS);
- The Gold Standard; and
- Any other Carbon Standard that is recognised by ICROA, the ICVCM, or CORSIA

The requirements for transitioning are:

Area	Description
Project details	The details of the project need to be completed as per the original project registration and an approved ICS Component Methodology. If an approved ICS Component Methodology that

Area	Description
	represents the details of the project does not exist, then one must be developed and approved before the project can transition.
Additionality	The project will be deemed to be additional if the additionality of the project has been proved under the standard of origin. This is conditional upon the existence of approved ICS Component Methodology that recognises the standard of origin an approved standard under the ICS. If an approved ICS Component Methodology that recognises the registry of origin, with full consideration of its requirements and procedures for additionality does not exist, then one must be developed and approved before the project can transition.
Baseline	The details of the project baseline need to be provided as per the original project registration and an approved ICS component Methodology. If an approved ICS Component Methodology that represents the baseline of the project, in the context of the original registration, does not exist, then one must be developed and approved before the project can transition.
Monitoring	The details of the project monitoring plan need to be provided as per the original project registration and an approved ICS component Methodology. If an approved ICS Component Methodology that represents the baseline of the project, in the context of the original registration, does not exist, then one must be developed and approved before the project can transition.
Permanence	Carbon removal projects need to apply an approved ICS Component Methodology for permeance. If such a Component Methodology does not exist, one must be developed and approved by the ICS before the project can transition.
Tagging	Projects that are transitioning from other carbon standards can use the Component Methodologies for tagging in the ICS. This will result in the credits generated by the projects being tagged with the appropriate tags.

## 4 GOVERNANCE

The ICS governance structure and process consist of:

- The governance processes of the ICS are transparent in order to ensure that the environmental integrity of the ICS is not compromised.

- The Board of Trustees is responsible to oversee the corporate governance of the ICS and is precluded from interfering with the responsibility of the Environmental Integrity Committees mandate to uphold the environmental integrity of the ICS.
- The ICS Secretariat is responsible for the operational management of the ICS.
- An independent Environmental Integrity Committee is responsible for ensuring the environmental integrity of the ICS. This includes taking actions within the context of approving Component Methodologies, Project Registration and Project Verification.
- A Technical Subcommittee is responsible for supporting the Environmental Integrity Committee in the fulfilment of its responsibilities. This includes taking actions within the context of approving Component Methodologies, Project Registration and Project Verification.
- The ICS provides oversight to the Accredited Auditors' work, and ensures the work is impartially and rigorously conducted, appropriate to the requirements of the ICS.
- The ICS is linked to an independent and publicly accessible registry which tracks issued ICCs to ensure uniqueness for each tCO<sub>2e</sub>

The governance structure of the ICS, and the interactions between the governance entities, are outlined in the figure below:

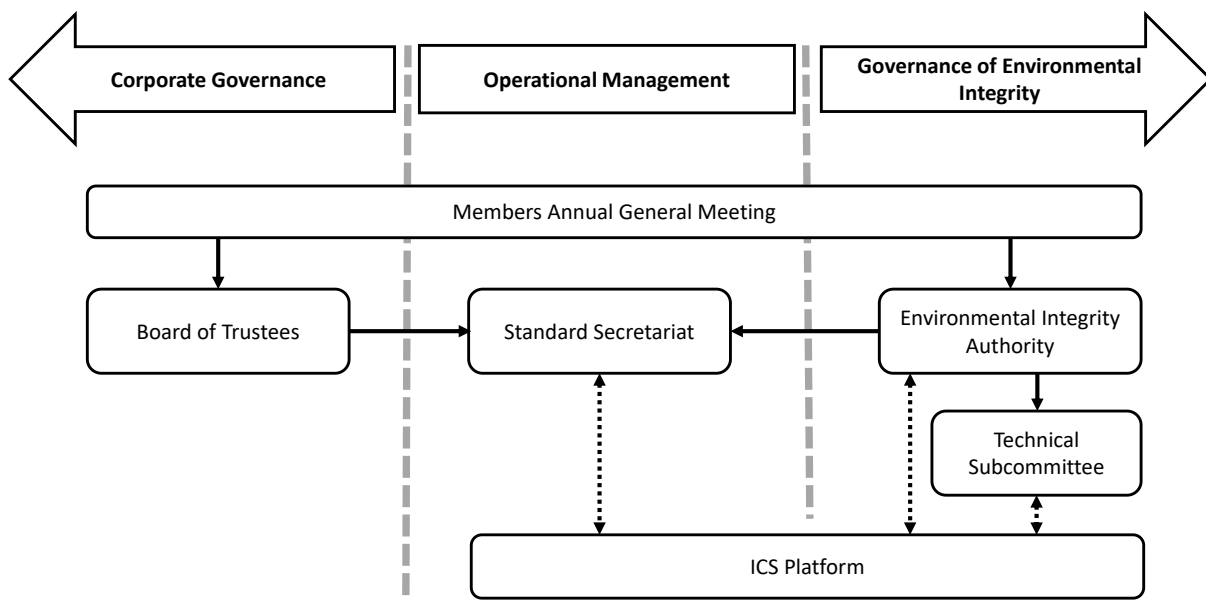


Figure 1: ICS Governance structure

The details of each entity in the governance structure is presented in the Terms of Reference (ToR) of each body.

#### **4.1 Members Annual General Meeting**

A meeting held on an annual basis and constituted based on the following principles:

- Attendance, and participation in debate is open to all members of the public.
- Voting is restricted to people who have attended at least two prior AGMs. (note that for the first year all attendees have voting powers, and in the second year, everybody who attended the first meeting have voting powers.

The function of the AGM is to:

- Approve the actions of the Board of Trustees on an annual basis;
- Review and approve the Terms of References of the committees in the ICS, including but not limited to the Environmental Integrity Committee and the technical Subcommittee as and when required, but at least every three years.

#### **4.2 Board of Trustees**

The Board of Trustees consists of a mix of executive, non-executive, and independent non-executive trustees. The trustees are responsible for overseeing all organisation activities. The Board of Trustees meet periodically to discuss and vote on the affairs of the ICS.

The ICS Secretariat, and Environmental Integrity Committee report to the Board of Trustees on a periodical basis. Technical Subcommittee, and subcommittees (as needed) report via the Environmental Integrity Committee, with complete transparency.

The responsibilities of the Board of Trustees include the following:

- Corporate governance of the ICS in relation to the requirements of the Trust Property Control Act of South Africa (Act 57 of 1988); and
- Execute all functions as described in the Trust Deed of the ICS.

#### **4.3 ICS Secretariat**

The ICS Secretariat performs all administrative functions associated with the operation of the ICS and fulfils a supportive role to the Board of Trustees, the Environmental Integrity Committee and the Technical Subcommittee. The ICS Secretariat is also the first point of contact between the Environmental Integrity Committee, Technical Subcommittee (and respective subcommittees) and stakeholders (for example, Project Owners or Methodology Proponents).

The ICS Secretariat operates according to Terms of Reference that is reviewed every three years. The ICS Secretariat will propose revisions, for approval by the Environmental Integrity Committee as well as the Board of Trustees.

#### **4.4 Environmental Integrity Committee**

The Environmental Integrity Committee reports to AGM. The ICS is structured in a way to ensure the independence of the Environmental Integrity Committee over all matters pertaining to the Environmental Integrity of the ICS. The independence of the ICS is therefore protected from any influence from commercial, political and other sources.

The Environmental Integrity Committee operates according to a Terms of Reference that is reviewed every three years.

All principal decisions taken by the Environmental Integrity Committee will be recorded in an electronic repository. The decisions will act as precedents for future decision making.

#### **4.5 Technical Subcommittee**

The Technical Subcommittee of the ICS has been established to provide technical inputs to the ICS and the Environmental Integrity Committee. The Technical Subcommittee of the ICS advises the Environmental Integrity Committee on the development, approval, amendment and adoption of Component Methodologies. The Technical Subcommittee reports to the Environmental Integrity Committee. The Technical Subcommittee has the authority to create subcommittees as required to assist in effecting the actions needed to govern the ICS.

The Technical Subcommittee operates according to Terms of Reference that is reviewed every three years. The Technical Subcommittee will propose revisions, for approval by the Environmental Integrity Committee.

#### **4.6 Accredited Auditors**

Eligible auditors must be accredited in accordance with *ISO 14065: General Principles and Requirements for Bodies Validating and Verifying Environmental Information* by an accreditation body that is a member of the International Accreditation Forum (IAF). An auditor that wishes to participate in the ICS must apply to the Environmental Integrity Committee to become an Accredited Auditor. This is done by logging onto the ICS Online Platform and completing an online application for the audit company, including uploading the relevant accreditation documentation. Accredited Auditors are required to undergo training on the ICS Platform.



#### **4.7 Communication with the ICS**

The ICS is an online Carbon Standard and communication between project developers and is automated in most instances. Where Project Developers are unable to access the necessary information on the online platform, they will be able to contact the ICS Secretariat for assistance.

#### **4.8 Safeguards**

The ICS requires that project comply with a number of safeguards required by the ICS, which are elaborated below.

##### *4.8.1 Mechanisms to prevent double counting/use*

Double counting of Credits occurs when one tCO<sub>2</sub>e is issued for the same emissions reduction or removal within the ICS and associated Registry or and under a different Carbon Standard or registry. Double counting can also occur if a carbon credit is issued for an activity for which other Environmental Attribute credits such as Renewable Energy Certificates have been issued. Another example of Double Counting is when a Carbon Credit is issued within the boundary of a regulated GHG system like an Emission Trading Scheme or a carbon tax.

Double use of ICCs occurs where a single ICC representing an emission reduction or removal is sold to more than one entity or where the ICC is used by the same buyer for multiple purposes, for example, use under multiple systems that are not linked and therefore do not share consistent rules for reporting or retirement of carbon credits.

In order to prevent double counting, the ICS requires the following:

- Clear proof of ownership of the emission reduction project upon Project Registration on the ICS Platform, as per the required Declaration of Ownership of project and/or environmental attributes. This declaration must be signed by the Project Owner, and commissioned by a Commissioner of Oaths. The Declaration must state that the Project Owner is the legal owner of the project, and has the right to register the project on the ICS, and has the legal right to the ownership of the credits to be issued by the project. It must also state that no other environmental attributes have, or will be, issued for the emission reduction issued under the ICS.
- Checks of duplicate registrations under other Carbon Standards, strict requirement for disclosure of other Carbon Standard registrations.

#### *4.8.2 Stakeholder Consultations and Publicly Available Information*

The making available of information for scrutiny by the public is one of the primary safeguards in of the ICS. The following information is available to members of the public on the ICS Platform :

- Standard:
  - Governance structures, including the Terms of References for the Environmental Integrity Committee, Technical-Subcommittee, and the ICS Secretariat
  - Office holders for all committees and subcommittees
- Methodologies
  - Methodology development procedures – ICS Methodology Manual
  - New Component Methodologies published for public comment prior to approval
  - Approved Component Methodologies
  - Retired Component Methodologies
- Projects: Project Reports of the following are available:
  - Projects in validation published for public comment
  - Registered projects
  - Projects at end of life – after end of crediting period
- Credits: The following information pertaining to ICC is available:
  - Monitoring Reports in verification published for public comment
  - Audited Monitoring Reports
  - All issued and retired ICC on a per project and per timeframe basis

#### *4.8.3 Do No Significant Harm*

Projects must comply with the Do No Significant Harm (DNSH) principle. This principle stipulates that in addition to contributing to an environmental objective, the Project must prove it does not significantly harm any other economic or social objective. This is achieved through the incorporation of a DNSH risk assessment in the Project Details Component Methodologies. All REDD+ projects must be screened against the Cancun Safeguards as well.

#### *4.8.4 Tagging*

The use of tags attached to Projects and Carbon Credits can significantly enhance the transparency around social and environmental safeguards. The tagging of projects for co-benefits and the Use of Proceeds is of particular relevance.

## 4.9 Transparency

The ICS makes the following information available to the public through the ICS Online Platform:

- Governance:
  - Members of the Board of Trustees
  - Minutes of the meetings of the Board of Trustees
  - Members of the Environmental Integrity Committee
  - Minutes of the meetings of the Environmental Integrity Committee
- Projects:
  - Project Report for public comment during the Project Validation phase
  - Record of public comments received and how they were addressed
  - Project Report of Registered Projects
  - Record of Declaration of Ownership of Registered Projects
- Issuance of Carbon Credits:
  - Monitoring Report for public comment during the Verification phase
  - Monitoring Report of Projects with issued credits
- Registry:
  - List of issued credits with links to Project Reports and Monitoring Reports for each issuance
- Reference Documents: The latest versions of the documents listed in Table 1.

*Table 1: Reference Documents*

Document	Description	Authority	Revision frequency
Inclusive Carbon Standard	This document	The Inclusive Carbon Standard can be revised on approval of ALL of the following: <ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Board of Trustees</li> </ul>	As required, but not more frequently than at the annual AGMs.

Document	Description	Authority	Revision frequency
		<ul style="list-style-type: none"> <li>Environmental Integrity Committee</li> </ul>	
Terms of Reference of the Board of Trustees	The ToR serve to provide a transparent framework for decision-making, define roles and responsibilities, and establish a clear corporate governance structure for the standard.	The ToR can be amended by the Annual General Meeting	As required, but not more frequently than at the annual AGMs. A review is required every 3 years
Terms of Reference of the Environmental Integrity Committee (and subcommittees, if required)	The ToR serve to provide a transparent framework for decision-making, define roles and responsibilities, and establish a clear structure for the governance of the Environmental Integrity of the standard.	The ToR can be amended by the Annual General Meeting	As required, but not more frequently than at the annual AGMs. A review is required every 3 years.
Training Manuals	Training manual will be developed in the following areas: <ul style="list-style-type: none"> <li>Training for Accredited Auditors</li> <li>Training for proponents of new</li> </ul>	Must be developed and approved by the Secretariat	As and when required

Document	Description	Authority	Revision frequency
	Component Methodologies <ul style="list-style-type: none"> <li>• Training for Project Owners</li> </ul>		
Procedures Manual	A manual on the general operation of the ICS Online Platform	Must be developed and approved by the Secretariat	As and when required
Methodology Manual	A manual on the principals and procedures for the development of new Component Methodologies	Revisions must be approved by the Environmental Integrity Committee	As and when required

These documents are available in the online Library.

## 5 COMPONENT METHODOLOGIES

The ICS utilises Component Methodologies. Component Methodologies specify both the information and calculation processes required to register, monitor, and report on emission reduction or carbon removal Projects. The predefined calculation procedure automates the calculation of the emissions reduction or carbon removals, which to expedite the issuance of ICCs.

The Component Methodologies guide Project Owners in the completion of the Project Report, the form required to register Projects under the ICS, and related Monitoring Reports, the forms required to apply for the issuance of ICCs. Each Component Methodology has a set of questions, or requirements, that Project Owners are required to complete or fulfil to or demonstrate compliance with the data requirements for calculating and verifying emissions reduction.

The sum of the information prescribed by the selected Component Methodologies, uploaded onto the online platform, becomes the Project Report, which is audited at Project Validations. Similarly, at the time of Verification, the online platform will use the same information to automatically compile a Monitoring Report form for the specific project. The actual monitored data sets for the relevant monitoring period must be included in the Monitoring Report for Verification purposes.

There are various categories of Component Methodologies under the ICS:

- Project Details Component Methodology (Mandatory for all Projects)
- Additionality Component Methodology (Mandatory for all Projects)
- Baseline Component Methodology (Mandatory for all Projects)
- Monitoring Component Methodology (Mandatory for all Projects)
- Permanence Component Methodology (Mandatory for all Carbon Removal Projects)
- Tagging Component Methodology (Optional). Projects can be tagged for:
  - Markets
  - Co-benefits
  - Use of Proceeds

Each category may contain multiple methodologies for Project Owners to choose from to develop their Project.

The rationale behind the Component Methodology approach is therefore to provide project developers with access to the range of component methodologies in order to provide the project developer with form a complete and customised methodology set consisting of selected approved Component Methodologies.

Clarification requests regarding the methodologies may be submitted to the Secretariat via email or the ICS Online Platform.

## **5.1 Structure of Component Methodologies**

Component Methodologies are structured as described below. These structures are, as replicated in the Project Report, where information in the respective components is audited at Project Validations. The structure is similarly repeated at time of Verification. The online system will use the same information to automatically compile the Monitoring Report form for each specific project.

The difference between the Project Report and the Monitoring Report is the inclusion of monitored data sets for the relevant monitoring period, documented in the Monitoring Component Methodology. The respective monitored data sets, and any requested temporary or permanent deviations from the validated Project Report, are the components required to be audited in a verification

### **5.1.1 Project Details**

The Project Details component includes the following aspects:

- Project information, including purpose and general non-technical description of Project Activity, such as the technologies/measures to be employed, and project management structures, as well as location detail of the Project Activity
- Crediting period
- Local legal requirements and relevant permit details
- Alignment with the Sustainable Development Goals
- Various safeguard elements. The safeguard elements included in the Project Details component include:
  - Information on the prevention of double counting;
  - Credit and project ownership;
  - Details of local stakeholder consultations;
  - Environmental impact assessments;
  - Do NO Significant Harm (DNSH) risk assessment; and
  - Cancun Safeguards for all REDD+ Projects.

#### *5.1.2 Additionality*

Projects reduce emissions beyond the “business as usual” scenario. The purpose of the additionality Component Methodology is to prove that the Project does not constitute business as usual. A description of the project’s additionality includes the following aspects:

- An indication of the method selected to demonstrate additionality. This can include:
  - Automatic additionality;
  - Investment analysis; or
  - Barrier analysis.
- Data used in proving additionality can include:
  - Variables;
  - Parameters; and/or
  - Data sources.

In order to prove additionality, Project Owners must use an approved Additionality Component Methodologies, or apply for the approval of a new Additionality Component Methodology.

#### *5.1.3 Baseline*

The Baseline Scenario is the situation prior to the implementation of the Project. A description of the project’s baseline scenario includes the following aspects:

- Description of facilities, systems, and equipment in the baseline scenario;
- Clear explanation of how the same types and levels of services provided by the Project Activity would have been provided in the baseline scenario; and
- Clear definition of the boundaries of the baseline emissions
- Explanation of all data used to establish the baseline scenario (variables, parameters, and data sources).

#### *5.1.4 Monitoring*

The Monitoring Component Methodologies provide the framework for the calculation of ex-ante emission reduction calculations that are validated when the Project Report is registered, as well as the reporting of monitored or calculated ex-post emission reductions, once monitoring is has been implemented. The ex-post emission reductions are verified by an Accredited Auditor during Project Verifications.

Specific information on the data and parameters that need to be monitored or calculated will be collected during monitoring. This includes data and parameters, the source(s) of the data, the values applied, the measurement methods and procedures, and the calibration frequencies of meters.

Potential sources of leakage, if applicable, are also contained in Monitoring Component Methodologies. This includes those which require a description of the sources as well as the calculations required necessary to quantify the potential leakage.

#### *5.1.5 Permanence*

The Permanence Component Methodology is specifically relevant for carbon removal projects. These projects remove carbon from the atmosphere and store it in carbon sinks. Such projects need to prove that the carbon is not released shortly subsequent to being captured, and that these removals are effectively permanent. Requirements to prove permanence are provided for in Permanence Component Methodologies.

Permanence Component Methodologies in the ICS may use different approaches to demonstrate permanence, allowing projects to adopt the most suitable strategy based on their specific characteristics and complexities. Options include the possibility to conduct a permanence risk assessment, where credits are deposited in a risk mitigation buffer account to compensate for potential reversals, or to adopt the ton-year approach, which accounts for the climate benefits of temporary carbon storage over a specified period of time.



### 5.1.6 Tagging

Tagging Component Methodologies allow Project Owners to ascribe certain properties to their Project related to:

- **Market attributes/ or jurisdictions:** Tagging for market or jurisdictional attributes allows Project Owners to indicate the intended market of the credits generated by the Project. For example, a project implemented in a specific country or jurisdiction can be tagged for location in that country. This tag is of specific relevance to geographically bound carbon market systems, such as domestic carbon tax systems. Such tags could refer to specific market characteristics such as NDC goals set in a specific country or net-zero commitments, for example in the value chain of a specific corporation.
- **Co-benefits:** Co-benefits play a crucial role in the development of voluntary markets, ensuring that projects deliver positive social and environmental impacts. The ICS provides for the tagging of projects and credits if the co-benefits, as specified in the relevant Component Methodologies, are achieved by a project. These Component Methodologies must include clear guidelines and criteria for assessing, quantifying, and reporting on the sustainable development benefits and safeguards of projects, based on internationally recognized principles and best practices. Examples could include the contribution a Project makes towards the achievement of specific SDGs or adherence to established safeguards for the protection of local communities and ecosystems. By tagging projects and credits with these co-benefits, the ICS demonstrates transparency and credibility in showcasing the positive impacts of such projects in line with sustainable development goals..
- **Use of Proceeds:** The ICS recognizes the importance of equitable distribution of benefits and supports projects that share carbon credit proceeds (revenue) with the communities in which they are implemented. Projects that allocate a portion of the revenue to local communities can be tagged accordingly, demonstrating their commitment to social responsibility and enhancing the positive impacts of the project on the ground. This tag highlights the project's contribution to fostering inclusive growth and sustainable development within the affected community. .

The tagging methodologies outline any applicability criteria, as well as requirements that need to be met to be granted the tag, and can include specific calculation formulas.

## **5.2 Developing and Managing Component Methodologies**

### *5.2.1 Development of new Component Methodologies*

All entities wishing to apply for approval of new Component Methodologies, or the revision of approved Component Methodologies under the ICS, shall follow the ICS Methodology Manual. The application must be submitted via the ICS Online Platform. All applications for new Component Methodologies must include an Example Project.

The application for a new or revised Component Methodology, and any required supporting documents, must be audited by an Accredited Auditor. All new and revised Component Methodologies will be made available for public comment, prior to submission of the recommendation of the Accredited Auditor. Stakeholder comments will be taken into consideration in the recommendation of the Accredited Auditor. If the principles of the ICS, as articulated in this document, are met, then the Accredited Auditor recommends approval the new Component Methodology. The Component Methodology is submitted to the EIC for final approval or rejection, prior to Activation on the ICS Online Platform, by the Secretariat, for use by Project Owners.

### *5.2.2 Example Projects*

When a proposed new Component Methodology is submitted for approval, it must be accompanied by an Example Project. The Example Project must use the proposed new Component Methodology and show how it is implemented in practice.

Example Projects may be either a real or a hypothetical.

One Example Project may be used for more than one proposed new Component Methodology at the same time.

### *5.2.3 Revision of existing approved Component Methodologies*

A Component Methodology Owner may wish to revise an approved Component Methodology. This is done in a process whereby the revision is proposed by the Component Methodology Owner and then subjected to the same process as the approval of a new Component Methodology.

## **5.3 Royalties**

The entity or person developing a new Component Methodology will be deemed to be the Component Methodology Owner. The Component Methodology Owner will have the right to earn royalties from the use of the Component Methodology. The method of calculation and the level (magnitude) of the royalties will be determined by the Board of Trustees from time to time.

#### **5.4 Approval of Component Methodologies**

Once a Component Methodology has been submitted for approval to the Environmental Integrity Committee, the Environmental Integrity Committee will take a decision to manage the approval through one of the following three processes:

- Direct approval by the Environmental Integrity Committee;
- Approval by the Environmental Integrity Committee after receiving recommendations from the Technical Subcommittee; or
- Approval by the Environmental Integrity Committee after the Component Methodology and Example Project has been audited by an Accredited Auditor.

Requests relating to the approval of new or revised Component Methodologies may not be combined with simultaneous requests for Project Validation and Registration.

#### **5.5 Component Methodology Compatibility**

Where a project has successfully applied a unique combination of Component Methodologies (excluding the Tagging Component Methodologies) and has been approved by the ICS, the project becomes a Landmark Project. The Landmark Project establishes the compatibility between Component Methodologies, which can be used by other Project Developers to develop other Projects. The process for Validation is the same for a Landmark as for normal projects.

#### **5.6 Complaints and Appeals**

All complaints and appeal will be posted on the ICS Online Platform with public access.

##### *5.6.1 Appeals of Decisions by Accredited Auditors*

In the event that the proposer of a new Component Methodology or the owner of a Project has reason to believe that the decision made by an Accredited Auditor is incorrect, they may initiate an appeals process. This may involve appealing directly to the Auditor through the Auditor's established appeals mechanism, or alternatively, appointing another Accredited Auditor to act as an independent arbiter. It should be noted that this does not necessarily entail a full audit, but rather a process of arbitration to determine the accuracy of the original decision.

### *5.6.2 Appeal to Decisions by the Environmental Integrity Committee*

Appeals of decisions by the Environmental Integrity Committee may be submitted to the Secretariat. The Secretariat will consider the appeal on receipt. If an appeal is not rejected by the Secretariat, the Secretariat shall provide a recommendation to the Environmental Integrity Committee. This recommendation may include a proposed strategy for resolving the appeal. The Environmental Integrity Committee may engage with the Technical Committee, or with Accredited Auditors in order to act as independent arbiters and facilitate the resolution process.

### *5.6.3 Complaints about suspected erroneously issued Carbon Credits*

If any person suspects that any Carbon Credits have been erroneously issued, it may direct a complaint at the EIC. The EIC will forthwith investigate such a complaint and take the required action.

## **5.7 Use of the ICS Online Platform**

Each Component Methodology is presented on the ICS Platform a Smart Contract. Component Methodology Smart Contracts are uploaded to the ICS Platform by the Methodology Proponent during the development of the Component Methodology. The Component Methodology will be available to a limited number of users, for use in Example Projects, on the ICS Platform until such time as it approved as per the Rules of the ICS. Once the Component Methodology is approved, it will become available for the use in project registration.

## **6 PROJECTS**

Projects under the ICS must reduce greenhouse gas emissions or remove greenhouse gases from the atmosphere. Projects that reduce greenhouse gas emissions compared to a baseline are typically mitigation-focused, for example renewable and energy efficiency projects. Projects that remove greenhouse gases are typically land-based project, while marine applications and geological storage projects are also possible. All projects must:

- Prove that they both reduce or remove emissions beyond the “business as usual” scenario, and can demonstrate Additionality.
- The Project Owners must prove legitimate ownership of the project as well as the right to the Environmental Attributes generated by the Project.
- Be uploaded to the ICS Online Platform via the user interface.
- Comply with the Eligibility Criteria of the respective Component Methodologies employed by the project.

- Comply with the safeguard requirements.
- Must be successfully validated by an Accredited Auditor.

The Project Report is generated by the ICS Platform based on the following:

- The ICS Platform generates a template based on the specific approved Component Methodologies that is selected by the Project Owner; and
- The information provided by the Project Owner when completing the questions/input fields in the template.

The Project Report describes the proposed greenhouse gas reduction or removal activity. It must provide sufficiently detailed understanding of the nature of, and proposed implementation of the project.

The Project Report further describes the parameters and information that are to be monitored and information extracted during the project implementation. These parameters and information constrain the Verification scope of future emission reductions or removals.

If a Project is designed such that it makes use of IoT systems for data collection, then these systems need to be online prior to the completion of the Validation. The successful setup of the relevant IoT device or systems must be validated by an Accredited Auditor. Once successfully validated, the IoT device or systems will be connected to the ICS Platform and subsequently Activated.

Project Reports are inputted directly into the ICS's Online Platform. Project Reports may be inputted by Project Owners.

The Project Report is comprised of all Component Methodologies selected for the Project. A Project must have at least one Component Methodology of the following categories:

- Project Details
- Additionality
- Baseline
- Monitoring and emission reduction calculations
- Permanence for AFOLU, FLAG or other carbon removal projects

Guidance on uploading information on the ICS Online Platform is available in the ICS Administration and Procedures Manual. The following sections provide overviews of the information to be included in the Project Report form.

## 6.1 Project Components

- **Project Details Component:** The Project Details component comprises the elements noted in 5.1.1 above. The following subcomponents represent ICS principles and are outlined further.
  - **Project Crediting Periods:** The Crediting Periods under the ICS are:
    - **Emission Reduction Projects:**
      - 5 years, renewable twice subsequently for a total of 15 years; or
      - 10 years in a single crediting period without potential renewal
    - **Carbon Removal Projects:**
      - 100 years single crediting period

Projects may be renewed if they meet the criteria stipulated for the Renewal of Crediting Period. Project Owners must complete the Renewal of Crediting Period form, which must be validated by an Accredited Auditor.

- **Project Crediting Start Date:** The earliest date on which monitoring of the Project's Emission Reduction or Removal activity commenced. The Crediting Period Start Date must fall on or after the date on which the Project is Registered with the ICS.
- **Crediting Periods for Transitioned Projects:** A project transitioning from another Carbon Credit Standard may not have a total crediting period starting from the date of original registration on the original Standard to the end of the Crediting period on the ICS that is longer than the original crediting period of the project. If there is a time delay between the last crediting on the original Standard, and the date of Registration and Activation on the ICS, this time delay can be added to the end of the crediting period on the ICS.
- **Additionality Component:** For a project to be eligible, it must amongst other ICS requirements, be 'additional', amongst satisfaction of other ICS requirements. Project Owners or representatives must establish the additionality of a Project in the Project Report. The additionality of a Project is validated by an Accredited Auditor during the Validation process.

Additionality means that Projects reduce emissions beyond the "business as usual" scenario. Additionality Projects can prove this additionality by applying one of the approved Additionality Component Methodologies; by applying for the approval of a new Additionality Component Methodology

- **Baseline Component:** The Baseline Scenario is the situation prior to the implementation of the Project. Baseline Data sets are the data related to the Baseline Scenario. Baseline Data sets are used to calculate the Baseline Emissions. Baseline Emissions are the greenhouse gas emissions that would have occurred if the Project were not implemented. The Baseline Scenario and

Baseline Emissions are determined in accordance with Baseline Component Methodology used by the Project.

Project Owners shall apply the criteria in the selected Baseline Component Methodologies to identify the Baseline Scenario, set the project boundaries, and to quantify baseline and emission reductions or removals. Project Owners/Representatives shall provide a detailed description of the geographic boundary and sources of emissions in the Project in the Project Report form. A Project may contain more than one facility or discrete area of land, but each facility or land area must have a unique geographical identification.

For Carbon Removal Projects, the Project Owner shall provide maps, Geographic Information System (GIS) shapefiles, and other relevant information to delineate the project boundary.

The inputs, assumptions, emission factors and methodology pertaining to the baseline calculations shall be audited by an Auditor during the Validation process

- **Monitoring Component:** The monitoring and quality management procedures to manage data and information are to be recorded in the Monitoring Component of the Project Report.

The monitoring approach will be defined by the Monitoring Component Methodology employed to register the Project with the ICS. The following principles are provided for in Monitoring Component Methodologies:

- Monitored data sets may be inputted manually onto the ICS Platform or automatically, via an IoT device. Where IoT devices are provided for, IoT devices must be connected to the ICS Platform in a process known as Activation. Activation occurs when an IoT device goes live on the ICS Platform, following successful setup validation by an Accredited Auditor.
- Monitored Data may be uploaded in bulk to the ICS Online Platform. For example if remote sensing satellite data is used for a land based project.
- Development of Landmark Values: The values may include, for example, technology penetration rates; biomass baselines for cookstoves; grid emission factors etc. The Monitoring Component Methodologies will stipulate the validity period of the developed Landmark Values. The Landmark Values developed by Project Owners will be validated by Accredited Auditors.
- Projects that are in development or not yet implemented may request the Accredited Auditor to validate project activities in the absence of activated IoT devices. Such projects will be categorised as provisionally Registered with the ICS, following the successful conclusion of the Validation process. Such projects will only be able to generate ICCs once the IoT device or system is successfully Activated by the validating auditor.

- **Permanence Component:** The nature of sequestration projects, specifically Carbon Removal Projects, exposes the related ICCs to non-permanence risks. Non-permanence refers to the risk that verified emission reductions may be reversed in the future, for example through natural risks such as fires, floods, or other project-related risks.

Carbon Removal Projects are therefore required to set aside a portion of their issued ICCs as a risk-buffer to protect against the risk of non-permanence. If a reversal occurs, the ICS cancels an equivalent amount of ICCs from the buffer pool to ensure the permanence of the ICCs that were originally issued to the Project while maintaining environmental integrity.

Projects must demonstrate the results of a non-permanence risk assessment in the Project Report to ensure that the ICCs generated under Carbon Removal projects are permanent.

- **Tagging Component:** A Project can be tagged with certain properties based on the Tagging Component Methodology that is used. The Project Owner must provide relevant data and/or supporting information in the Project Report and Monitoring Report forms, depending on the requirements stipulated in the relevant Tagging Component Methodology.

## **6.2 Project Validation, Approval, Registration and Activation**

Project Validation is the process of independent evaluation of a completed Project Report form, by an Accredited Auditor, against the requirements of the ICS rules. Accredited Auditors base Validation assessments on the information contained in the Project Report and supporting documents. The outcome of the Validation by an Accredited Auditor is the Approval or non-approval of the Project for Registration on the ICS.

The Approval of the Project for Registration by the Accredited Auditor must be confirmed by the EIC. The confirmation of the Project registration by the EIC is not a detailed revision of the work of the Accredited Auditor, but rather a high level check of the Project. This step gives the EIC the right to veto the approval of the Project registration by the EIC.

The Accredited Auditor undertakes an initial desktop review of the Project Report followed by an audit. Thereafter the Accredited Auditor provides the Project Owner with a draft Project Validation Report. The Project Owner is responsible for closing out any requests related to clarifications or corrections raised by the Accredited Auditor.

Once all queries are closed out, the Accredited Auditor shall finalise and submit the Project Validation Report to the ICS Secretariat for uploading on the ICS Platform for stakeholder consultations.



Project Validations may be undertaken before or after the Project Start Date. Project Validations may not be combined with Verification requests, or requests for new or revised Component Methodologies.

Projects are Registered on the ICS once the EIC has confirmed the Approval by the Accredited Auditor and instructed the Secretariat to Register the Project. Projects are Activated on the ICS once Registration has been achieved and the Accredited Auditor has confirmed the validity of the IoT connection.

### **6.3 Validation of Landmark Values**

Where a Project is registered on the ICS using a Component Methodology that provides for the use of Landmark Values, Project Owners with similar projects who want to register their project with the ICS are allowed to make use of the values validated by the Landmark Project.

Landmark Values have a specified timeframe in which the values are valid. Only Landmark Values that are valid may be to Register new Projects.

Valid Landmark Values will be available in the respective Component Methodology under which the Landmark Value was developed, in order to facilitate the use by Project Owners in registering new projects.

### **6.4 Deviations from the Registered Project Report**

Deviations from the registered Project Report must be validated by an Accredited Auditor. Requests for deviations may be made prior to or at the same time as a request for Verification.

Deviations that deviate from the eligibility criteria of the selected Component Methodologies will not be eligible. In such instances, Project Owners will have the option to develop a new Component Methodology. The approval of the new Component Methodology must be approved before the request for deviation is validated.

## **7 ISSUANCE OF INCLUSIVE CARBON CREDITS**

Project Verification is the process of independent evaluation of project emission reductions or carbon removals for a specified Monitoring Period, by an Accredited Auditor, against the requirements of the ICS rules. Accredited Auditors undertake Verification assessments related to the information contained in the validated Project Report, the relevant Project Monitoring Report and requested supporting documents.

## **7.1 Types of Verifications**

Verifications may follow one of the following two approaches: Physical Verification or Remote Verification. The requirement to undertake one or the other approach will be guided by the Monitoring Component Methodology employed to register the Project with the ICS and the project-specific risk factors, such as the complexity of the project, potential for non-compliance, and data reliability.

- **Remote Verification:** A physical site audit by an Accredited Auditor is not required in the case of Remote Verification. Remote Verification may be considered for projects with a lower risk profile, characterized by a strong history of compliance, simple project design, and reliable data sources. The Accredited Auditor undertakes an initial desktop review of the Monitoring Report and supporting documents and data. For remote verification to be possible, the auditor must be provided with site maps of the project, aerial photos of the site(s) outlining the physical boundaries of the site, as well as photographs of all monitoring equipment that corresponds with supporting documents and data submitted.
- **Physical Verification:** Should the Monitoring Component Methodology require a physical verification, or if the project is deemed to have a higher risk profile due to its complexity, potential for non-compliance, or data reliability concerns, the Accredited Auditor undertakes an initial desktop review of the Monitoring Report followed by an onsite audit.

## **7.2 Verification Process**

All Project Owners wishing to submit a Project for Verification must complete the automatically Monitoring Report form and upload supporting documents for assessment by an Accredited Auditor. The Monitoring Report describes the actual implementation of the project; the monitored parameters and the emission reduction calculations. It may also include any requested Deviations from the registered Project Report, which must be assessed by an Accredited Auditor. The assessment of Project Report Deviations may be validated concurrently with the Verification audit.

Projects that employ the use of Activated IoT devices may proceed to automatic verification processes.

- **Automatic verification process:** Certain parts of Projects in verification do not need to be verified by Accredited Auditors if:
  - The project inputs utilises an Activated IoT device; and

- The Activated IoT device is within its validity period or has not been replaced in the monitoring period.

The data sets arising from valid IoT devices is considered to be immutable and there automatic verifications can be effected as required by the Project Owner.

- Manual verification process: Projects must undergo manual verification process where:
  - Projects do not employ Activated IoT devices;
  - Activated IoT devices have been calibrated or replaced within the monitoring period.

In the manual verification process, the Accredited Auditor undertakes an initial desktop review of the Monitoring Report and supporting documents, followed by an audit meeting which may be remote or physical, as required by the Monitoring Component Methodology. Thereafter the Accredited Auditor provides the Project Owner with a draft Project Verification Report. The Project Owner is responsible for closing out any findings related to clarifications or corrections raised by the Accredited Auditor.

Once all queries are closed out, the Accredited Auditor shall finalise and submit the Project Verification Report to the ICS Secretariat for publication on the ICS Online Platform for public comment. The Accredited Auditor makes the submission by uploading the final Project Verification Report, the Project Monitoring Report and supporting documents onto the ICS Online Platform.

### **7.3 Issuance of ICCs**

Issuances of ICCs take place when the EIC confirms the Approval of the Issuance by the Accredited Auditor.

### **7.4 Serial Numbers**

All Carbon Credits issued by the ICS will have unique serial numbers. The serial numbers will allow individual credits to be traced to the Project from which they were issued as well as the monitoring period during which they were generated.

### **7.5 Ownership and Transfer of the Carbon Credits**

The Carbon Credits are the legal property of the holder of the account in which the Credits are listed at any point in time. Credits can only be transferred from one account to another on instruction of the holder of the first account.

## **7.6 *Erroneously Issued Credits***

Erroneously issued credits can be identified in a number of ways:

- Investigation by the EIC based on the initiative by EIC members.
- Investigation by the EIC following a complaint from a member of the public.
- Investigation by an Accredited Auditor.

Erroneously issued credits will be cancelled in the registry.

## **8 CANCELLATION OF ICCs FROM THE ICS**

The cancellation of ICCs can be requested via the ICS Platform. The ICCs can be cancelled for multiple reasons, including for moving of the ICCs into a voluntary or compliance market scheme. When initiating this process, the Project Owner must submit the reason for the cancellation.

The cancellation process is an automated procedure that does not require the intervention of the ICS or an auditor. The Project Owner submits the completed Cancellation form with the required details and then the ICS Platform automatically generates the Attestation of Voluntary Cancellation certificate. This certificate will immediately be available for download and distribution by the Project Owner.

Attestation of Voluntary Cancellation certificates can also be automatically verified by third parties using the ICS Platform, as the original Attestation of Voluntary Cancellation certificate is stored in the secure database. The third party can upload a version of the Attestation of Voluntary Cancellation certificate and request the system to check the authenticity of it against the version stored in the secure database. The third party is then notified of the authenticity of the uploaded document.