



Registration and Issuance Process

VI.1

08 February 2023

About

Developed in 2005 in Tocantins, Brazil the SOCIALCARBON Standard was created by Ecologica Institute, a Civil Society Organisation of Public Interest (OSCIP). The SOCIALCARBON Standard was designed during the implementation of Brazil's first carbon sequestration project in the Bananal Island, with the differential of ensuring community involvement in the initiative. Since 2022, SOCIALCARBON has been managed by the Social Carbon Foundation, a UK Charitable Organisation with the mission to act in mitigating the effects of climate change through scientific research, environmental conservation, and community-based sustainability activities.

Since 2022, the SOCIALCARBON Standard has transitioned from a co-benefits standard to a full standard for nature-based solutions. We believe that climate action and nature-based solutions must include the participation of the local people or they will not be sustainable in the long-term. The transition of the SOCIALCARBON Standard into a full standard for nature-based solutions further supports our mission of scaling local action against biodiversity loss and climate change, but on a global scale. To enable this vision to become a reality, the Social Carbon Foundation develops high quality standards to facilitate market-driven mechanisms that accelerate the development of projects which deliver real results for our communities and the planet.

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1. Introduction

This document outlines the procedures for registering projects and issuing Social Carbon Units (SCUs) under the SOCIALCARBON Standard. This document is intended for use by project proponents, SCU buyers, SCU sellers and any other entities participating in the voluntary carbon market. Note that the SOCIALCARBON Standard and its related documents provide the rules and requirements for developing projects, and this document (the Registration and Issuance Process) should not be used for such purpose.

Projects may have one or many project proponents, though to aid readability, this document uses project proponent in the singular. For projects with multiple project proponents, project proponents should be substituted in place of project proponent, as appropriate.

Project proponents interact with the SOCIALCARBON registry to register projects and issue SCUs (i.e., project registration and SCU issuance are handled by the SOCIALCARBON registry). SOCIALCARBON staff are responsible for undertaking a completeness check on documentation and for ensuring adherence to the SOCIALCARBON Standard rules with respect to the project registration process. SOCIALCARBON staff can also upload information to the SOCIALCARBON registry.

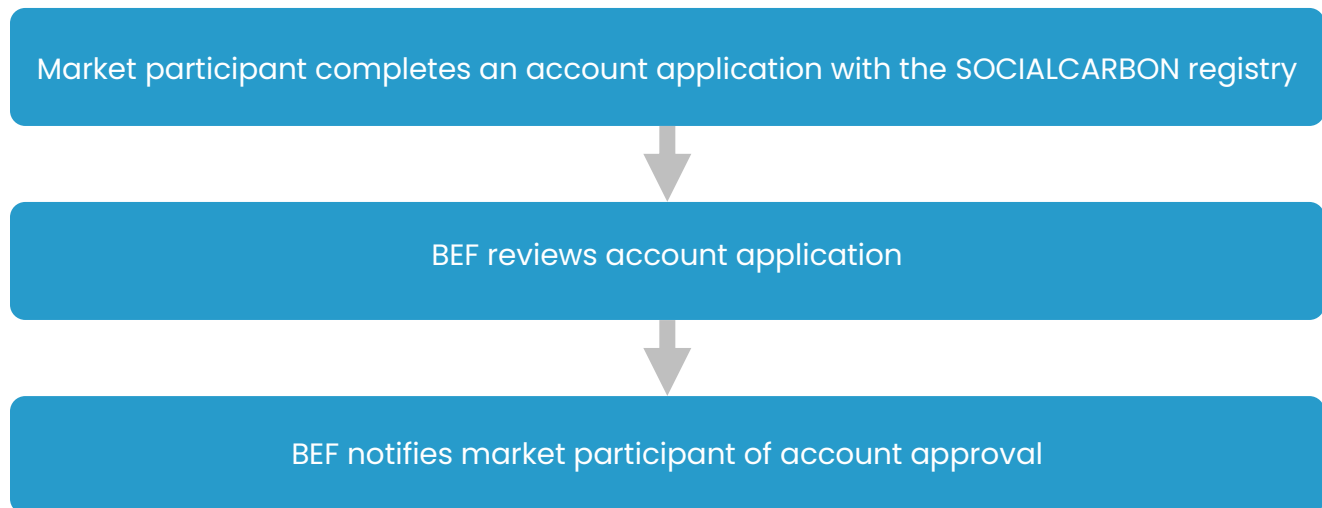
The SOCIALCARBON registry provides the central repository for all information and documentation relating to registered projects. The registry is also responsible for ensuring uniqueness of projects, issuing SCU uniqueness and tracking SCU retirement. The registry makes project and SCU information and documentation publicly available and can be accessed via the SOCIALCARBON website. As set out in the SOCIALCARBON Standard document SOCIALCARBON Standard Guide, SOCIALCARBON is responsible for reviewing project documentation and overseeing validation/verification bodies to ensure the integrity of projects and SCUs in the SOCIALCARBON registry system.

This document will be updated from time-to-time and readers shall ensure that they are using the most current version of the document.



2. Opening a SOCIALCARBON registry account

A SOCIALCARBON registry account shall be opened by any market participant who wants to register a project and/or issue, trade or retire SCUs as set out below, with the notes that follow providing further details.



1. The SOCIALCARBON registry is managed and operated by SOCIALCARBON staff. Further details about the SOCIALCARBON registry system are available in the SOCIALCARBON Standard Guide.
2. A market participant can apply to open a SOCIALCARBON registry account at any time. For example, a SCU buyer does not need to have entered into a legal agreement to purchase SCUs in order to open a SOCIALCARBON registry account.
3. Market participants can apply to open a SOCIALCARBON registry account through our registry provider, Biodiversity & Ecosystem Futures’ website (www.thebef.org).



3. Project registration process

The following steps are required under the SOCIALCARBON Standard to register a project and issue SCUs, and these are presented in detail.

1. Project registration
2. Project validation
3. Project verification and issuance request
4. Project review
5. SCU issuance
6. SCU retirements and cancellations
7. Project maintenance

For the purposes of this document, the project registration process refers to all or any of these seven steps, as the case may be. The entity that initiates the project registration process may terminate the process at any one of these steps if it decides it does not want to register the project or have SCUs issued.

3.1 Project registration

All project documents may be submitted to the SOCIALCARBON registry in electronic format.

3.1.1 The only entities that may initiate the project registration and validation process are the project proponent, an entity to which the project proponent has assigned sole right to the GHG emission reductions or removals for the entire project crediting period, an entity who has been authorised by the project proponent(s) to list the project or the authorised representative of any of these entities. No other entity can initiate the project registration and validation process.

3.1.2. Projects that still require their Project Description to be validated, shall be listed with the project status 'Listed'.

3.1.3 Registration of a project may be requested before or after the project has completed project validation but before the first verification of GHG emission reductions or removals.

3.1.4 Where the project is presented for registration and SCU issuance, the relevant documents that shall be provided to the SOCIALCARBON registry are the project description, the validation report, the validation representation, the registration representation, the monitoring report, the verification report, the verification representation, the issuance representation, and any AFOLU specific documentation, communications agreement, proof of right, proof of contracting or evidence and representation with respect to cancellation of GHG credits under another GHG program. Where a project description deviation has been applied, and a revised project description is issued, such project description shall be provided to the SOCIALCARBON registry. Likewise, where a project crediting period has been renewed, the revised project description and new validation report and validation representation shall be provided to the SOCIALCARBON registry.

3.1.5 To list a project as Listed, the following shall be submitted to the SOCIALCARBON registry:

- a. A draft project description which shall include (at a minimum) the cover page and drafts of sections 1.1, 1.2, 1.3, 1.5, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12, 1.13, 1.14, 3.1, 3.2, 3.3, 3.4, and 3.5 of the SOCIALCARBON Project Description Template. Note that indicative information is sufficient (e.g., the proposed approach for demonstrating additionality or establishing project ownership, rather than the full rationale and evidence that will be submitted for validation); and
- b. A registration representation.

3.1.6 The following shall apply with respect to the project proponent representations:

- a) The SOCIALCARBON website provides the templates for the registration representation, issuance representation and all other project proponent representations. The templates shall not be altered other than to fill in the project specific details.



- b) The project proponent representations shall be properly executed as deeds in accordance with applicable local laws and the organisation's own constitutional documents (e.g., signature by directors, requirement of company seals).
- c) Where more than one individual or organisation can claim rights in respect of the execution of the project proponent representations, all such individuals and organisations shall execute the project proponent representations, using the appropriate templates available on the SOCIALCARBON website for projects with multiple project proponents, as applicable. Note that such representations may be executed in any necessary number of counterparts

3.1.7 The following applies with respect to the registration representation:

- a) The SOCIALCARBON website provides the template for the registration representation. The template shall not be altered other than to fill in the project-specific details.
- b) The registration representation shall be properly executed as a deed in accordance with applicable local laws and the organisation's own constitutional documents (e.g., signature by directors and requirement of company seals).
- c) Where more than one individual or organisation can claim rights in respect of the execution of the registration representation, and there exists no other (single) entity which may execute the registration representation, all such individuals and organisations shall execute the registration representation, using the appropriate template available on the SOCIALCARBON website for projects with multiple project proponents, as applicable. Note that such representations may be executed in any necessary number of counterparts

3.1.8 Proof of contracting shall be provided to the SOCIALCARBON registry where required. The project proponent or its authorised representative shall provide evidence of the legal agreement between the project proponent (or other entity that has contracted the validation/verification body to undertake validation) and the validation/verification body, in relation to validation/verification of the project. A final legal agreement, letter of intent, memorandum of understanding or term sheet shall serve as proof of contracting. Such evidence of proof of contracting shall be uploaded to the SOCIALCARBON registry as a

private document (for SOCIALCARBON internal auditing purposes) and therefore will not be publicly available.

3.1.9 All project documents must be submitted to the SOCIALCARBON registry in electronic format.

3.1.10 To verify the project is eligible for project status 'Listed', the SOCIALCARBON team shall check the submitted project documents to ensure that:

- a) The relevant sections of the SOCIALCARBON Project Description Template have been completed in accordance with Sections 3.1.5.
- b) The registration representation has been signed by the relevant responsible parties.
- c) Where required, proof of contracting has been properly submitted.

3.1.11 The SOCIALCARBON team reviews the project documents to ensure that sufficient information is present and may require the project proponent to update project documentation before listing the project on the SOCIALCARBON registry.

3.1.12 The project proponent shall upload all relevant project documentation to the SOCIALCARBON registry. SOCIALCARBON will use the information from the project documents to create the project record in the SOCIALCARBON registry. The status of the project shall be Listed or Certified Design, as appropriate.

3.1.13 The SOCIALCARBON team shall store the electronic and signed original project documents in its record-keeping system for a minimum period of 12 years from the date the project is recorded on the registry.

3.1.14 Project Proponents are required to conduct due diligence on all landowners and stakeholders of their project. In doing so, they must provide evidence that none of the

landowners or stakeholders pose a risk to Money Laundering or Terrorist Financing¹. Project Developers are required to align with industry best practice for KYC / KYB checks and must provide evidence to the SOCIALCARBON team that these checks have been completed. This evidence should be uploaded as ‘Confidential Documents’ on the registry. This evidence must provide sufficient details to enable the SOCIALCARBON team to conduct their own independent due diligence. If the SOCIALCARBON team deems a project to pose a risk to Money Laundering or Terrorist Financing, or any stakeholder is found to have a criminal record related to environmental abuses (e.g., illegal logging), the project will be delisted, and the project developer will be given a warning. Two warnings will result in the permanent banning of a project developer from using the SOCIALCARBON Standard.

3.1.15 Where the SOCIALCARBON team has reason to believe that false or misleading project information has been submitted, the SOCIALCARBON team will seek clarification from the project proponent. Where the project proponent cannot satisfactorily justify the information provided for the pipeline project, the Social Carbon Foundation reserves the right to delist the project.

The following table outlines the three project status’ of a project:

Listed	Certified Design	Certified Project
Project is listed on the SOCIALCARBON registry, but the validation of the Project Description has not been completed. The registration representation has been uploaded and approved on the SOCIALCARBON registry.	Project Description has been completed, proof of contracting of the validation and registration representation has been uploaded and approved on the SOCIALCARBON registry.	Project Description has been completed, proof of contracting of the validation and registration representation has been uploaded and approved on the SOCIALCARBON registry. The project has uploaded at least one Verification report and Verification Representation which have

¹ <https://www.handbook.fca.org.uk/handbook/SYSC/6/3.html>

		been approved by a member of the SOCIALCARBON team.
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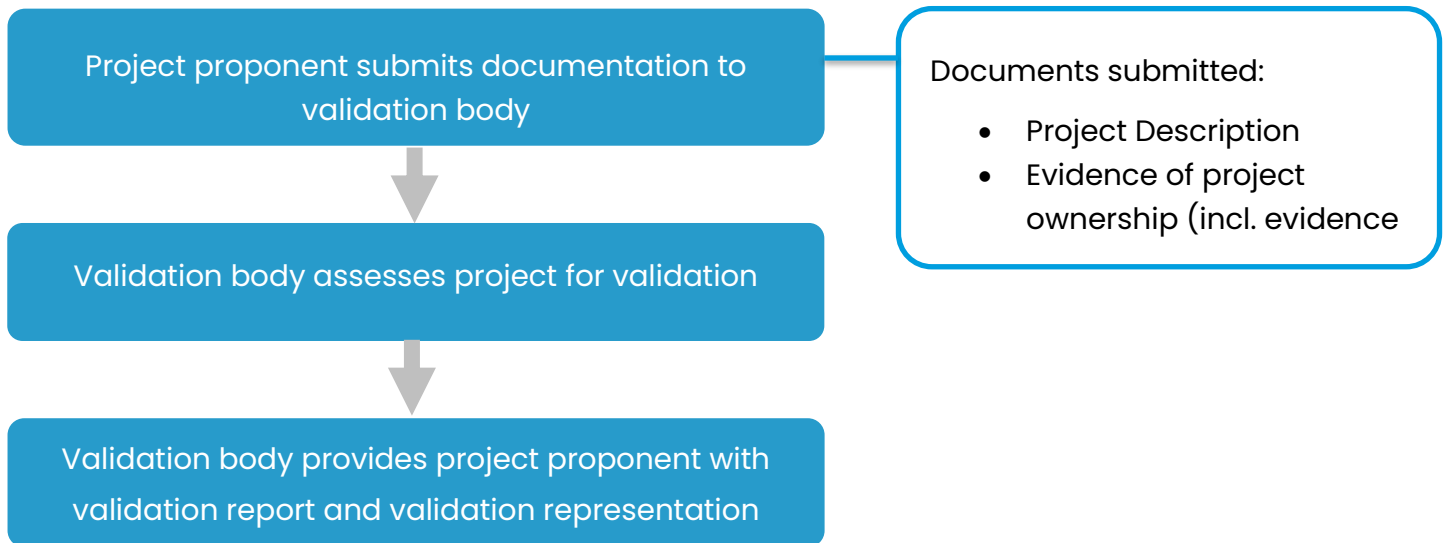
3.2 Project validation

The requirements for validation, including the requirements for validation / verification bodies, are set out in the SOCIALCARBON Standard Guide. To have a status of Certified Design in the registry, Projects must complete validation.

To list a project as Certified Design, the following shall be submitted to the SOCIALCARBON registry:

- c. A complete project description (i.e., one with all sections of the SOCIALCARBON Project Description Template completed);
- d. Proof of contracting of the validation, provided in accordance with Section 3.1.8; and
- e. A registration representation.

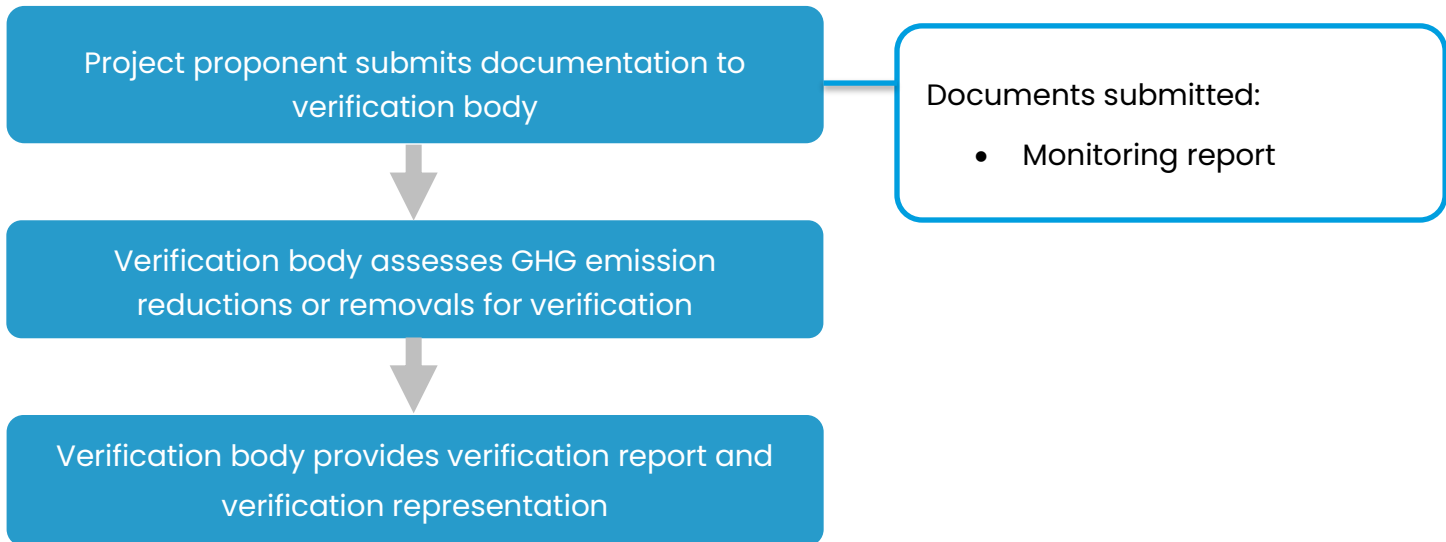
The process for validating a Project is outlined below:



3.3 Project verification and issuance request

The requirements for validation and verification, including the requirements for validation/ verification bodies, are set out in the SOCIALCARBON Standard and the SOCIALCARBON Standard Guide. Projects must complete verification prior to requesting SCU issuance.

The process for verifying a Project is outlined below:



3.3.1 All project documents may be submitted to the SOCIALCARBON registry in electronic format.

3.3.2 The SOCIALCARBON registry can display separate vintages within one verification period.

For example, where the verification period is 1 February 2022 to 30 July 2023, the project proponent may wish to have one SCU issuance record for the 2022 SCUs and a separate SCU issuance record for the 2023 SCUs. The creation of such separate SCU issuance records in respect of one verification period is only possible where the monitoring report and associated verification report specify the vintage breakdown. Thus, the monitoring report and associated verification report will need to specify the number of GHG emission reductions or removals generated in 2022 and the number generated in 2023. Vintage breakdown may be specified at a finer granularity than calendar years, and where vintage

dates are specified with day, month, and year, corresponding SCU issuance records can be created in the SOCIALCARBON registry accordingly. Where the vintage breakdown or the day, month and year start and end dates for the vintage period are not provided, there can only be one SCU issuance record in respect of the verification report (i.e., the SOCIALCARBON registry shall not arbitrarily assign a vintage breakdown where none is specified in the verification report).

3.3.3 There is no need to submit proof of right to the SOCIALCARBON registry where the project proponent or its authorised representative is initiating the issuance process. Proof of right shall be submitted to the SOCIALCARBON registry where an entity other than the project proponent or its authorised representative is initiating the issuance process. Evidencing proof of right is as set out in the table below.

Evidence for Proof of Right

Information required	SOCIALCARBON registry check
Names of the parties to the agreement.	The parties are the entity initiating the project registration process (buyer or transferee) and the project proponent (seller or transferor), or where there is one or more intermediaries, the parties shall be the relevant parties in the chain of ownership between project proponent and the entity initiating the project registration process
Date of the agreement	Appropriate to the project and transaction subject to the legal agreement
Project name	Same as the project that the entity is presenting for registration
Project crediting period	The project crediting period is defined, with a start date and duration (or end date) specified
Clause that transfers the right to the GHG emission reductions or removals	The clause transfers the right to the GHG emission reductions or removals generated by the project for the project crediting period

between the parties to the agreement	
Signatures of parties to the legal agreement	The legal agreement is signed by both parties to the agreement

3.3.4 The entity initiating the issuance process, or its authorised representative shall submit to the SOCIALCARBON registry the legal agreement(s) transferring the right to the GHG emission reductions or removals for the entire project crediting period to it from the project proponent. Where there are one or more intermediaries standing between the entity initiating the issuance process and the project proponent, SOCIALCARBON shall check all the legal agreements documenting the complete chain of transfer of right to the GHG emission reductions or removals to the entity from the project proponent. Legal agreement(s) shall be in English or shall be an official translation of the legal agreement(s).

3.3.5 In consideration of confidentiality, the entirety of the aforementioned legal agreement(s) need not be shown, but SOCIALCARBON shall undertake the checks set out in the following table (if submitting an official translation of the legal agreement(s), only such information needs to be translated and shown to SOCIALCARBON).

3.3.6 The project proponent may protect commercially sensitive information by uploading a public project description and a private project description. The private project description will not be publicly available. The public project description differs from the private project description only in that it does not contain commercially sensitive information.

3.3.7 The SOCIALCARBON Standard allows projects registered under an approved GHG program (e.g., CDM) to also register with the SOCIALCARBON Standard. In such cases, the documentation required for the project registration process is the same as required for projects registering under the SOCIALCARBON Standard only, but noting the following:



- a) The project description from the approved GHG program and a project description using the SOCIALCARBON Project Description Template with the relevant sections complete, as set out in the SOCIALCARBON Standard, must be submitted.
- b) Where GHG emission reductions or removals from one verification period are split between the SOCIALCARBON Standard and an approved GHG program, evidence shall be submitted to the SOCIALCARBON registry that any GHG emission reductions or removals presented for SCU issuance have not been issued as GHG credits under the approved GHG program, or where such GHG credits have been issued under the approved GHG program that they have been cancelled. In the latter of these cases, the project proponent or its authorised representative shall also sign and submit to the SOCIALCARBON registry a SCU conversion representation.
- c) AFOLU projects are subject to the rules and requirements for non-permanence risk analysis and buffer withholding set out in Section 4. The buffer withholding percentage determined by the AFOLU Non-Permanence Risk Tool shall be applied to the proportion of GHG credits to be issued under the SOCIALCARBON Standard (only).
- d) Where a loss event or a reversal occurs, the project shall comply with the rules for reporting a loss event and holding and cancelling credits set out in Section 5.

3.3.8 Where the project is registered with both the SOCIALCARBON Standard and the CDM and where temporary GHG credits have been issued to the project (i.e. tCERs and ICERs) which have expired without having been sold or retired, such credits may be issued under the SOCIALCARBON Standard in accordance with the requirements in Section 3.3.10. Where temporary credits have expired, evidence of their expiration shall be provided.

3.3.9 The SOCIALCARBON Standard also allows projects registered under a non-approved GHG program to also register with the SOCIALCARBON Standard. In such cases, the documentation required for the project registration process is the same as required for projects registering under the SOCIALCARBON Standard only. Where GHG emission reductions or removals from one verification period are split between the SOCIALCARBON Standard and a non-approved GHG program, the same requirements set out in Section 3.3.7(b) shall apply.

3.3.10 The SOCIALCARBON Standard allows projects registered under an approved GHG program to cancel GHG credits issued under the approved GHG program and have them issued as SCUs in the SOCIALCARBON registry. Project activities must be eligible under the SOCIALCARBON Standard (i.e. included within the scope of the SOCIALCARBON Standard, as set out in the SOCIALCARBON Standard) in order to be eligible for such conversion. In such cases, the following applies:

- a) An official notification or other evidence of cancellation of the GHG credits under the approved GHG program and a signed SCU conversion representation shall be provided to the SOCIALCARBON registry.
- b) Where the project is registered under the CDM, Verra or Gold Standard, those documents required for project registration and Certified Emission Reduction (CER), Verified Carbon Units (VCUs), or Gold Standard Verified Emission Reductions (VERs) issuance under CDM, VCS or Gold Standard shall be provided to the SOCIALCARBON registry. SOCIALCARBON shall create a project record on the SOCIALCARBON registry, noting that such record shall have the status credits transferred from other GHG program. Such projects are not considered to be registered under the SOCIALCARBON Standard and are not eligible for verification under the SOCIALCARBON Standard without first complying with the procedures for registration with the SOCIALCARBON Standard and an approved GHG program set out in Section 3.3.7.
- c) Where the project is an AFOLU project, the project shall also register with the SOCIALCARBON Standard before GHG credits issued under an approved GHG program may be converted into SCUs. The buffer credits will not be convertible into SCUs.

3.3.11 Where projects have created another form of GHG-related environmental credit, such as renewable energy certificates, evidence shall be provided to the SOCIALCARBON registry demonstrating that the GHG emission reductions or removals presented for SCU issuance have not also been recognised as another GHG-related environmental credit, or that any such credits have not been used and have been cancelled under the relevant program.

3.3.12 Projects that were previously registered under another GHG program that were not previously using the SOCIALCARBON Standard v5.0, will define their SOCIALCARBON indicator

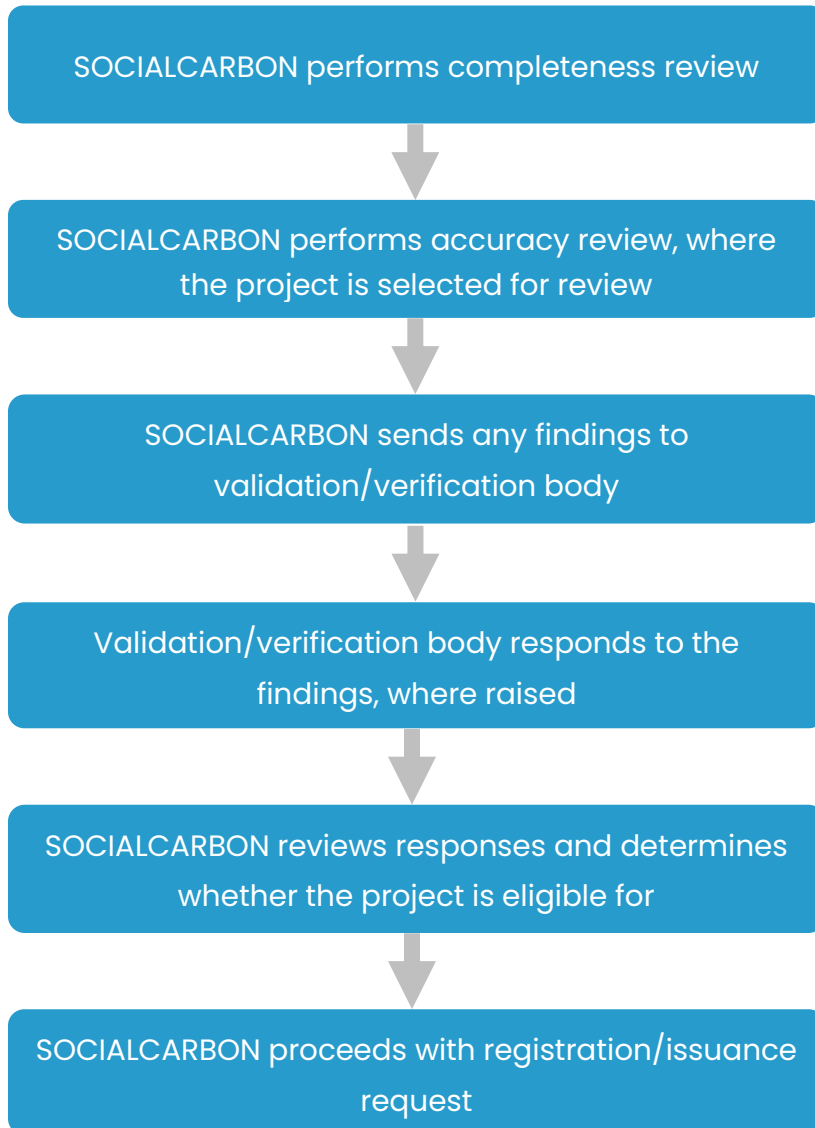
baseline as the first year of using the SOCIALCARBON Standard v6.0 (full GHG Standard). If the SOCIALCARBON Standard v5.0 (co-benefits Standard) was used by the project up until the time of transferring the project to the SOCIALCARBON Standard v6.0, the previously recorded SOCIALCARBON Indicators and scores can be used.

3.4 Project review

The project review is a two-part process consisting of a completeness review and an accuracy review (undertaken at SOCIALCARBON's discretion) of the project registration, SCU issuance or project crediting period renewal request. The project review process is set out in the diagram on page 18. SOCIALCARBON notifies the project proponent (or its authorised representative) and the validation/verification body at the start and completion of each review.

Note that the project review process is triggered when the relevant documentation for registration, issuance or project crediting period renewal is submitted to the SOCIALCARBON registry. As such, project proponents are encouraged to submit their documentation to the SOCIALCARBON registry as soon as it is ready, so that the project review process may be completed at an early stage.

Note also that when submitting issuance documentation, it is not necessary to immediately request issuance of SCUs. Instead, SOCIALCARBON will begin the review process following receipt of the relevant documentation. SCUs may then be issued upon request to the SOCIALCARBON registry any time following the completion of such reviews.

SOCIALCARBON review process**Completeness review**

3.4.1 SOCIALCARBON undertakes a completeness review of the request. The purpose of the completeness review is to ensure that all documents are complete and duly signed where necessary, the validation or verification has been completed by an eligible validation/verification body and within required timeframes, the GHG emission reductions and removals have not been issued under another GHG program, appropriate information has been used to complete all project documents, and the baseline scenario and



additionality have been correctly assessed. SOCIALCARBON completes the review within ten business days.

3.4.2 The validation/verification body shall be accredited for the sectoral scope(s) relevant to the project and shall have signed the required agreement with SOCIALCARBON. The SOCIALCARBON website maintains information on validation/verification bodies and SOCIALCARBON shall check the following:

- a) The validation/verification body that conducted validation of the project was accredited for the relevant sectoral scope for validation at the date(s) on which the validation report and validation representation were issued.
- b) The validation/verification body that conducted verification of the project was accredited for the relevant sectoral scope for verification at the date(s) on which the verification report and verification representation were issued.

3.4.3 SOCIALCARBON checks that the requirement for rotation of validation/verification bodies has been met, as follows:

- a) Validation (including project crediting period renewal validation) and the first verification of a project (in a given project crediting period) may be undertaken by the same validation/verification body. However, the subsequent verification shall be undertaken by a different validation/verification body. For example, if validation and verification were undertaken at the same time, the subsequent verification would have to be undertaken by a different validation/verification body. If validation were undertaken first (i.e., separately), the first verification could be undertaken by the same validation/verification body, but the subsequent verification would have to be undertaken by a different validation/verification body.
- b) A validation/verification body may not verify more than six consecutive years of a project's GHG emission reductions or removals. The validation/verification body may undertake further verification for the project only when at least three years of the project's GHG emission reductions or removals have been verified by a different validation/verification body. Additionally, where a validation/verification body verifies the final six consecutive years of a project crediting period, the project crediting period renewal validation shall be undertaken by a different validation/verification



body. Notwithstanding these rules, where AFOLU projects have verification periods longer than six years, a validation/verification body is permitted to verify more than six consecutive years of a project's GHG emission reductions or removals, and the subsequent verification shall be undertaken by a different validation/verification body.

3.4.4 SOCIALCARBON checks the project documents submitted to ensure that:

- a) Each section of the project documents has been completed with appropriate information.
- b) Each project document, except for the project description, the non-permanence risk report, the validation report, the monitoring report, and the verification report, is signed by the relevant responsible parties.
- c) Validations have been contracted or completed within the appropriate timeframes, in accordance with the SOCIALCARBON Standard rules.
- d) Where SCU issuance is requested, the GHG emission reductions or removals presented for SCU issuance have not been issued under any other GHG program or recognised under a program which creates GHG-related environmental credits (such as renewable energy certificates). Where the GHG emission reductions or removals presented for SCU issuance are found to have been issued under another program, the SCU issuance request shall be rejected, and the project shall no longer be eligible for crediting under the SOCIALCARBON Standard. Such checks shall be performed upon each and every SCU issuance. Where the project is being presented for registration only (i.e., without SCU issuance requested), such checks need not be undertaken.

3.4.5 SOCIALCARBON reviews the assessment of the project baseline and additionality (at validation and project crediting period renewal) to ensure adherence to the SOCIALCARBON Standard rules and the applied methodology.

3.4.6 SOCIALCARBON may request that project documents be updated (e.g., where information is missing or incorrect). Any findings raised as a result of the completeness review shall be addressed before the registration or issuance request can proceed.

3.4.7 The SOCIALCARBON registry shall store the electronic project documents in its record-keeping system for a minimum period of 12 years from the retirement date of the last SCU to which the project documents relate.

3.4.8 Where SOCIALCARBON determines that the project has failed to comply with the SOCIALCARBON Standard rules, SOCIALCARBON shall inform the project proponent (or its authorised representative) and the validation/verification body that the project fails to demonstrate compliance with the SOCIALCARBON Standard rules and is ineligible for registration or issuance, stating the reasons. Upon request by the project proponent or its authorised representative, SOCIALCARBON shall return the project documents to the project proponent or its authorised representative.

Accuracy Review

3.4.9 SOCIALCARBON may, at its discretion, undertake an accuracy review of the registration, issuance or project crediting period renewal request, the scope of which is to ensure full adherence of the validation or verification to the SOCIALCARBON Standard rules and the applied methodology. Where SOCIALCARBON undertakes such an accuracy review, SOCIALCARBON shall notify the project proponent (or its authorised representative) and the validation/verification body. Any findings issued as a result of the SOCIALCARBON review shall be addressed before the registration or issuance request can proceed. SOCIALCARBON determines whether it will undertake a review, completes the review and issues any findings within 20 business days.

3.4.10 Where no findings are raised during the accuracy review, SOCIALCARBON notifies the project proponent (or its authorised representative) that the project registration or SCU issuance may proceed in accordance with Section 3.5.

3.4.11 Where material non-conformances are identified during the accuracy review (see the SOCIALCARBON Standard for further details on the threshold for materiality), the validation/verification body shall respond to the findings issued (e.g., corrective action



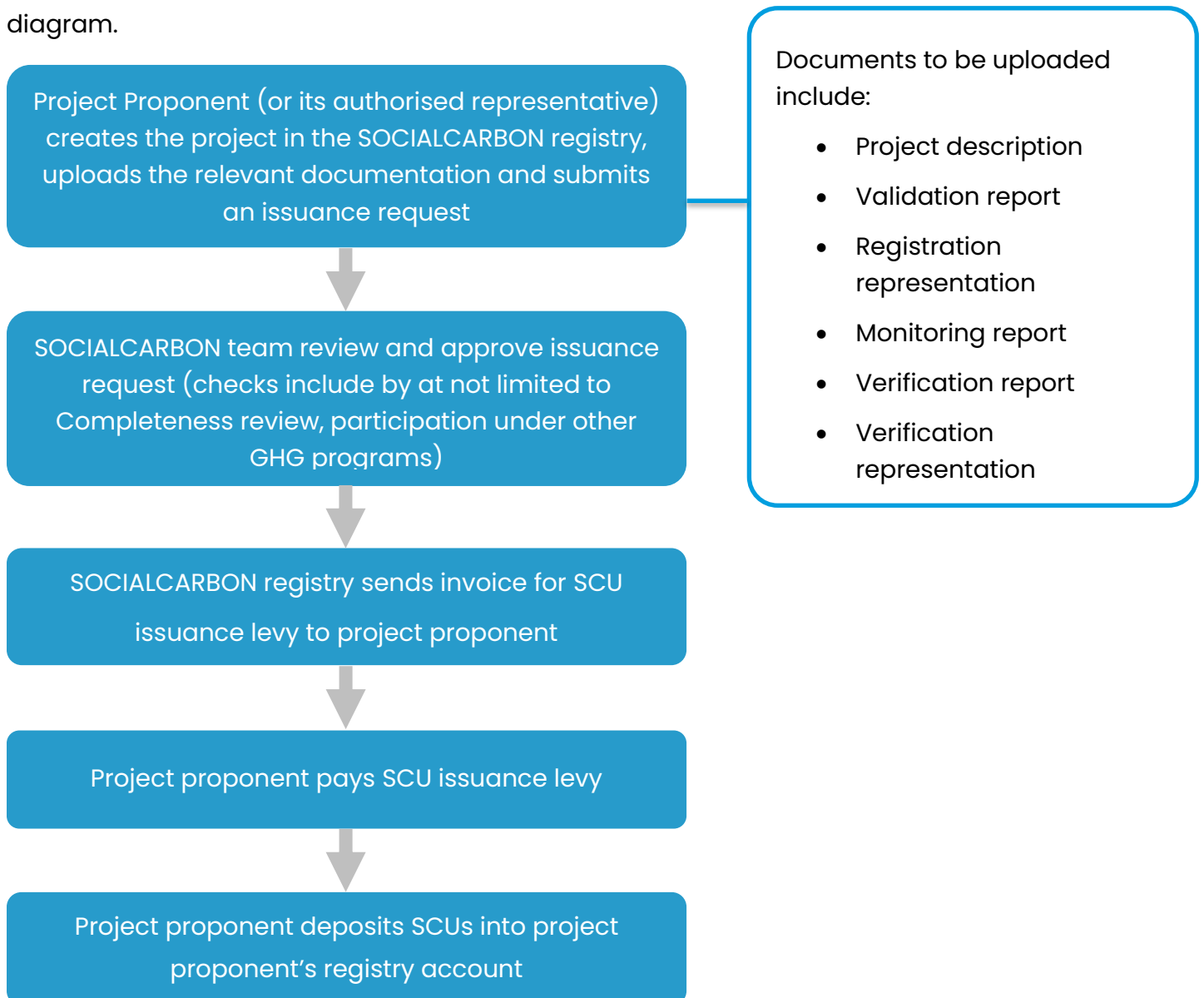
requests and clarification requests) by SOCIALCARBON, in accordance with the following procedure:

- a) The validation/verification body shall provide a written response to each finding, undertake (or ensure that the project proponent undertakes, as appropriate) revisions to the project documents where necessary, and submit all revised documents to SOCIALCARBON. SOCIALCARBON reviews such documents within 10 business days.
- b) Where the findings are addressed to the satisfaction of SOCIALCARBON, SOCIALCARBON notifies the project proponent and validation/verification body that the project registration or SCU issuance may proceed in accordance with Section 3.5.
- c) Where the findings are not addressed to the satisfaction of SOCIALCARBON, SOCIALCARBON may issue a further round of findings (not to exceed a total of three rounds of findings).
- d) Where the findings are not addressed to the satisfaction of SOCIALCARBON after the third round and/or where SOCIALCARBON otherwise determines that the project has failed to demonstrate compliance with SOCIALCARBON Standard rules, the registration and/or issuance request shall not be accepted. SOCIALCARBON notifies the project proponent (or its authorised representative) and the validation/verification body of same. The findings may be addressed and the request resubmitted three months after such notification, except where the project is ultimately deemed by SOCIALCARBON to not qualify under the SOCIALCARBON Standard.
- e) Where the accuracy review identifies errors or quality issues in a previous validation or verification, the procedures set out in Section 5 shall apply.
- f) Where no response is received from the validation/verification body within 60 business days from the date the findings were issued, SOCIALCARBON reserves the right to assume that the project proponent does not intend to pursue the project registration or SCU issuance request. Where SOCIALCARBON determines this to be the case, the project registration and SCU issuance request shall not be accepted, and SOCIALCARBON notifies the project proponent (or its authorised representative) and the validation/verification body of same. The registration and/or issuance request may be resubmitted three months after such

notification, except where the project is ultimately deemed by SOCIALCARBON to not qualify under the SOCIALCARBON Standard.

3.5 SCU issuance

The process for issuing SCUs on the SOCIALCARBON registry are outlined in the following diagram.



3.5.1 Where the project is presented for registration without SCU issuance, the project description, validation report, validation representation, registration representation and any AFOLU specific documentation or communications agreement shall be uploaded to the SOCIALCARBON registry as public documents. Any proof of right or proof of contracting shall be uploaded to the SOCIALCARBON registry as private documents (for SOCIALCARBON internal auditing purposes) and therefore will not be publicly available.

3.5.2 Where the project is presented for registration and SCU issuance, the project description, validation report, validation representation, registration representation, monitoring report, verification report, verification representation, issuance representation and any AFOLU specific documentation, communications agreement or SCU conversion representation shall be uploaded to the SOCIALCARBON registry as public documents. Any proof of right or proof of contracting shall be uploaded to the SOCIALCARBON registry as private documents (for SOCIALCARBON internal auditing purposes) and therefore will not be publicly available. Where a project description deviation has been applied, and a revised project description is issued, such project description shall be uploaded to the SOCIALCARBON registry as a public document. Likewise, where a project crediting period has been renewed, the revised project description and new validation report and validation representation shall be uploaded to the SOCIALCARBON registry as public documents.

3.5.3 The project's geodetic co-ordinates shall be entered onto the project record on the SOCIALCARBON registry. Where there are projects within a five kilometre radius, the SOCIALCARBON team will review the overlapping projects. The SOCIALCARBON team shall confirm that the project being presented for registration is unique and not one of the overlapping projects, noting that it is possible to have two projects operated by the same project proponent at the same location (they would be different activities described in separate project descriptions, with separate validation and verification). It may do this on its own if sufficient information is available or by contacting the validation/verification body of the project being presented for registration who shall confirm that it is unique and not one of the overlapping projects. Where the SOCIALCARBON team is unable to confirm uniqueness of the project, the project cannot be registered.



3.5.4 SCUs can be issued incrementally from a verification report (i.e., when the project proponent or its authorised representative requests SCU issuance, it can request issuance of part of the verification report volume and request issuance of the remaining volume at a later date). The following shall apply:

- a) The entity requesting SCU issuance shall instruct the SOCIALCARBON registry that it is requesting SCU issuance for only part of the verification report volume and shall specify the volume for which it is requesting SCU issuance.
- b) The SCU issuance levy and any fees charged by SOCIALCARBON are payable on the volume of SCUs which are issued, not the total verification report volume.
- c) SOCIALCARBON does not specify thresholds or timeframes on incremental SCU issuance (e.g., the total number of incremental SCU issuances that can be made from a verification report and the elapsed time between first and last SCU issuance from the verification report). SOCIALCARBON is entitled to apply such thresholds and timeframes as it deems necessary.
- d) The SOCIALCARBON registry displays the total verification report volume, the volume of SCUs issued to date and the history of SCU issuances with respect to the verification report.
- e) The entity requesting SCU issuance does not have to request SCU issuance of the total verification report volume (i.e., it can choose to only request SCU issuance for a part of the verification report volume and never request issuance of the remaining verification report volume).
- f) SCUs are not subject to any discounting with respect to their fungibility. SCU owners, programs or other climate change efforts that accept SCUs may apply a discount at their own discretion.
- g) All SCU Issuances are accompanied with a unique serial ID to track the SCUs on the BEF Blockchain.

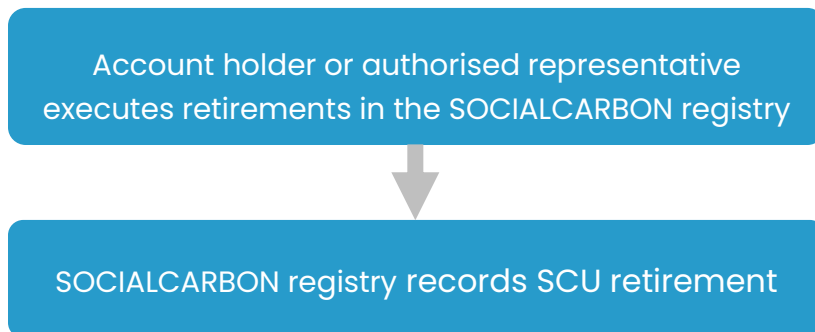
3.5.5 Where the project has cancelled GHG credits issued under an approved GHG program and is having them issued as SCUs (as set out in Section 3.3.7), the project reference number under the approved GHG program shall be noted on the project record on the SOCIALCARBON registry.

3.5.6 The SCU issuance levy shall be collected by SOCIALCARBON before SCUs are deposited into an account.

3.6 SCU Retirements and Cancellations

The process for retiring active SCUs is set out in Sections 3.6.1 – 3.6.4 below. The process for cancelling active SCUs is set out in Sections 3.6.5 – 3.6.8 below.

3.6.1 SCUs may be retired as set out in the following diagram.



3.6.2 All and any SCU retirements shall be initiated by the registry account holder or its authorised representative.

3.6.3 The registry account holder or its authorised representative may execute a SCU retirement through its SOCIALCARBON registry account. The SOCIALCARBON registry system records the details of all SCU retirements.

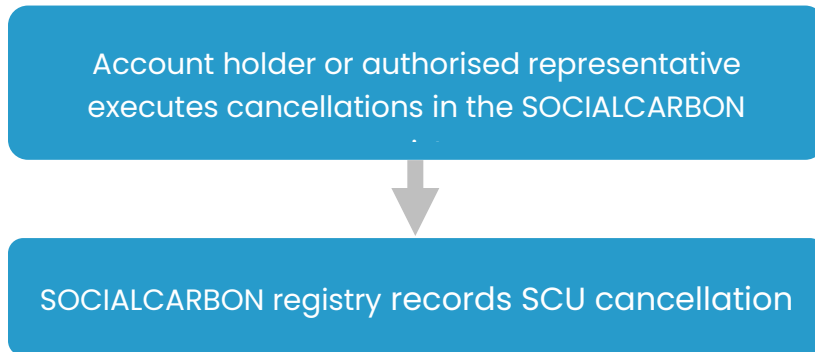
3.6.4 SCUs can be retired incrementally from a registry account holder's SCU holdings (i.e. when the SCU holder or its authorised representative requests SCU retirement, it can request retirement of part of the SCU holdings and request retirement of any or all of the remaining holdings at a later date). In such cases, the following shall apply:

- a) The registry account holder or its authorised representative shall designate the specific set of SCUs for retirement through its SOCIALCARBON registry account.
- b) SOCIALCARBON does not specify thresholds or timeframes on incremental SCU retirement (e.g., the total number of incremental SCU retirements that can be made from a registry account holder's SCU holdings and the elapsed time between first and



last SCU retirement from those holdings). SOCIALCARBON is entitled to apply such thresholds and timeframes as it deems necessary

3.6.5 SCUs may be cancelled as outlined in the following diagram.



3.6.6 The registry account holder, its authorised representative, the other GHG program in which the registry account holder is participating or SOCIALCARBON may initiate a SCU cancellation. Note that the initiator and recipient of a SCU cancellation request depends on the specific circumstances of the cancellation (e.g., where SCUs are being converted into another form of GHG credit, the cancellation request may be submitted to SOCIALCARBON by the other GHG program in which the registry account holder is participating).

3.6.7 The registry account holder or its authorised representative may be asked to confirm the details of the SCU cancellation request.

3.6.8 SCUs are cancelled in the SOCIALCARBON registry and the SOCIALCARBON registry records the details of all SCU cancellations.

3.7 Project maintenance

3.7.1 Project details may be updated in the SOCIALCARBON registry when it is not under review from the SOCIALCARBON team.

3.7.2 Where the project proponent wishes to withdraw the project from the SOCIALCARBON Standard (e.g., in order to transfer the project to another GHG program), the following applies:

1. The project proponent shall submit a letter (in English) on its organisation letterhead, to the SOCIALCARBON registry, requesting that the project be withdrawn. Such letter must include the project name, project ID, the reason for the withdrawal request and the signatures and contact information of all project proponents.
2. SOCIALCARBON reviews the withdrawal request and may request additional information prior to approving the request.
3. Upon approval, SOCIALCARBON shall update the status of the project to withdrawn. The project information shall remain publicly available on the SOCIALCARBON registry, but the project will not be able to issue SCUs.
4. In the case of an AFOLU project where SCUs have been previously issued, the project shall not be eligible for any release of buffer credits.
5. Withdrawn projects may re-join the SOCIALCARBON Standard where the project proponent submits a letter to the SOCIALCARBON registry. Such letter must include the information specified in Section 3.7.2(1) above. SOCIALCARBON reviews the project to determine whether it is eligible to re-join the SOCIALCARBON Standard and notifies the project proponent of the outcome of the review. Where the project is eligible to re-join the SOCIALCARBON Standard, SOCIALCARBON updates the status of the project accordingly. Where the project is not eligible to re-join the SOCIALCARBON Standard, the project shall remain withdrawn.

4. AFOLU buffer credits

The SOCIALCARBON Standard addresses the non-permanence risk associated with AFOLU project activities by requiring projects to set aside non-tradable buffer credits to cover unforeseen losses in carbon stocks.

4.1 Assignment of Buffer Credits

At SCU issuance, buffer credits shall be deducted from the total number of carbon credits eligible for a project within a verification period. These buffer credits will never be issued

and will never be eligible for cancellation or release back to project proponents. This is to ensure the long term permanence of the project results.

4.1.1 The number of buffer credits to be deducted from the eligible issuance amount is determined by the non-permanence risk report assessed by the validation/verification body(s), in accordance with the requirements set out in the SOCIALCARBON Standard. The report establishes the non-permanence risk rating, and this percentage is applied to the net change in the project's carbon stocks (stated in the verification report) to determine the number of buffer credits.

5. Quality control of registered projects

5.1 Process

5.1.1 SOCIALCARBON may, at its discretion, review registered projects and issued SCUs where it has concerns about adherence of the project to the SOCIALCARBON Standard rules and the applied methodology. A review may be triggered by any of the following:

- a) A validation/verification body performing a verification of a registered project identifies an error or quality issue in a previous validation or verification.
- b) A project proponent identifies an error or quality issue after the registration or issuance of the project.
- c) A stakeholder has concerns about a registered project.
- d) SOCIALCARBON itself identifies an error or quality issue, as part of routine operations.

5.1.2 Where a review is triggered, SOCIALCARBON notifies the project proponent (or its authorised representative) and the relevant validation/verification body of the review and may suspend further SCU issuance while the review is performed.

5.1.3 Where material non-conformances are identified during the review (see the SOCIALCARBON Standard for further details on the threshold for materiality), the validation/verification body shall provide a written response to findings (e.g., corrective action requests or clarification requests) issued by SOCIALCARBON. SOCIALCARBON also suspends further SCU issuance, where it has not already done so.

Note – Where the relevant validation/verification body is unable to respond due to reasons such as a cease of operations or accreditation, SOCIALCARBON may solicit a response to the findings from alternative entities such as the project proponent or another validation/verification body.

5.1.4 The follow-up actions of the validation/verification body and/or project proponent shall depend on whether the relevant validation or verification was completed before, on or after 03 January 2022, and shall be as set out in the table below. In all cases, the relevant validation/verification body shall undertake a root cause analysis to identify why such quality issues occurred.

	Issues found, but no excess SCU issuance and no risk of future excess issuance	Issues found, with excess SCU issuance and/or risk of future excess issuance
Project qualifies under Standard	1) Validation/verification body shall conduct a root cause analysis 2) Validation/verification body or project proponent, as appropriate, shall revise project documents 3) SOCIALCARBON lifts suspension on SCU issuance, upon acceptance of project document revisions 4) SOCIALCARBON shall upload revised project documents to the SOCIALCARBON registry	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) Validation/verification body or project proponent, as appropriate, shall revise project documents 4) Project proponent may need to compensate for excess issuance (see Section 5.1.5) 5) SOCIALCARBON lifts suspension on SCU issuance, upon acceptance of project document revisions by SOCIALCARBON 6) SOCIALCARBON shall upload revised project documents to the SOCIALCARBON registry

Project does not qualify under Standard	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) No further SCU issuance is permitted	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) Project proponent may need to compensate for excess issuance (see Section 5.1.5) 4) No further SCU issuance is permitted
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5.1.5 Where SOCIALCARBON determines that SCUs have been issued in excess of the correct amount, the following applies:

1. The project proponent is responsible for compensating for excess SCU issuance where SOCIALCARBON deems, acting reasonably, that there has been a material erroneous issuance of SCUs in respect of the project, as a result of the fraudulent conduct, negligence, intentional act, recklessness, misrepresentation or mistake of the project proponent, as set out further in the issuance representation.
2. Any compensation for excess SCU issuance shall be through the following, with SOCIALCARBON using reasonable efforts to work with the project proponent to ensure that any adverse impacts on the project proponent are minimised to the extent possible.
3. Where the excess SCUs remain in the project proponent’s SOCIALCARBON registry account and it can be demonstrated that they have not been used for offsetting purposes, immediate cancellation of the SCUs.
4. Replacement of SCUs through immediate cancellation from subsequent issuances of SCUs to the project.
5. Purchase by the project proponent of an equivalent number of replacement SCUs, and cancellation of same, within 60 business days of receiving formal SOCIALCARBON notification of such required action.
6. Where the project proponent fails to compensate for excess SCU issuance, SOCIALCARBON may take action against the project proponent, including



applying sanctions with respect to its registry account activities until such time as the excess issuance has been compensated.

6. Additional information

6.1 Communications Agreement

6.1.1 The purpose of the communications agreement is to allow an authorised representative to interact with the SOCIALCARBON registry on behalf of the project proponent and designate the account into which SCUs may be deposited. Templates for SOCIALCARBON registry communications agreements are available on the SOCIALCARBON website. The following is provided by way of further clarification:

1. Where there are multiple project proponents stated in the project description a communications agreement shall be provided to the SOCIALCARBON registry signed by all project proponents. The communications agreement shall designate an authorised representative and the account into which any SCUs shall be issued. Where a subsequent registration representation is provided to the SOCIALCARBON registry for the purpose of switching the project proponent, a communications agreement shall also be provided in respect of designation of an authorised representative or the account into which any SCUs shall be issued. Such communications agreement shall supersede any prior communications agreement.
2. Where there is a single project proponent and a registration representation is provided to the SOCIALCARBON registry, a communications agreement may also be provided in respect of designation of an authorised representative or the account into which any SCUs shall be issued. Where a subsequent registration representation is provided to the registry for the purpose of switching the project proponent, a communications agreement may also be provided. Any such communications agreement shall supersede any prior communications agreement. Where a communications agreement is not provided, authorised representation reverts to the (new) project proponent.



6.2 Release and Accession of Project Proponents

6.2.1 Project proponents may join or leave a project subsequent to project validation and registration. Such accession and release is handled via representations made by acceding entities and project proponents as follows:

1. Where an entity wants to join a project, it and the existing project proponent(s) shall sign an accession representation, which shall be prepared using the SOCIALCARBON Deed of Accession Template and properly executed as a deed in accordance with applicable local laws and the organisation's own constitutional documents. Where more than one entity wants to join the project, one accession representation shall be signed for each acceding entity.
2. Where a project proponent wants to leave a project (i.e., give up its rights and obligations in respect of the project), it, the remaining project proponent(s) and the SOCIALCARBON registry shall sign a partial release representation, which shall be prepared using the SOCIALCARBON Deed of Partial Release Template and properly executed as a deed in accordance with applicable local laws and the organisation's own constitutional documents. Where more than one project proponent wants to be released from the project, one partial release representation shall be signed for each project proponent that is leaving. Note that a project shall always have at least one project proponent, so there shall always be at least one remaining registration representor (project proponent) that signs the partial release representation.
3. The accession and/or partial release representations shall be submitted to the SOCIALCARBON registry, who shall upload the accession and/or partial release representations to the SOCIALCARBON registry and update the project record to reflect the change in project proponent.
4. Once this process is complete, only the new project proponent or its authorised representative can initiate subsequent SCU issuance.

Note – Where a project has one project proponent only and the project proponent wants to leave the project in favour of another entity, this is handled by having the new entity accede to the project via an accession representation and the original project proponent released from the project via a release representation.

Appendix 1: document history

Version	Date	Comment
V1.0	03 Jan 2022	Initial version released under SOCIALCARBON Version 6.0.
V1.1	08 Feb 2023	Addition of due diligence requirements of project proponents in the registration process