SOCIALCARBON®

Standard

V6.1

30 June 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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Contents

1. Introduction

The SOCIALCARBON Standard is a global standard for GHG emission reduction and removal projects. The three principal documents of the Standard are the SOCIALCARBON Standard Guide, the SOCIALCARBON Standard, and the SOCIALCARBON Methodology Requirements. The SOCIALCARBON Standard Guide describes the rules and requirements governing the SOCIALCARBON Standard and further describes the constituent parts of the Standard such as the project registration process, the SOCIALCARBON registry system, the methodology approval process and the accreditation requirements for validation/verification bodies. The SOCIALCARBON Standard provides the requirements for developing projects, as well as the requirements for validation, monitoring and verification of projects and GHG emission reductions and removals. The SOCIALCARBON Methodology Requirements provides the rules and requirements for developing new SOCIALCARBON methodologies. The SOCIALCARBON Standard Guide should be read before using the SOCIALCARBON Standard or the SOCIALCARBON Methodology Requirements.

1.1 Version

All information about version control under the SOCIALCARBON Standard is contained in the SOCIALCARBON Standard Guide.

This document will be updated from time-to-time and readers shall ensure that they are using the most current version of the document. Where external documents are referenced, such as the IPCC 2006 Guidelines for National GHG Inventories, and such documents are updated, the most recent version of the document shall be used.

Previous versions of the SOCIALCARBON Standard may have included different rules and requirements than those set out in this version. Previous versions of the SOCIALCARBON Standard and other SOCIALCARBON Standard documents are archived and available on the SOCIALCARBON website (www.socialcarbon.org).

1.2 Language

The operating language of the SOCIALCARBON Standard is English. The project description, validation report, monitoring report, verification report and all other documentation

(including all and any appendices) required under the SOCIALCARBON Standard shall be in English.

2. SOCIALCARBON Standard requirements

2.1 Scope of the SOCIALCARBON Standard

The scope of the SOCIALCARBON Standard includes:

1. The six Kyoto Protocol greenhouse gases.
2. Project activities supported by a methodology approved under the SOCIALCARBON Standard through the methodology approval process.
3. Project activities supported by a methodology approved under a SOCIALCARBON approved GHG program, unless explicitly excluded under the terms of SOCIALCARBON approval.

2.2 Excluded projects

The scope of the SOCIALCARBON Standard excludes projects that can reasonably be assumed to have generated GHG emissions primarily for the purpose of their subsequent reduction, removal or destruction. The SOCIALCARBON Standard also excludes the following project activities under the circumstances indicated in the table below.

Activity:	**Regional HDI value equals or is above 0.70**		**Regional HDI value <0.70**	
	Large Scale[1]	Small Scale[1]	Large Scale	Small Scale
Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions	Excluded	Excluded	Excluded	Excluded

[1] Small-scale and large-scale designations are as per CDM definitions for same.

Grid-connected electricity generation using hydro power plants / units[22]	Excluded	Excluded	Excluded	
Grid-connected electricity generation using wind, geothermal, or solar power plants/units	Excluded	Excluded		
Utilization of recovered waste heat for, inter alia, combined cycle electricity generation and the provision of heat for residential, commercial or industrial use	Excluded	Excluded		
Generation of electricity and/or thermal energy using biomass. This does not include efficiency improvements in thermal applications (e.g., cook stoves).	Excluded	Excluded		
Generation of electricity and/or thermal energy using fossil fuels, including activities that involve switching from a higher carbon content fuel to a lower carbon content fuel	Excluded	Excluded		
Replacement of electric lighting with more energy	Excluded			

[2] "Grid-connected electricity generation" means the generation of electricity primarily for delivery to a national or regional grid. Generation of electricity primarily for delivery to a micro-grid (i.e., a localized grid that facilitates the delivery of electricity to discrete and often remote sets of infrastructure that do not otherwise have reliable access to electricity) is not included in this definition, and such project activities are eligible under the scope of the SOCIALCARBON Standard.

efficient electric lighting, such as the replacement of incandescent electrical bulbs with CFLs or LEDs				
Installation and/or replacement of electricity transmission lines and/or energy efficient transformers	Excluded			

2.3 GHG-Information Principles

The following principles are designed to uphold the integrity of GHG-related information of projects utilising the SOCIALCARBON Standard, ensuring information is true and fair.

1. **Relevance** - Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies appropriate to the needs of the intended user.

2. **Completeness** - Include all relevant GHG emissions and removals. Include all relevant information to support criteria and procedures.

3. **Consistency** - Enable meaningful comparisons in GHG-related information.

4. **Accuracy** - Reduce bias and uncertainties as far as is practical.

5. **Transparency** - Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.

6. **Conservativeness** - Use conservative assumptions, values and procedures to ensure that net GHG emission reductions or removals are not overestimated.

2.4 Safeguards

Projects shall conduct a Safeguarding Assessment and conform to the SOCIALCARBON Safeguarding Requirements. This assessment is included the Project Description Document and the Monitoring report and will demonstrate the following:

1. the relevance of the different safeguarding requirements to the Project.
2. how all relevant safeguarding requirements are met.

2.5 SOCIALCARBON Sustainability Indicators

SOCIALCARBON indicators should be outlined and used to detail the benefits and impacts generated by a carbon offset project encompassing the six resources of the methodology: Social, Human, Financial, Natural, Biodiversity and Carbon.

These indicators receive scores ranging from the worst scenario (level 1) to the ideal situation (sustainable use of resource – level 6).

Schematic representation of the gradient of SOCIALCARBON Indicators Human Resources – Capacity building

Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
No capacity building programs, in the last 12 months.	Results from capacity building programs are not evident or measurable.	Results from capacity building programs are evident, but not measurable.	Results from capacity building programs are evident and measurable, but the benefit is limited (e.g. few people, small changes, etc.).	Results from capacity building programs are evident, measurable, and satisfactory (e.g. reasonable amount of people involved, significant changes, etc.)	Results from capacity building programs are evident, measurable and benefits lot of people with significant impact on their lives.

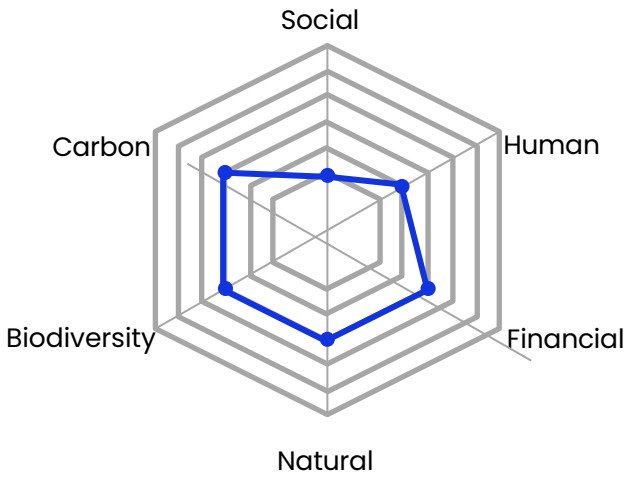
Most of the data used to score the indicators is collected through participatory methods, including:

- Interviews
- Questionnaires
- Meetings with stakeholders.

The average score of the indicators from each resource is obtained from a simple average, as indicated below, and is plotted on the respective section of the hexagon:

$$\sum_{i=1}^{n} \frac{x_i}{n}$$

The centre of the hexagon represents zero access to resource assets, while the external border represents maximum access. The resource hexagon illustrated below is a useful tool to identify the current situation of a given project and to help project developers make choices and define goals for improvement.



2.6 Timing of Crediting

2.6.1 SCUs shall not be issued under the SOCIALCARBON Standard for GHG emission reductions or removals that have not been verified.

2.6.2 Project activities are eligible for immediate crediting of future avoided emissions under the conditions set out below, which shall be addressed at the level of the methodology:

1) The project immediately avoids future streams of GHG emissions as a result of an upfront intervention that permanently precludes further emissions from the source. SCUs shall be issued only after such an intervention has occurred and the GHG emission reductions have been verified. A REDD project would not qualify for immediate crediting because future streams of GHG emissions are not permanently precluded.
2) The physical processes that would generate GHG emissions in the absence of an intervention are well-understood, stable and quantifiable. Models used to simulate such processes shall meet the requirements for such models set out in the SOCIALCARBON Standard document SOCIALCARBON Methodology Requirements. Any default factors associated with input parameters shall meet the requirements set out for such default factors in the SOCIALCARBON Standard document SOCIALCARBON Methodology Requirements.
3) SCUs may be issued only for GHG emissions avoided over a seven or ten-year period (depending on the project type), even if such GHG emissions are likely to have continued over a longer period of time under the baseline scenario. See section 3.7 for more details on project crediting periods.

2.7 AFOLU Non-Permanence Risk and Buffer Credits

Non-permanence risk in Agriculture, Forestry, and Other Land Use (AFOLU) projects is addressed through the use of a project risk analysis, using the AFOLU Non-Permanence Risk Tool, which determines a number of credits to be deducted from the eligible issuance.

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.

Project risk analyses will be subject to periodic review by the SOCIALCARBON team. This process consists of a review of a sample of AFOLU project risk reports to identify any inconsistencies in the process and application of the AFOLU Non-Permanence Risk Tool and assessment of same by validation/verification bodies. The risk analysis criteria and risk ratings set out in the tool may be adjusted, to ensure consistent and accurate application of the tool. Any changes to the tool will not be retroactive (i.e., they will apply only to subsequent non-permanence risk analyses).

2.8 AFOLU Leakage Assessments

Project market leakage assessments will be subject to periodic review by the SOCIALCARBON team. This process consists of a review of a sample of AFOLU projects' leakage assessments to identify any inconsistencies in the process and application of the leakage requirements in Sections 3.13.1– 3.13.9 and the SOCIALCARBON Standard document SOCIALCARBON Methodology Requirements, and assessment of same by validation/verification bodies. The leakage requirements set out in the SOCIALCARBON Methodology Requirements may be adjusted to ensure consistent and accurate application. Any changes to the leakage requirements will not be retroactive (i.e., they will apply only to subsequent leakage assessments).

3. Project requirements

This section sets out the rules and requirements for projects under the SOCIALCARBON Standard. Specific requirements for AFOLU are set out throughout this section, as these project types may encounter unique circumstances related to project implementation, monitoring and other matters, which must be addressed.

In order to complete the SOCIALCARBON Standard certification process, projects must demonstrate how they meet the rules and requirements set out below. Projects must also demonstrate how they have applied an eligible methodology in full. Projects demonstrate their compliance with the SOCIALCARBON Standard rules and the applied methodology through the validation and verification processes, which are defined in Section 3 below. Once projects complete the validation and verification processes, they become eligible to request registration and SCU issuance. Note that the full process for requesting project registration and SCU issuance is set out in the SOCIALCARBON Standard document *Registration and Issuance Process*.

3.1 General Requirements

3.1.1 Projects shall meet all applicable rules and requirements set out under the SOCIALCARBON Standard, including this document.

3.1.2 Projects shall be guided by the principles set out in Section 2.3.

3.1.3 Projects shall apply methodologies eligible under the SOCIALCARBON Standard. Methodologies shall be applied in full, including the full application of any tools or modules referred to by a methodology. The list of methodologies and their validity periods is available on the SOCIALCARBON website.

3.1.4 Projects and the implementation of project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.

3.1.5 Where projects apply methodologies that permit the project proponent its own choice of model (see the SOCIALCARBON Standard document 'Definitions' for definition of model), such model shall meet with the requirements set out in the SOCIALCARBON Standard document *SOCIALCARBON Methodology Requirements* and it shall be demonstrated at validation that the model is appropriate to the project circumstances (i.e., use of the model will lead to an appropriate quantification of GHG emission reductions or removals).

3.1.6 Where projects apply methodologies that permit the project proponent its own choice of third party default factor or standard to ascertain GHG emission data and any supporting data for establishing baseline scenarios and demonstrating additionality, such default factor or standard shall meet with the requirements set out in the SOCIALCARBON Standard document *SOCIALCARBON Methodology Requirements.*

3.1.7 Where the rules and requirements under an approved GHG program conflict with the rules and requirements of the SOCIALCARBON Standard, the rules and requirements of the SOCIALCARBON Standard shall take precedence.

3.1.8 Where projects apply methodologies from approved GHG programs, they shall comply with any specified capacity limits (see the SOCIALCARBON Standard document '*Definitions'* for definition of capacity limit) and any other relevant requirements set out with respect to the application of the methodology and/or tools referenced by the methodology under those programs.

3.1.9 Where SOCIALCARBON issues new requirements relating to projects, registered projects do not need to adhere to the new requirements for the remainder of their project crediting periods (i.e., such projects remain eligible to issue SCUs

through to the end of their project crediting period without revalidation against the new requirements). The new requirements shall be adhered to at project crediting period renewal, as set out in Section 3.7.7. The Social Carbon Foundation reserves the right to set different grace periods for adoption of new requirements if it deems that a project must comply with them prior to end of their crediting period.

3.2 AFOLU-Specific Requirements

3.2.1 There are currently four AFOLU project categories eligible under the SOCIALCARBON Standard, as defined in Appendix 1 Eligible AFOLU Project Categories below: afforestation, reforestation and revegetation (ARR), agricultural land management (ALM), reduced emissions from deforestation and degradation (REDD), and wetland restoration and conservation (WRC). Further specification with respect to eligible activities which may be included within methodologies approved under the SOCIALCARBON Standard can be found in the SOCIALCARBON Standard document SOCIALCARBON Methodology Requirements.

3.2.2 Where projects are located within a jurisdiction covered by a jurisdictional REDD+ program, project proponents shall follow the requirements in this document and the requirements related to nested projects set out in the SOCIALCARBON Standard document *Jurisdictional and Nested REDD+ Requirements*.

3.2.3 Where an implementation partner is acting in partnership with the project proponent, the implementation partner shall be identified in the project description. The implementation partner shall identify its roles and responsibilities with respect to the project, including but not limited to, implementation, management and monitoring of the project, over the project crediting period.

3.2.4 Activities that convert native ecosystems to generate GHG credits are not eligible under the SOCIALCARBON Standard. Evidence shall be provided in the project description that any ARR, ALM and WRC project areas were not cleared of native ecosystems to create GHG credits (e.g., evidence indicating that clearing occurred due to natural disasters such as hurricanes or floods).

Such proof is not required where such clearing or conversion took place at least 20 years prior to the proposed project start date. The onus is upon the project proponent to demonstrate this, failing this will mean the project shall not be eligible.

3.2.5 Activities that drain native ecosystems or degrade hydrological functions to generate GHG credits are not eligible under the SOCIALCARBON Standard. Evidence shall be provided in the project description that any AFOLU project area was not drained or converted to create GHG credits. Such proof is not required where such draining or conversion took place prior to 3 January 2022. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible.

3.2.6 The project proponent shall demonstrate that project activities that lead to the intended GHG benefit have been implemented during each verification period in accordance with the project design. Where no new project activities have been implemented during a verification period, project proponents shall demonstrate that previously implemented project activities continued to be implemented during the verification period.

3.2.7 For all REDD, ALM and WRC project types, the project proponent shall, for the duration of the project, reassess the baseline every 10 years and have this validated at the same time as the subsequent verification. Baseline projections for deforestation and/or degradation, land conversion, forest management plans and wetland hydrological changes beyond a 10-year period are not likely to be realistic because rates of change in land-use and/or land or water management practices are subject to many factors that are difficult to predict over the long term, hence the need for periodic reassessment of the baseline. The following shall apply with respect to the baseline reassessment:

1) The reassessment will capture changes in the drivers and/or behaviour of agents that cause the change in land use, hydrology, sediment supply and/or land or water management practices and changes in carbon stocks, all of which shall then be incorporated into revised estimates of the rates and patterns of land-use change and estimates of baseline emissions.
2) The latest approved version of the methodology or its replacement shall be applied at the time of baseline reassessment.

3) The project description shall be updated at the time of baseline reassessment following the requirements set out in Section 3.7.7.
4) Ex-ante baseline projections beyond a 10-year period are not required.

The following shall apply with respect to ALM baseline reassessment:

5) For projects that set their baseline using historical management data specific to the project lands at validation, the historical baseline shall be compared to published data on current common practice in the project region. If there is a significant difference between the historical baseline and current common practice, the project baseline shall be updated to reflect current common practice in the project region at each baseline reassessment event.
6) For projects that set their baseline using regional data on common practice (i.e., data not specific to the project lands), the baseline shall be updated to reflect current practices at each baseline reassessment event using similar datasets (e.g., agricultural census data) as those used to establish the baseline at validation.

3.2.8 Where ARR, ALM or REDD project activities occur on wetlands, the project shall adhere to both the respective project category requirements and the WRC requirements, unless the expected emissions from the soil organic carbon pool or change in the soil organic carbon pool in the project scenario is deemed below de minimis or can be conservatively excluded as set out in the SOCIALCARBON Standard document *SOCIALCARBON Methodology Requirements*, in which case the project shall not be subject to the WRC requirements.

Non-Permanence Risk

3.2.9 Projects shall prepare a non-permanence risk report in accordance with the SOCIALCARBON Standard document *AFOLU Non-Permanence Risk Tool* at both validation and verification. In the case of projects that are not validated and verified simultaneously, having their initial risk assessments validated at the time of SOCIALCARBON project validation will assist SCU buyers and sellers by providing a more accurate early indication of the number of SCUs projects are expected to generate. The non-permanence risk report shall be

prepared using the *SOCIALCARBON Non-Permanence Risk Report Template*, which may be included as an annex to the project description or monitoring report, as applicable, or provided as a stand-alone document.

3.2.10 Projects with tree harvesting shall demonstrate that the permanence of their carbon stock is maintained and shall put in place management systems to ensure the carbon against which SCUs are issued is not lost during a final cut with no subsequent replanting or regeneration.

3.2.11 WRC projects shall demonstrate that the permanence of their soil carbon stock will be maintained. The maximum quantity of GHG emission reductions that may be sought by the project is limited to the difference between project and baseline scenario after a 100-year time frame, as further described in the SOCIALCARBON Standard document *SOCIALCARBON Methodology Requirements*.

3.2.12 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. The full rules and procedures with respect to buffer credits are set out in the SOCIALCARBON Standard document *Registration and Issuance Process*.

3.2.13 Projects shall perform the non-permanence risk analysis at every verification event because the non-permanence risk rating may change.

3.2.14 Assessment of non-permanence risk analyses may be conducted by the same validation/verification body that is conducting validation or verification of the project and at the same time as the validation or verification of the project, as applicable. The rules and requirements for the process of assessment by validation/verification body(s) are set out in Section 4 below.

3.2.15 When an instance leaves a grouped project or non-grouped project with multiple activity instances before the end of its crediting period, the project shall:

a. Conservatively assume a loss of all previously verified emission reductions and removals associated with the instance; or

b. Continue to monitor the instance for the remainder of the Grouped Project's lifespan following the monitoring requirements of the applied SOCIALCARBON methodology. If it can be demonstrated that the applied SOCIALCARBON methodology monitoring requirements cannot be followed (e.g., due to loss of access to the project area), a robust remote-sensing-based approach for the project types may be used to detect loss events, upon Social Carbon Foundation approval. If a loss is identified, the size of the loss shall be quantified according to the applied methodology. Where this is not possible, the project shall conservatively assume a loss of all previously verified emission reductions and removals associated with the instance.

3.2.16 Where an event occurs that is likely to qualify as a loss event (see the SOCIALCARBON Standard document '*Definitions*' for definition of loss event), the project proponent shall notify SOCIALCARBON within 30 days of discovering the likely loss event. Where SCUs have been previously issued, a loss event report shall be prepared and submitted to the SOCIALCARBON registry, as follows:

1) The loss event report shall be prepared using the SOCIALCARBON Loss Event Report Template. It shall include a conservative estimate of the loss of previously verified emission reductions and removals due to losses in carbon stocks from the project, based on monitoring of the full area affected by the loss event.
2) The loss event report shall be accompanied by a event representation signed by the project proponent and representing that the loss estimate is true and accurate in all material respects. The template for the loss event representation is available on the SOCIALCARBON website.
3) The loss event report shall be submitted to the SOCIALCARBON registry within two years of the date of discovery of the loss event. Where a loss event report is not submitted within two years of the date of discovery of the loss event, the project shall no longer be eligible to issue SCUs.

3.2.17 At the verification event subsequent to the loss event, the monitoring report shall restate the loss from the loss event and calculate the net GHG benefit for the monitoring period in accordance with the requirements set out in the methodology applied.

3.2.18 At a verification event, where a reversal has occurred, the following applies:

1) Where the reversal is a catastrophic reversal (see the SOCIALCARBON Standard document '*Definitions*' for the definition of catastrophic reversal), the following applies:
   a) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the catastrophic event, shall continue to be a part of project monitoring. GHG credits may not be sought from any increased rate of sequestration from natural regeneration after a catastrophic reversal until the loss from catastrophic reversals is recovered. At the subsequent SCU issuance, and as the same for any AFOLU SCU Issuance, buffer credits shall be calculated based upon the non-permanence risk analysis determined in accordance with the SOCIALCARBON Standard document *AFOLU Non-Permanence Risk Tool*, as assessed by the validation/verification body(s).
2) Where the reversal is a non-catastrophic reversal (e.g., due to poor management, removal of a portion of the project area from participation in the project or over-harvesting), the following applies:
   a) No further SCUs shall be issued to the project until the deficit is remedied. The deficit is equivalent to the full amount of the reversal, including GHG emissions from losses to project and baseline carbon stocks.
   b) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the non-catastrophic event, shall continue to be a part of project monitoring. Projects may not seek GHG credits from any increased rate of sequestration from natural regeneration after a reversal until the loss from non-catastrophic reversals is recovered.

   Note – Notwithstanding the rules set out in (b) above, where a portion of the project area is removed from participation in the project, it is not expected that the project proponent maintain the same geographic boundary of the project, nor is it expected that the area that is removed from the project continue to be monitored.

Long-term Average GHG Benefit

3.2.19 ARR projects with harvesting activities shall not be issued GHG credits above the long-term average GHG benefit maintained by the project.

3.2.20 Where ARR projects include harvesting, the loss of carbon due to harvesting shall be included in the quantification of project emissions. The maximum number of GHG credits available to projects shall not exceed the long-term average GHG benefit. The GHG benefit of a project is the difference between the project scenario and the baseline scenario of carbon stocks stored in the selected carbon pools and adjusted for any project emissions of N2O, CH4 and fossil-derived CO2, and leakage emissions. The long-term average GHG benefit shall be calculated using the following procedure:

1) Establish the period over which the long-term average GHG benefit shall be calculated, noting the following:
    a. For ARR projects undertaking even-aged management, the time period over which the long-term GHG benefit is calculated shall include at minimum one full harvest/cutting cycle, including the last harvest/cut in the cycle. For example, where a project crediting period is 40 years and has a harvest cycle of 12 years, the long-term average GHG benefit will be determined for a period of 48 years.
    b. For ARR projects under conservation easements with no intention to harvest after the project crediting period, the time period over which the long-term average is calculated shall be the length of the project crediting period.
2) Determine the expected total GHG benefit of the project for each year of the established time period. For each year, the total GHG benefit is the to-date GHG emission reductions or removals from the project scenario minus baseline scenario.
3) Sum the total GHG benefit of each year over the established time period.
4) Calculate the average GHG benefit of the project over the established time period.
5) Use the following equation to calculate the long-term average GHG benefit:

$$LA = \frac{\sum_{t=0}^{n} PE_t - BE_t}{n}$$

Where:

LA = The long-term average GHG benefit

PEt = The total to-date GHG emission reductions and removals generated in the project scenario (tCO2e). Project scenario emission reductions and removals shall also consider project emissions of CO_2, N_2O, CH_4 and leakage.

BEt = The total to-date GHG emission reductions and removals projected for the baseline scenario (tCO2e)

t = year

n = Total number of years in the established time period

6) A project may seek GHG credits during each verification event until the long-term average GHG benefit is reached. Once the total number of GHG credits issued has reached this average, the project can no longer issue further GHG credits. The long-term average GHG benefit shall be calculated at each verification event, meaning the long-term average GHG benefit may change over time based on monitored data. For an example of determining the long-term average GHG benefit, see the SOCIALCARBON website.

Buffer credits are withheld only when GHG credits are issued. The number of buffer credits to withhold is based on the change in carbon stocks only (not the net GHG benefit), as such the buffer credits will be based on the long-term average change in carbon stock. Use the following equation to calculate the long-term average change in carbon stock.

Where:

$$LC = \frac{\sum_{t=0}^{n} PC_t - BC_t}{n}$$

LC = The long-term average change in carbon stock

PCt = The total to-date carbon stock in the project scenario (tCO2e)

BCt = The total to-date carbon stock projected for the baseline scenario (tCO2e)

t = year

n = Total number of years in the established time period

3.3 Project Documentation

In order to complete the project validation process, project proponents shall prepare a project description, which describes the project's GHG emission reduction or removal activities. In order to complete the project verification process, project proponents shall prepare a monitoring report, which describes the data and information related to the monitoring of GHG emission reductions or removals.

Requirements

Project Description

3.3.1 The project proponent shall use the SOCIALCARBON Project Description Template. The project proponent shall adhere to all instructional text within the template.

3.3.2 All information in the project description shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in the SOCIALCARBON Standard document *Registration and Issuance Process*, where it can be demonstrated that such information is commercially sensitive. The validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the SOCIALCARBON Standard definition of commercially sensitive information. Information in the project description related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project description.

Monitoring Report

3.3.3 The project proponent shall use the *SOCIALCARBON Monitoring Report Template* and adhere to all instructional text within the template.

3.3.4 The monitoring period of the monitoring report shall be a distinct time period that does not overlap with previous monitoring periods. Projects shall not be eligible for crediting of GHG emission reductions generated in previous monitoring periods. In addition, monitoring periods shall be contiguous with no time gaps between monitoring periods.

3.3.5 Where a monitoring report and associated verification report divide a monitoring period into vintages, separate SCU issuance records in accordance with vintage periods may be issued, as set out in the SOCIALCARBON Standard document *Registration and Issuance Process*.

3.3.6 The monitoring report shall specify the number of GHG emission reductions or removals generated in each calendar year of the monitoring period.

3.3.7 The monitoring report shall be verified prior to submission to SOCIALCARBON.

3.4 Project Design

The SOCIALCARBON Standard allows for different approaches to project design. Projects may be designed as a single installation of an activity. Projects may also be designed to include more than one project activity, such as an AFOLU project that includes REDD, ALM and ARR components. In addition, projects may be designed to include more than one project activity instance, such as a clean cookstove project that distributes cookstoves to a number of different communities. Finally, projects may be designed as grouped projects, which are projects structured to allow the expansion of a project activity subsequent to project validation.

Note – Project activity and project activity instance both have the specific meanings that are set out in the SOCIALCARBON Standard document '*Definitions*'.

Requirements – Multiple Project Activities

3.4.1 Projects may include multiple project activities where the methodology applied to the project allows more than one project activity and/or where projects apply more than one methodology.

3.4.2 Where more than one methodology has been applied to a project with multiple project activities, the following applies:

1) Each project activity shall be specified separately in the project description, referencing the relevant methodology.
2) All criteria and procedures set out in the applied methodologies in relation to applicability conditions, demonstration of additionality, determination of baseline scenario and GHG emission reduction and removal quantification shall be applied separately to each project activity, noting the following:
   a) A single set of criteria and procedures for the demonstration of additionality may be applied where the applied methodologies reference the same additionality tool and/or procedures, and where separate demonstration of additionality for each project activity is not practicable. For example, separate demonstration of additionality may not be practicable in project activities that are implemented at a single facility and therefore represent a single investment. The onus is upon the project proponent to demonstrate to the validation/verification body that separate demonstration of additionality is not practicable, failing which separate demonstration of additionality shall be provided. Where a methodology specifies requirements for demonstrating additionality in addition to those specified in the referenced additionality tool and/or procedures, such requirements shall be adhered to.
   b) The criteria and procedures for identifying the baseline scenario may be combined where the relevant methodologies or the referenced additionality tool and/or procedures specify criteria and procedures for combining baseline scenarios.

3) The criteria and procedures relating to all other aspects of the methodologies may be combined.

4) Where AFOLU projects are required to undertake non-permanence risk assessment and buffer withholding determination, this shall be done separately for each project activity.

3.4.3 AFOLU projects that include multiple project activities shall comply with the respective project requirements of each included AFOLU category. For each activity covered by a different methodology, the geographic extent of the area to which the methodology is applied shall be clearly delineated.

Requirements – Multiple Instances of Project Activities

3.4.4 Both grouped and non-grouped projects can have multiple project activity instances.

3.4.5 Inclusion of further project activity instances subsequent to initial validation of a non-grouped project is not permitted.

3.4.6 The baseline determination and additionality demonstration for all project activity instances shall be combined (e.g., multiple wind turbines shall be assessed in combination rather than individually).

3.4.7 Where a project includes multiple project activity instances from multiple project activities, the project activity instances from each project activity shall be assessed in accordance with Sections 3.4.1 – 3.4.3.

3.4.8 Non-grouped projects with multiple project activity instances shall not exceed any capacity limits to which a project activity is subject.

3.4.9 The project proponent shall include in a singular project (non-Grouped Project) all project activity instances within ten kilometers of another instance of the same project activity and with the same project proponent (i.e., instances of the same project activity may not be spread across more than one project if they are within ten kilometers of each other).

Grouped Projects

Baseline Scenario and Additionality

3.4.10 Grouped projects shall have one or more clearly defined geographic areas within which project activity instances may be developed. Such geographic areas shall be defined using geodetic polygons as set out in Section 3.8 below.

3.4.11 Determination of baseline scenario and demonstration of additionality are based upon the initial project activity instances. The initial project activity instances are those that are included in the project description at validation and shall include all project activity instances currently implemented on the issue date of the project description. The initial project activity instances may

also include any planned instances of the project activity that have been planned and developed to a sufficient level of detail to enable their assessment at validation. Geographic areas with no initial project activity instances shall not be included in the project unless it can be demonstrated that such areas are subject to the same (or at least as conservative) baseline scenario and rationale for the demonstration of additionality as a geographic area that does include initial project activity instances.

3.4.12 As with non-grouped projects, grouped projects may incorporate multiple project activities (see Section 3.4.1 – 3.4.3 for more information on multiple project activities). Where a grouped project includes multiple project activities, the project description shall designate which project activities may occur in each geographic area.

3.4.13 The baseline scenario for a project activity shall be determined for each designated geographic area, in accordance with the methodology applied to the project. Where a single baseline scenario cannot be determined for a project activity over the entirety of a geographic area, the geographic area shall be redefined or divided such that a single baseline scenario can be determined for the revised geographic area or areas.

3.4.14 The additionality of the initial project activity instances shall be demonstrated for each designated geographic area, in accordance with the methodology applied to the project. Where the additionality of the initial project activity instances within a particular geographic area cannot be demonstrated for the entirety of that geographic area, the geographic area shall be redefined or divided such that the additionality of the instances occurring in the revised geographic area or areas can be demonstrated.

3.4.15 Where factors relevant to the determination of the baseline scenario or demonstration of additionality require assessment across a given area, the area shall be, at a minimum, the grouped project geographic area. Examples of such factors include, inter alia, common practice; laws, statutes, regulatory frameworks or policies relevant to demonstration of regulatory surplus; determination of regional grid emission factors; and historical deforestation and degradation rates.

Capacity Limits

3.4.16 Where a capacity limit applies to a project activity included in the project, no project activity instance shall exceed such limit. Further, no single cluster of project activity instances shall exceed the capacity limit, determined as follows:

1. Each project activity instance that exceeds one percent of the capacity limit shall be identified.
2. Such instances shall be divided into clusters, whereby each cluster is comprised of any system of instances such that each instance is within one kilometre of at least one other instance in the cluster. Instances that are not within one kilometre of any other instance shall not be assigned to clusters.
3. None of the clusters shall exceed the capacity limit and no further project activity instances shall be added to the project that would cause any of the clusters to exceed the capacity limit.

Eligibility Criteria

3.4.17 Grouped projects shall include one or more sets of eligibility criteria for the inclusion of new project activity instances. At least one set of eligibility criteria for the inclusion of new project activity instances shall be provided for each combination of project activity and geographic area specified in the project description. A set of eligibility criteria shall ensure that new project activity instances:

1. Meet the applicability conditions set out in the methodology applied to the project.
2. Use the technologies or measures specified in the project description.
3. Apply the technologies or measures in the same manner as specified in the project description.
4. Are subject to the baseline scenario determined in the project description for the specified project activity and geographic area.
5. Have characteristics with respect to additionality that are consistent with the initial instances for the specified project activity and geographic area. For example, the new project activity instances have financial, technical and/or other parameters (such as the size/scale of the instances) consistent with the initial instances, or face the same investment, technological and/or other barriers as the initial instances.

Note – Where grouped projects include multiple baseline scenarios or demonstrations of additionality, such projects will require at least one set of eligibility criteria for each combination of baseline scenario and demonstration of additionality specified in the project description.

Inclusion of New Project Activity Instances

3.4.18 Grouped projects provide for the inclusion of new project activity instances subsequent to the initial validation of the project. New project activity instances shall:

1. Occur within one of the designated geographic areas specified in the project description.
2. Comply with at least one complete set of eligibility criteria for the inclusion of new project activity instances. Partial compliance with multiple sets of eligibility criteria is insufficient.
3. Be included in the monitoring report with sufficient technical, financial, geographic and other relevant information to demonstrate compliance with the applicable set of eligibility criteria and enable sampling by the validation/verification body.
4. Be validated at the time of verification against the applicable set of eligibility criteria.
5. Have evidence of project ownership, in respect of each project activity instance, held by the project proponent from the respective start date of each project activity instance (i.e., the date upon which the project activity instance began reducing or removing GHG emissions).
6. Have a start date that is the same as or later than the grouped project start date.
7. Not be enrolled in another SOCIALCARBON project or another GHG Programme.
8. Be eligible for crediting from the start date of the instance through to the end of the project crediting period (only). Note that where a new project activity instance starts in a previous verification period, no credit may be claimed for GHG emission reductions or removals generated during a previous verification period (as set out in Section 3.3.4) and new instances are eligible for crediting from the start of the next verification period.)

Where inclusion of a new project activity instance necessitates the addition of a new project proponent to the project, such instances shall be included in the grouped project within two years of the project activity instance start date or, where the project activity is an AFOLU activity, within five years of the project activity instance start date. The procedure for adding new project proponents is set out in the SOCIALCARBON Standard document *Registration and Issuance Process*.

AFOLU Projects

3.4.19 AFOLU non-permanence risk analyses, where required, shall be assessed for each geographic area specified in the project description (for requirements related to geographic areas of grouped projects see the SOCIALCARBON Standard). Where risks are relevant to only a portion of each geographic area, the geographic area shall be further divided such that a single total risk rating can be determined for each geographic area. Where a project is divided into more than one geographic area for the purpose of risk analysis, the project's monitoring and verification reports shall list the total risk rating for each area and the corresponding net change in the project's carbon stocks in the same area, and the risk rating for each area applies only to the GHG emissions reductions generated by project activity instances within the area.

3.4.20 Activity-shifting, market leakage and ecological leakage assessments, where required, shall be undertaken as set out in Section 3.13, and the methodology applied, on the initial group of instances of each project activity and reassessed where new instances of the project activity are included in the project.

3.4.21 No new instances may be added which overlap with any of the components of another AFOLU project's zone.

Project Description for Grouped Projects

3.4.22 A grouped project shall be described in a single project description, which shall contain the following (in addition to the content required for non-grouped projects):

1. A delineation of the geographic area(s) within which all project activity instances shall occur. Such area(s) shall be defined by geodetic polygons as set out in Section 3.8 below.
2. One or more determinations of the baseline for the project activity in accordance with the requirements of the methodology applied to the project.
3. One or more demonstrations of additionality for the project activity in accordance with the requirements of the methodology applied to the project.

4. One or more sets of eligibility criteria for the inclusion of new project activity instances at subsequent verification events.
5. A description of the central GHG information system and controls associated with the project and its monitoring.

Note – Where the project includes more than one project activity, the above requirements shall be addressed separately for each project activity, except for the delineation of geographic areas and the description of the central GHG information system and controls, which shall be addressed for the project as a whole.

3.5 Project & Carbon Ownership

3.5.1 The project description shall be accompanied by one or more of the following types of evidence establishing project and carbon ownership accorded to the project proponent(s). The following list provides a summary of eligible evidence of project and carbon ownership:

1) Project and carbon ownership arising or granted under statute, regulation or decree by a competent authority.
2) Project and carbon ownership arising under law.
3) Project and carbon ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).
4) Project and carbon ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).
5) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which declares project and carbon ownership in the name of the project proponent.
6) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project and carbon ownership in the project proponent.
7) Project and carbon ownership arising from the implementation or enforcement of laws, statutes or regulatory frameworks that require

activities be undertaken or incentivize activities that generate GHG emission reductions or removals.

3.6 Project Start Date

The project start date is the earliest date on which the project began activities that led to the generation of GHG emission reductions or removals. This does not include the purchase or option to purchase the land upon which a Project is intended to take place. For non-AFOLU projects that would be the date on which contracts have been signed for equipment or construction/operation services required for the Project. For AFOLU projects this would be the date on which land preparation began (e.g., seeding, planting or changing forestry practices).

Requirements

Non-AFOLU Projects

3.6.1 Non-AFOLU projects shall complete validation within two years of the project start date.

AFOLU Projects

3.6.2 AFOLU projects shall initiate the pipeline listing process (as set out in the SOCIALCARBON Program document *Registration and Issuance Process*) within three years of the project start date.

3.6.3 All AFOLU projects with ex-ante emission reduction/removal estimates of 20,000 tCO2e per year or less shall complete validation within eight years of the project start date.

3.6.4 All other AFOLU projects shall complete validation within five years of the project start date.

3.7 Project Crediting Period

The project crediting period is the time period for which GHG emission reductions or removals generated by the project are eligible for issuance as SCUs. Project crediting

periods shall be renewed periodically in order to ensure that changes to a project's baseline scenario and regulatory surplus are taken into consideration throughout the lifetime of the project.

Non-AFOLU Projects

3.7.1 For non-AFOLU projects, the project crediting period shall be either seven years, twice renewable for a total of 21 years, or ten years fixed.

AFOLU Projects

3.7.2 For ALM focusing exclusively on reducing N2O, CH4 and/or fossil-derived CO2 emissions, the project crediting period shall be either seven years, twice renewable for a total of 21 years, or ten years fixed. For all other AFOLU projects the project crediting period shall be 10 years, which may be renewed at most ten times with a total project crediting period not to exceed 100 years.

3.7.3 AFOLU projects shall have a credible and robust plan for managing and implementing the project over the project crediting period.

3.7.4 The earliest project crediting period start date for AFOLU projects shall be 3 January 2015.

Projects Registered under Other GHG Programs

3.7.5 Projects registered under other GHG programs are not eligible for SCU issuance beyond the end of the total project crediting period under those programs. For example, a CDM project with a seven year twice renewable project crediting period is not eligible for SCU issuance beyond the end of those 21 years. Where projects have been registered under more than one other GHG program, they are not eligible for SCU issuance after the date that is the earliest end date of all applicable project crediting periods.

Renewal of Crediting Period

3.7.6 If a project fails to renew the project crediting period, the project crediting period shall end and the project shall be ineligible for further crediting in the future.

3.7.7 With respect to the renewal of the project crediting period, the following shall apply to the SOCIALCARBON Standard:

1) A full reassessment of Additionality is not required when renewing the project crediting period. However, regulatory surplus shall be demonstrated and the project must demonstrate that it is in compliance with the SOCIALCARBON rules and requirements, with the Project description being updated accordingly.
2) The validity of the original GHG emission baseline scenario shall be demonstrated, and if invalid a new GHG emission baseline scenario shall be determined. When renewing the project crediting period, the following will apply:
    a. The point zero SOCIALCARBON indicators shall be reassessed to ensure that projects are continually improving the broader sustainability impacts delivered.
    b. The original GHG Emission baseline scenario's validity shall be assessed, including the evaluation of the impact of relevant new national and/or sectoral policies and circumstances on the validity of the baseline scenario.
    c. Where it is determined that the original GHG emission baseline scenario is still valid, the original GHG emission baseline scenario shall be reassessed using the latest version of the CDM Tool to *assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period*.
    d. Where it is determined that the original GHG emission baseline scenario is no longer valid, the current baseline scenario shall be established in accordance with the SOCIALCARBON Standard rules.
    e. The project description, containing updated information with respect to the baseline, the estimated GHG emission reductions or removals and the monitoring plan, shall be submitted for validation. Such updates shall be based upon the latest approved version of the methodology or its replacement. Where the project does not meet the requirements of the latest approved version of the methodology or its replacement, the project proponent shall select another applicable approved methodology (which may be a new methodology or methodology revision it has had approved via the methodology approval process), or shall apply a methodology deviation (where a methodology deviation is appropriate). Failing this, the project shall not be eligible for renewal of its project crediting period.

3) The updated project description shall be validated in accordance with the SOCIALCARBON Standard rules. In addition, the project shall be validated against the most recent scope of the SOCIALCARBON Standard. Such validation report shall be issued after the end of the (previous) project crediting period but within two years after the end of the (previous) project crediting period.

3.8 Project Location

3.8.1 Project location shall be specified in the registry with a single geodetic co-ordinate.

3.8.2 Where there are multiple project activity instances, project location shall be specified according to the following:

1) A geodetic coordinate shall be provided for each instance and provided in a KML file; or
2) Where there are a large number of project activity instances (e.g., cookstoves), at least one geodetic coordinate shall be provided, together with geodetic polygons to delineate the project's geographic area or areas provided in a KML file , and sufficient additional geographic information (with respect to the location of the instances) to enable evidence gathering by the validation/verification body.

3.8.3 Project location for grouped projects shall be specified using geodetic polygons to delineate the project's geographic area or areas provided in a KML file, together with sufficient additional geographic information (with respect to the location of the instances) to enable evidence gathering by the validation/verification body.

AFOLU Projects

3.8.4 The spatial extent of the project shall be clearly specified to facilitate accurate monitoring, reporting and verification of GHG emission reductions and removals and to demonstrate that the project meets the eligibility criteria of the relevant project category. The description of the project location shall include the following information:

3) Name of the project area (e.g., compartment number, allotment number and local name).
4) Maps of the project zone.
5) A KML file with geodetic polygons that precisely delineates the project zone of the AFOLU project where net emission reductions and removals occur, in accordance with the following:
    a. Where the project zone is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description.
    b. Grouped projects and non-grouped projects with multiple project activity instances shall provide geodetic polygons showing the boundary of each instance included in the project. Non-contiguous project activity instances shall be reflected in the polygons in the KML file.
    c. KML files shall exclude at the project start:
        i. Any non-eligible areas (e.g., if a project activity relates to improved crop management, the KML file should only be for the participating croplands and should exclude any surrounding land that may be part of the property), and
        ii. Areas not part of the project area, as defined by the applied methodology (e.g., roads, water bodies, water ways, settlements).
6) Total size of the project zone.
7) Details of ownership.

3.8.5 The project area shall not overlap with the project area of another SOCIALCARBON AFOLU project.

3.8.6 The project proponent shall demonstrate control over the entire project area with documentary evidence establishing project ownership, noting the following:

1) For non-grouped projects, the entire project area shall be under the control of the project proponent at the time of validation or shall come to be under the control of the project proponent by the first verification event.

2) Where the project proponent does not yet have control over the entire area at validation, the entire project area (that shall be specified in

accordance with Section 3.8.4) is to be validated as if it were under control and the project is ready to be implemented.

3) Where less than 80 percent of the total proposed area of the project is under current control at validation, the following applies:
   a) It shall be demonstrated that the result of the additionality test is applicable to the project area at the time of validation and to the entire project area to come under control in the future.
   b) The monitoring plan shall be designed such that it is flexible enough to deal with changes in the size of the project.
   c) The project shall be verified within five years of validation. At verification, the size of the project becomes fixed.

4) Where the area fixed at verification is smaller than intended at validation, areas that at verification have not come under control of the project shall be considered in the leakage management, mitigation, and accounting. This requires the selection, at validation, of a methodology with appropriate leakage methods that may be used in the event the entire area does not come under control of the project.

5) WRC projects located in a coastal zone shall consider the impact of expected sea level rise on wetland migration (e.g., the potential for landward expansion of the wetland area) when establishing the project area. Where it is not possible to include the entire area expected to be impacted by landward expansion of the wetland area at validation, coastal WRC projects may add land to the project area after the first verification to accommodate wetland migration due to sea level rise.

3.9 Project Boundary

The project boundary includes the GHG sources, sinks and reservoirs that are relevant to the project and baseline scenarios. The relevant GHG sources, sinks and reservoirs that shall be included or excluded, or are optional, are set out in the methodology(s) applied by the project.

3.9.1 In accordance with the methodology applied to the project, the project boundary shall be described (using diagrams as required) and GHG sources,

sinks and reservoirs shall be identified and assessed. Any GHG source, sink and reservoir not selected shall be accompanied by a justification.

3.10 Baseline Scenario

3.10.1 The GHG emission baseline scenario for the project shall be determined in accordance with the requirements outlined in the methodology applied by the project. The choice of the baseline scenario shall be justified.

3.10.2 Equivalence in type and level of activity of products or services provided by the project and the baseline scenario shall be demonstrated and, where appropriate, any significant differences between the project and the baseline scenario shall be explained.

3.10.3 In developing the baseline scenario, assumptions, values and procedures shall be selected that help ensure that net GHG emission reductions and removals are not overestimated.

3.11 Additionality

3.11.1 Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project.

3.11.2 Renewable Energy projects connected to national or a regional electricity grid must be located in a;

a) Small Island Developing State (SIDS) or regional (within country) Human Development Index value (from at least 2 years prior to the project start date) of less than 0.70; and
b) where the penetration level of the proposed Renewable Energy Technology type is less than 5% of the total grid installed capacity, at the time of the project start date.

Note: when regional Human Development Index values are not available, the national Human Development Index value may be used.

3.11.3 In addition to the additionality requirements set out in the methodology applied to the project, all projects must demonstrate regulatory surplus.

3.12 Quantification of GHG Emission Reductions and Removals

3.12.1 GHG emission and/or removals shall be estimated for each GHG source, sink and/or reservoir relevant for the project (including leakage) and the baseline scenarios.

3.12.2 The net GHG emission reductions and removals generated by the project shall be quantified.

3.12.3 Metric tonnes shall be used as the unit of measure and the quantity of each type of GHG shall be converted to tonnes of CO2 equivalent (CO2e).

3.12.4 All GHG emission reductions shall be converted to CO2e using 100-year global warming potential (GWP) values from the IPCC Fifth. See the following table for the GWP values for methane and nitrous oxide established in AR5.

Eligible GHG	Chemical Formula	100-year GWP value
Carbon Dioxide	CO2	1
Methane	CH4	28
Nitrous Oxide	N2O	265

3.13 Leakage

3.13.1 AFOLU projects shall identify the potential for leakage, alongside the inclusion of the development of leakage management zones as part of the overall project design. Leakage management zones can minimize the displacement of land use activities to areas outside the project area by maintaining the production of goods and services, such as agricultural products, within areas under the control of the project proponent or by addressing the socioeconomic factors that drive land use change.

Activities to mitigate ecological leakage in WRC projects may include the establishment of a leakage management zone inside the project boundary.

3.13.2 Activities to mitigate leakage and sustainably reduce deforestation and/or forest or wetland degradation are encouraged and may include the establishment of agricultural intensification practices on non-wetlands, lengthened fallow periods, agroforestry and fast-growing woodlots on degraded land, forest under-story farming, ecotourism and other sustainable livelihood activities, sustainable production of non-timber forest products, and/or sustainable aquaculture. Leakage mitigation activities may be supplemented by providing economic opportunities for local communities that encourage forest or wetland protection.

3.13.3 Where projects are required to account for leakage, such leakage evaluation shall be documented in the relevant section of the project description and monitoring report.

3.13.4 Market leakage assessments shall occur per the requirements outlined in the methodology(s) applied by the project at validation and verification.

3.13.5 Leakage occurring outside the host country (international leakage) does not need to be quantified.

3.13.6 Projects shall not account for positive leakage (i.e., where GHG emissions decrease or removals increase outside the project area due to project activities).

3.13.7 Where the applied methodology(s) does not set out a method to determine whether leakage is de minimis, projects may use the process set out in the CDM A/R methodological Tool for testing significance of GHG Emissions in A/R CDM Project Activities.

3.13.8 Projects shall monitor and calculate leakage, per the applied methodology, for all ex-post accounting (i.e., at each verification), and leakage shall be deducted from the total GHG emission reductions and/or removals of the project. Any leakage shall

be subtracted from the number of GHG emission reductions and removals eligible to be issued as SCUs.

3.13.9 The number of GHG credits issued to projects is determined by subtracting out the buffer credits from the net GHG emission reductions or removals (including leakage) associated with the project. The buffer credits are calculated by multiplying the non-permanence risk rating by the change in carbon stocks only. The full rules and procedures with respect to assignment of buffer credits are set out in the *SOCIALCARBON Standard document Registration and Issuance Process*.

3.14 Broader sustainability assessments

Measurement

3.14.1 SOCIALCARBON indicators shall be outlined in both the project description and monitoring reports. These are used to detail the benefits and impacts generated by the project, encompassing: Social, Human, Financial, Natural, Biodiversity and Carbon.

3.14.2 In case a project´s activity presents characteristics which are not addressed by any of the approved indicators available, new indicators shall be created and submitted for approval by the SOCIALCARBON Team. These should be created using the *Template for submission of new indicators.*

3.14.3 Between three and ten indicators shall be used for each of the six resources.

3.14.4 If new indicators created, they must create scenarios for scoring. The scores shall range from the worst scenario (level 1) to the ideal scenario (sustainable use of resource – level 6), according to the guidelines provided in the Template for submission of new indicators.

3.14.5 Project proponents shall use objective and quantitative criteria to separate scores. Generic language, subjective scenarios and too extensive scenarios shall be avoided.

3.14.6 Data used to score the indicators shall be collected through interviews, questionnaires and/or meetings with stakeholders (ex: working groups). Therefore, a selection of stakeholders who will be involved and/or impacted by the project shall be identified. Data collection for the indicators shall be as follows:

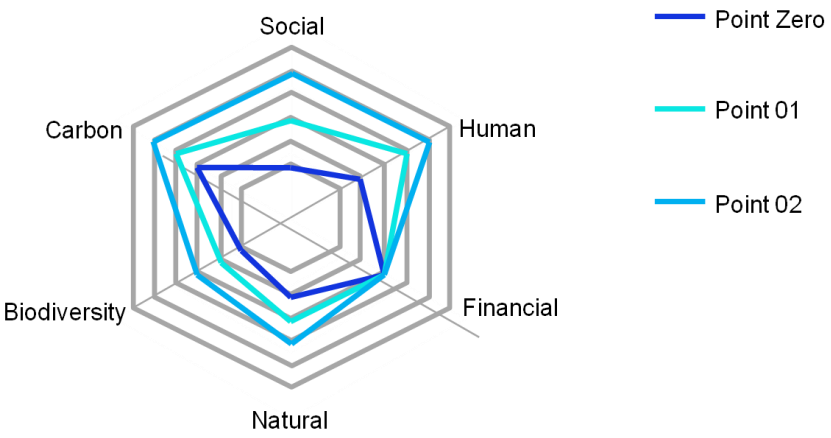
- **Interviews:** Key informants are interviewed in a semi-structured form, aiming to indirectly obtain information about the six resources approached by the methodology.
- **Questionnaires:** Questionnaires applied by qualified personnel to involved community members as well as to key informants of the organization in order to collect information.
- **Working groups:** Participatory stakeholder meetings with representatives of the organization and/or community members involved in the project. The meeting is coordinated by a responsible professional, who must orient participants to discuss the indicators.

3.14.7 The organisation responsible for carrying out the initial assessment may select a single method of application or combine them. Using more than one method allows for a more comprehensive analysis of the project´s current situation. The results of the survey must be registered, compiled and assessed, according to each indicator.

3.14.8 A baseline ('Point Zero') for the broader sustainability impacts of the project shall be assessed and documented in the project description. This 'Point Zero' is the first assessment of the SOCIALCARBON indicators.

3.14.9 The project shall periodically monitor according to the approved indicators and included in the respective verification report for the monitoring period. Ergo Point Zero is followed by a Monitoring Report - Point 1, which is then followed by another Monitoring Report - Point 2, and so on.

3.14.10 The results of the indicator assessments shall be documented through the templates provided in the Project Description Template and Monitoring Report Template. The results shall also be displayed graphically using the SOCIALCARBON hexagon. See below an example:



3.14.11 For grouped projects, each individual project within the Grouped project must be independently monitored. The grouped project must then calculate the average for each resources across each individual project. See the SOCIALCARBON Guidance Document "*Grouped Projects – Monitoring Co-Benefits*" for more details.

Continual Improvement

3.14.12 During the periodic verifications, the broader sustainability impacts that are measured by the SOCIALCARBON indicators must:

a) demonstrate prospects for improvement;
b) report progress attained and/or justify underachievement of the prospects included in previous reports;
c) demonstrate evidence that a significant amount of the prospects are being attained in comparison to the last report certified. Efforts that are underway but not yet complete will still be considered as improvements; and
d) no decrease in score for the same resource three consecutive times.

If the project shows a decrease in score for the same resource three consecutive times, and no Special Request has been Approved, the project will no longer be eligible to issue SCUs through SOCIALCARBON until it can demonstrate it has improved the resource against the most recent score.

Note: Grouped projects are assessed against their average score, not the scores of individual instances.

3.14.13 Project proponents may write to the SOCIALCARBON Team to request that one or more of the Criteria is disregarded due to a specific situation (the 'Special Request'), if one of the following exceptions is applicable:

a) Breach of any of the criteria above is caused by external forces and/or force majeure;
b) Project proponent can demonstrate that no portion of the project offset units have been negotiated since the end of the latest monitoring period, and therefore no income was available to fund improvements;
c) Breach of criteria (b) when the overall score of the resource has improved and the project proponent can evidence other improvements unforeseen in the previous perspectives of the Project.

Special Requests shall be sent to the SOCIALCARBON Team via e-mail at operations@socialcarbon.org, containing the name of the project; the indicator and/or resource affected; thorough description of the breach; and evidence of the exception.

Once sent by a project proponent, the SOCIALCARBON Team will respond to any Special Request via e-mail, communicating the final decision, which may be one of the following:

a) Approval of the Special Request;
b) Denial of the Special Request;
c) Solicitation of further information and/evidence from the requesting party or the other parties. The SOCIALCARBON Team decisions shall be final and will not be subject to appeal.

3.14.14 During the Validation it is allowed, and even encouraged, that Validators ask project proponents for changes in the approved indicators, either because some indicators cannot be audited or because collecting evidence for the indicator is possible, but not feasible. That is often the case for indicators that contain the words "all", "none" or "never". If the Certifying Entity asks for changes in the indicators, the project proponent must submit the indicators revised to the SOCIALCARBON Team for approval before Validation can be concluded.

3.15 Sustainable Development Goals (SDGs)

3.15.1 Projects shall undertake an upfront assessment of the Sustainable Development Goals (SDGs) impact of the project.

3.15.2 The Project shall document which SDGs are delivered by the project, along with justifications that are quantifiable and can be validated by a validator/verifier.

3.15.3 The SDG assessment shall be documented as part of the SOCIALCARBON Indicators component of the Project Description and monitored periodically in each monitoring report submitted.

3.16 Monitoring

3.16.1 Data and parameters used for the quantification of GHG emission reductions and/or removals shall be provided in accordance with the methodology.

3.16.2 Quality management procedures to manage data and information shall be applied and established. Where applicable, procedures to account for uncertainty in data and parameters shall be applied in accordance with the requirements set out in the methodology.

3.16.3 The project proponent shall establish an information system for obtaining, recording, compiling and analysing data and information important for quantifying and reporting GHG emissions and/or removals and broader sustainability impacts relevant for the project (including leakage) and baseline scenario.

3.16.4 A monitoring plan for the project that includes roles and responsibilities shall be established.

3.16.5 Where measurement and monitoring equipment is used, the project proponent shall ensure the equipment is calibrated according to the equipment's specifications and/or relevant national or international standards.

3.17 Safeguards

3.17.1 Projects shall undertake an upfront safeguarding assessment and implement their Project in accordance with the stated SOCIALCARBON Safeguard requirements. The safeguarding assessment shall be documented in the Project Description, and monitored periodically with an assessment documented in each monitoring report submitted.

3.17.2 The project proponent shall conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. Such consultations allow stakeholders to evaluate impacts, raise concerns about potential negative impacts and provide input on the project design.

3.17.3 The project proponent shall establish mechanisms for ongoing communication with local stakeholders to allow stakeholders to raise concerns about potential negative impacts during project implementation.

3.17.4 The project proponent shall take due account of all and any input received during the local stakeholder consultation and through ongoing communications, which means it will need to either update the project design or justify why updates are not appropriate. The project proponent shall demonstrate to the validation/verification body what action it has taken in respect of the local stakeholder consultation as part of validation, and in respect of ongoing communications as part of each subsequent verification.

Human Rights

3.17.5 The Project proponent and the Project shall respect internationally proclaimed human rights and shall not be complicit in violence or human rights abuses of any kind as defined in the Universal Declaration of Human Rights[3].

3.17.6 The Project shall not discriminate with regards to participation and inclusion.

[3] http://www.un.org/en/universal-declaration-human-rights/

Gender equality

3.17.7 The Project shall not directly or indirectly reinforce gender-based discrimination and shall not lead to or contribute to adverse impacts on gender equality and/or the situation of women. Specifically, this shall include, but is not limited to:

a) Sexual harassment and/or any forms of violence against women – address the multiple risks of gender-based violence, including sexual exploitation or human trafficking.
b) Slavery, imprisonment, physical and mental drudgery, punishment or coercion of women and girls.
c) Restriction of women's rights or access to resources (natural or economic).
d) Recognise women's ownership rights regardless of marital status – adopt project measures where possible to support to women's access to inherit and own land, homes, and other assets or natural resources.

3.17.8 Projects shall apply the principles of non-discrimination, equal treatment, and equal pay for equal work, specifically:

a) Where appropriate for the implementation of a Project, paid, volunteer work or community contributions will be organised to provide the conditions for equitable participation of men and women in the identified tasks/activities. Introduce conditions that ensure the participation of women or men in Project activities and benefits based on pregnancy, maternity/paternity leave, or marital status.
b) Ensure that these conditions do not limit the access of women or men, as the case may be, to Project participation and benefits.

3.17.9 Project proponents shall align with the national gender policy frameworks of the project's host country.

Health and Safety

3.17.10 The Project shall avoid community exposure to increased health risks and shall not adversely affect the health of the workers and the community.

Cultural and Historical Heritage

3.17.11 The Project shall not involve or be complicit in the alteration, damage or removal of any sites, objects or structures of significant cultural heritage.

3.17.12 Where a Project proposes to utilise Cultural Heritage, including the knowledge, innovations, or practices of local communities, the affected communities shall be informed of:

a) Their rights under Applicable Law,
b) The scope and nature of the proposed commercial development; and
c) The potential consequences of such development.

3.17.13 The Project shall provide for equitable sharing of benefits from commercialisation of such knowledge, innovation, or practice, consistent with their customs and traditions.

Forced displacement

3.17.14 The Project shall not involve and shall not be complicit in the involuntary relocation of people. Any displacement is to occur only with the consent of affected parties, with full justification provided as well as appropriate forms of legal protection and compensation support.

3.17.15 In the event of displacement that aligns with clause 3.17.14, Projects shall ensure a meaningful and informed participation of affected individuals and communities in the planning, implementation and monitoring of resettlement activities.

Land Tenure and Rights

3.17.16 The project proponent shall identify all such sites/matters potentially affected by the Project. For all such sites/matters identified the Project shall respect and safeguard:

a) Legal rights, or
b) Customary rights, or
c) Carbon rights

3.17.17 The project proponent must hold uncontested project and carbon rights for the entire Project Boundary.

Indigenous people

3.17.18 The project proponent shall recognise and respect the indigenous people's collective rights to own, use, and develop and control the lands, resources and territories that they have traditionally owned, occupied or otherwise used or acquired, including lands and territories for which they do not yet possess title.

3.17.19 The Project Developer shall respect, protect, conserve and shall not take the cultural, intellectual, religious and spiritual property of indigenous peoples without their free, prior and informed consent (FPIC).

3.17.20 Project Developer shall ensure that the indigenous people are provided with the equitable sharing of benefits to be derived from utilisation and/or commercial development of natural resources on lands and territories or use of their traditional knowledge and practices by the Project. This shall be done in a manner that is culturally appropriate and inclusive and that does not impede land rights or equal access to basic services including health services, clean water, energy, education, safe and decent working conditions and housing.

Corruption

3.17.21 The Project shall not involve, be complicit in or inadvertently contribute to or reinforce corruption or corrupt Projects.

Labour

3.17.22 The project proponent shall ensure that there is no forced labour and that all employment is in compliance with national labour and occupational health and safety laws, with obligations under international law, and consistency with the

principles and standards embodied in the International Labour Organization (ILO)[4] fundamental conventions. This applies to both the project and the supply chain that the project is dependent upon.

3.17.23 The project proponent shall use adequate and verifiable mechanisms for age verification in recruitment procedures in order to prevent child labour as defined by the ILO Minimum Age Convention. Exceptions are children for work on their families' property as long as the following requirements are met:

a) Their compulsory schooling (minimum of 6 schooling years) is not hindered, AND
b) The tasks they perform do not harm their physical and mental development, AND
c) They are provided appropriate equipment, training of workers, documentation and reporting of accidents and incidents, and emergency preparedness and response measures.

3.17.24 The project proponent shall allow workers to join or form workers' organisations or participate in collective bargaining and shall avoid retaliation against workers who organize.

3.17.25 The project proponent shall make appropriate efforts to ensure that contracted workers employed by third parties are protected and the third parties comply with national labour and occupational health and safety laws, with obligations under international law, and consistency with the principles and standards embodied in the International Labour Organization (ILO)[5] fundamental conventions.

Financial sustainability

3.17.26 The project proponent shall demonstrate financial sustainability of the Projects implemented.

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[4] For guidance, see IFC Performance Standard 2 "Labor and Working Conditions" information and tools. Also, see ILO publications on Rules of the Game: an information to standards-related work of the ILO.
[5] For guidance, see IFC Performance Standard 2 "Labor and Working Condiθons" informaθon and tools. Also, see ILO publicaθon on Rules of the Game: an introducθon to standards-related work of the ILO.

Climate

3.17.27 Projects shall not increase greenhouse gas emissions over the Baseline Scenario unless this is specifically allowed within Activity Requirements or the applied Methodology.

Natural resources

3.17.28 The Project shall ensure that surface water resources are conserved. This includes maintaining credible environmental flows, demonstrated by providing a verifiable calculation that shows conservation is maintained at a level, and ensuring that any discharged wastewater is of a high enough standard to allow beneficial reuse.

3.17.29 The Project shall provide verifiable evidence of water stress experienced in the basin(s) in which the Project is active, and demonstrate that consumption of water by the Project (over Baseline) is negligible or will bring positive impacts or, at a minimum, not increase the overall annual basin stress.

3.17.30 Where the Project is involved in abstraction from water resources required to support biodiversity and other ecosystem services, an environmental flow assessment consistent with good practice, including a modern method outlined in one of the key references listed below must be undertaken.

3.17.31 Where environmental flow assessments are impractical, the Project is required to demonstrate that the flow rate and variability is maintained from the abstracted water resource. A verifiable calculation shall be provided for each water source demonstrating total flow rates do not fall below levels that are contextually appropriate.

3.17.32 The Project shall demonstrate that measures to ensure soil protection and minimised erosion are in place prior to the commencement of the Project.

3.17.33 The Project shall demonstrate that measures will be undertaken to ensure that surface and ground waters are protected from erosion and that these measures are in place prior to the commencement of the Project.

3.17.34 The Project shall identify the functions and services provided by the landscape and demonstrate no net degradation in existing landscape function and services.

3.17.35 Measures shall be incorporated to minimise soil degradation (e.g., through crop rotation, composting, no use of heavy machinery, reduced tillage, no use of ecologically harmful substances).

3.17.36 The Project shall avoid and, if this is not possible, minimise, impacts on biodiversity and ecosystem services including the production of living natural resources.

3.17.37 The Project shall require that mitigation actions avoid the introduction of invasive alien species of flora and fauna affecting biodiversity.

3.17.38 For mitigation activities that involve restoration, the Project shall use a species mix that is dominated by native species that are fit for the ecosystem under a changing climate.

3.17.39 Projects that involve the production, harvesting, and/or management of living natural resources by small-scale landholders and/or local communities shall adopt the appropriate and culturally sensitive sustainable resource management practices.

3.17.40 Projects shall maintain or enhance biodiversity and ecosystem functionality in the project area.

3.17.41 No Project that potentially negatively impacts identified high conservation value areas and critical habitats[6] shall be implemented unless all of the following are demonstrated:

a) The risk of the Project negatively impacting the catchment and risks impacting project success shall be assessed and addressed to ensure its ongoing, long-term viability and impact on surrounding HCV and ecological assets.
b) No measurable adverse impacts on the criteria or biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;
c) A robust, appropriately designed, and long-term Habitats and Biodiversity Action Plan is in place to achieve net gains of those biodiversity values for which the critical habitat was designated.

3.17.42 If the Project is located in such habitats; the Project Proponent shall:

a) Minimise unwarranted conversion or degradation of the habitat.
b) Identify opportunities to enhance the habitat as part of the Project. For Projects applying the Land Use & Forest Activity Requirements Projects, a minimum 10% of the Project area shall be identified and managed to protect or enhance the biological diversity of native ecosystems. For this, the HCV approach should be followed (www.HCVnetwork.org). This area has to be located within the project region and managed by the Project proponent. The area may also include the areas of the requirement (for example, buffer zones for water bodies in the case of Land Use & Forests).

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[6] Critical habitats are a subset of both modified and natural habitats that require special attention. Critical habitats are areas with high biodiversity value, including any of the following features:

i. habitat of significant importance to Critically Endangered and/or Endangered species;
ii. habitat of significant importance to endemic and/or restricted-range species;
iii. habitat supporting globally significant concentrations of migratory species and/or congregatory species;
iv. highly threatened and/or unique ecosystems; and/or v. areas associated with key evolutionary processes.

Critical habitats include those areas that are:

i. legally protected,
ii. officially proposed for protection,
iii. identified by authoritative sources for their high conservation value (such as areas that meet criteria of the World Conservation Union classification, the Ramsar List of Wetlands of International Importance, and the United Nations Scientific and Cultural Organization's world heritage sites) or recognized as protected by traditional local communities.

3.17.43 Under no circumstances shall the Project lead to the reduction or negative impact of any recognised Endangered, Vulnerable or Critically Endangered species.

3.17.44 Habitats of endangered species shall be specifically identified and managed to protect or enhance them.

Pollution & Waste Management

3.17.45 The Project shall avoid the release of pollutants[7]. This applies to the release of pollutants to air, water, and land due to routine, non-routine and accidental circumstances, and shall abide to local laws and regulations or IFC performance standard #3[8] (whichever the higher).

3.17.46 All potential pollution sources that may result from the Project that cause the degradation of the quality of soil, air, surface and groundwater within the Project's area of influence shall be identified. Appropriate mitigation measures and monitoring shall be implemented to ensure the protection of resources.

3.17.47 Projects shall avoid or, when avoidance is not feasible, minimise and control release of hazardous materials resulting from their production, transportation, handling, storage and use in the Project. Where avoidance is not possible, the health risks, including potential differentiated effects on men, women and children, of the potential use of hazardous materials shall be addressed appropriately.

3.17.48 Projects shall consider the use of less hazardous substitutes for such chemicals and materials and will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high

[7] For the purposes of this Standard, the term "pollution" refers to both hazardous and non-hazardous pollutants in the solid, liquid, or gaseous phases, and includes other components such as pests, pathogens, thermal discharge to water, GHG emissions, nuisance odours, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
[8] https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps3

toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer[9].

3.17.49 Where waste may not be recovered or reused, it shall be treated, destroyed, or disposed of in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material.

3.17.50 The Project shall promote more sustainable use of resources, including energy and water by abiding to local laws and regulations or IFC performance standard #3 (whichever the higher).

Pesticides & Fertilisers

3.17.51 Projects involving pest management, the integrated pest management (IPM) and /or integrated vector management (IVM) approaches shall be adopted and aim to reduce reliance on chemical pesticides.

3.17.52 When Projects include pest management or the use of pesticides, pesticides that are low in human toxicity, known to be effective against the target species and have minimal effects on non-target species and the environment shall be selected.

3.17.53 Fertilisers shall be avoided, or their use shall be minimised and justified. If the aerial application of fertiliser is used, then measures shall be put in place to prevent drift.

Food

3.17.54 The Project activity shall not negatively influence access to and availability of food for people affected.

[9] As defined by international conventions or local legislation. Where local legislation and international conventions may diverge, the higher standard will apply.

3.18 Methodology deviations

3.18.1 Deviations from the applied methodology are permitted where they represent a deviation from the criteria and procedures relating to monitoring or measurement set out in the methodology.

3.18.2 Methodology deviations shall not negatively impact the conservativeness of the quantification of GHG emission reductions or removals, except where they result in increased accuracy of such quantification.

3.18.3 Methodology deviations shall be permitted at validation or verification and their consequences shall be reported in the validation or verification report, as applicable, and all subsequent verification reports. Methodology deviations are not considered to be precedent setting.

3.19 Project Description Deviations

Projects may deviate from the validated project description in certain cases in order to accommodate changing circumstances post-validation. Such deviations must be described and assessed by a validation/verification body during the next project verification.

3.19.1 Deviations from the project description are permitted at verification, subject to the requirements below.

3.19.2 The procedures for documenting a project description deviation depend on whether the deviation impacts the applicability of the methodology, additionality, or the appropriateness of the baseline scenario. Interpretation of whether the deviation impacts any of these shall be determined consistent with the *CDM Guidelines on assessment of different types of changes from the project activity as described in the registered PDD*, mutatis mutandis. The procedures are as follows:

1) Where the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario, the deviation shall be described and justified in a revised version of the project description. This shall include a description of when the deviation occurred, the reasons for the deviation and how the deviation impacts the applicability of the

methodology, additionality and/or the appropriateness of the baseline scenario.

An example of such a deviation is a change in project capacity where a different baseline scenario would be more plausible, the applied methodology would no longer be applicable, or there would be a significant impact on the investment analysis used by the project to demonstrate additionality. Other examples include changes to the project that might have similar impacts such as the addition of new carbon pools or new types of project activities.

2) Where the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in conformance with the applied methodology, the deviation shall be described and justified in the monitoring report. This shall include a description of when the changes occurred and the reasons for the changes. The deviation shall also be described in all subsequent monitoring reports.

   Examples of such deviations include changes in the procedures for measurement and monitoring, or project design changes that do not have an impact on the applicability of the methodology, additionality, or the appropriateness of the baseline scenario.

3) Project proponents may apply project description deviations for the purpose of switching to a different methodology, where permitted. Where a project switches to a new methodology or methodology version, the project description shall be updated accordingly.

4) A project may switch to a new version of the existing methodology and update its project description accordingly at any point during the crediting or baseline period.

3.19.3 Projects cannot claim additional GHG ERRs in a previously verified monitoring period resulting from a project description deviation.

3.19.4 The deviation shall be assessed by a validation/verification body and the process, findings and conclusions shall be reported in the verification report. The assessment shall determine whether the deviation is appropriately described and justified, and whether the project remains in conformance

with the SOCIALCARBON Standard rules. The deviation shall also be reported on in all subsequent verification reports. Where the project description is updated, the updates shall be validated.

3.19.5 Project description deviations are not considered to be precedent-setting.

3.19.6 The validation/verification body assessing the project description deviation shall be accredited for the validation, recognizing that assessment of project description deviations is a validation activity, as further set out in the SOCIALCARBON Standard Guide.

3.20 Methodology Grace Periods

A methodology grace period is the amount of time in which projects may apply a methodology, module or tool that has been revised, newly excluded or becomes inactive. The grace period deadline corresponds with the date the validation report (for registration and crediting period renewal) or verification report (for baseline reassessment) is issued.

3.20.1 Grace periods are only granted to projects completing validation that requested listing on the SOCIALCARBON Registry when the prevailing methodology version becomes inactive, or a methodology is excluded from the SOCIALCARBON Standard.

3.20.2 Projects that have already been validated must comply with the new version of the methodology within two years of its release, the project's baseline reassessment or crediting period renewal (which ever the earliest), unless otherwise specified in the revised methodology.

3.20.3 The grace periods for completing validation are set as follows:

1) Where a methodology is revised, project proponents may apply the prevailing methodology version for up to six months from the approval of the new version, unless otherwise specified on the SOCIALCARBON website.
2) Where a methodology of an approved GHG program is newly excluded from the SOCIALCARBON Standard and replaced by a SOCIALCARBON methodology, project proponents may use the previously accepted methodology of the approved GHG program for

up to three months from the approval of the SOCIALCARBON methodology.

3) Where a previously approved methodology becomes inactive, project proponents may use the methodology version up to six months from the date it becomes inactive unless otherwise specified on the SOCIALCARBON website.
4) The Social Carbon Foundation reserves the right to set different grace periods.

3.21 Participation under Other GHG Programs

3.21.1 Project proponents shall not seek credit for the same GHG emission reduction or removal under the SOCIALCARBON Standard and another GHG program. Projects issuing GHG credits under both the SOCIALCARBON Standard and another GHG program shall also comply with the rules and requirements set out in the SOCIALCARBON Standard document *Registration and Issuance Process*.

3.21.2 Projects registered under other GHG programs are not eligible for SCU issuance beyond the end of the total project crediting period under those programs, or the accepted total project crediting period for the selected project type under the SOCIALCARBON Standard.

3.21.3 Projects registered under a GHG program that is not an approved GHG program may also register with the SOCIALCARBON Standard where a validation or verification report has been issued under such program (by an entity approved under the program to issue such reports). For such projects, the following applies:

1) The project crediting period start shall be on or after 3 January 2015.
2) A new SOCIALCARBON Project Description Template shall be completed (using a methodology eligible under the SOCIALCARBON Standard) and a validation/verification body shall undertake a full validation of same in accordance with the SOCIALCARBON Standard rules. The validation report shall be accompanied by a validation representation.
3) The validation or verification that is submitted to request registration under the other GHG program shall be completed. Validation or verification is deemed to have been completed when the validation or

verification report that is submitted to the other GHG program to request registration has been issued.

3.21.4 All and any (SOCIALCARBON) monitoring and verification reports shall state the total amount of credits (GHG credits and, where applicable, buffer credits) issued under the other GHG program.

3.21.5 Projects rejected by other GHG programs due to procedural or eligibility requirements can be considered under the SOCIALCARBON Standard, but the following conditions shall be met:

1) The project description (where the other GHG program has rejected the project before SOCIALCARBON validation) or monitoring report (where the other GHG program has rejected the project after SOCIALCARBON validation) shall clearly state all GHG programs to which the project has applied for registration and the reason(s) for rejection. Such information shall not be deemed as commercially sensitive information.
2) The validation/verification body shall be provided with the rejection document(s), including any additional explanations.
3) The project shall be validated against the SOCIALCARBON Standard rules. For projects where the other GHG program has rejected the project after SOCIALCARBON validation, this means a complete revalidation of the project against the SOCIALCARBON Standard rules.

3.22 Other Forms of Environmental Credit

3.22.1 SCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments. Project proponents shall demonstrate adherence to such requirements by applying the relevant SCU label to their SCUs in the SOCIALCARBON registry.

3.22.2 SCUs can be issued with or without such SCU labels. SCUs used for voluntary carbon market purposes do not require such SCU labels, though labelled SCUs may be used for voluntary market transactions if desired.

3.22.3 Where projects reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, evidence shall be provided that the GHG emission reductions or removals generated by the project have not and will not be otherwise counted or used under the program or mechanism. Such evidence may include:

4) A letter from the program operator, designated national authority or other relevant regulatory authority that emissions allowances (or other GHG credits used in the program) equivalent to the reductions or removals generated by the project have been cancelled from the program or national cap, as applicable.
5) Evidence of the purchase and cancellation of GHG allowances equivalent to the GHG emissions reductions or removals generated by the project related to the program or national cap.
6) Evidence from the program operator, designated national authority or other relevant regulatory authority stating that the specific GHG emission reductions or removals generated by the project or type of project are not within the scope of the program or national cap

3.22.4 Projects may generate other forms of GHG-related environmental credits, such as renewable energy certificates (RECs), though GHG emission reductions and removals presented for SCU issuance shall not also be recognized as another form of GHG-related environmental credit.

3.22.5 Where projects have sought or received another form of GHG-related environmental credit, the following information shall be provided to the validation/verification body:

1) Name and contact information of the relevant environmental credit program.
2) Details of the project as registered under the environmental credit program (e.g., project title and identification number as listed under the program).
3) Monitoring periods for which GHG-related environmental credits were sought or received under the environmental credit program.
4) Details of all GHG-related environmental credits sought or received under the environmental credit program (e.g., volumes and serial numbers).

3.22.6 Where projects are eligible to participate under one or more programs to create another form of GHG-related environmental credit, but are not currently doing so, a list of such programs shall be provided to the validation/verification body.

Note: sections 3.22.5 and 3.226 do not apply to non-GHG related environmental credits, such as water or biodiversity credits.

3.23 Records and Information

3.23.1 The project proponent shall ensure that all documents and records are kept in a secure and retrievable manner for at least two years after the end of the project crediting period.

3.23.2 For validation, the project proponent shall make available to the validation/verification body the project description, evidence of project ownership and any requested supporting information and data needed to support statements and data in the project description and evidence of project ownership.

3.23.3 For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to evidence statements and data in the monitoring report.

3.24 Corresponding Adjustments

3.24.1 The project proponent shall document and provide evidence on whether the host country makes it mandatory for projects to have written attestation from the host country's national focal point or focal point's designee. This is to be documented in the project description and re-assessed at every verification.

3.24.2 When written attestation from the host country's national focal point or focal point's designee is mandatory, the attestation(s) must specify, and describe any steps taken, to prevent mitigation associated with units used by the

Project Proponent from also being claimed toward a host country's national mitigation target(s) / pledge(s).

3.24.3 All written attestations must be uploaded onto the SOCIALCARBON Registry and made publicly available.

4. Validation and verification requirements

4.1 General Requirements

4.1.1 Validation and verification is a risk-based process and shall be carried out in conformance with ISO 14064-3 and ISO 14065. Additional requirements with respect to validation and verification are set out in this Section 4 and shall be adhered to.

4.1.2 The validation/verification body shall gather evidence to:

1) Validate a project to determine conformance with the SOCIALCARBON Standard rules and evaluate the reasonableness of assumptions, limitations, and methods that support a statement about the outcome of future activities, and/or;
2) Verify a statement of historical data and information of a project to a reasonable level of assurance and ensure that the project meets the relevant materiality requirements.

4.1.3 The project shall be validated, and GHG statements of emission reductions or removals verified, by a validation/verification body that meets with the eligibility requirements set out in the *SOCIALCARBON Standard Guide*.

4.1.4 Validation and verification of the project may be undertaken by the same validation/verification body, noting the rules on rotation of validation/verification bodies set out in Section 4.1.23 below. Validation may occur before the first verification or at the same time as the first verification.

4.1.5 Where the project applies a methodology from an approved GHG program that does not have an independent validation step, the SOCIALCARBON Standard rules still require validation of the project.

4.1.6 The validation/verification body shall ensure that the project is listed on the project pipeline with a status of "Listed" before the opening meeting with the project proponent, such opening meeting representing the beginning of the validation process.

4.1.7 Validation/verification bodies are expected to follow the guidance provided in the *SOCIALCARBON Validation and Verification Manual* when validating or verifying projects and conducting methodology assessments under the SOCIALCARBON Standard.

Validation and Verification Process

4.1.8 In addition to the requirements set out in ISO 14064-3:2019, the following requirements for validation/verification shall be applied:

1) The level of assurance shall be reasonable, with respect to material errors, omissions and misrepresentations, for both validation and verification.

2) The criteria for validation shall be the SOCIALCARBON Version 6.1, or approved GHG program where the validation is performed under an approved GHG program (as in cases of participation under the SOCIALCARBON Standard and an approved GHG program). The criteria for verification shall be the SOCIALCARBON Version 6.1 (regardless of the SOCIALCARBON version or GHG program under which the project was validated). This means the validation or verification shall ensure conformance of the project with the SOCIALCARBON Standard rules, or rules and requirements of the approved GHG program, as applicable.

3) The objective of validation or verification shall be in conformance with the SOCIALCARBON Standard rules and the methodology applied to the project.

4) The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals shall be five percent for projects and one percent for large projects.

4.1.9 A site visit that includes a visit to facilities and/or project areas shall be conducted at validation. Such a site visit shall be conduct at verification under the following circumstances:

1) The first verification of the project after validation;

2) Verification of project baseline reassessments; and

3) Verifications that assess a project description deviation where the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario.

4.1.10 Where a site visit to facilities and/or project areas is not required under Section 4.1.9, the validation/verification body shall identify whether a site visit is needed based on an independent risk assessment. Such risk assessment shall identify the risk of a material misstatement or nonconformity with the audit criteria. Where it is determined that no site visit is required, the validation/verification body shall justify and document the rationale for the decision.

4.1.11 Evaluation of the project's stakeholder engagement shall be done in a culturally appropriate manner, and individual stakeholders and/or stakeholder groups to be interviewed shall be selected by the validation/verification body's auditor team independently and, to the extent possible, in advance of the site visit. Validation/verification bodies shall plan and conduct interviews in a manner that demonstrates that the stakeholder interviews are free from bias or influence from the project proponent.

4.1.12 Where the project does not fully comply with the methodology, the validation/verification body shall determine whether this represents a methodology deviation or a methodology revision (in accordance with the specifications for each), and the case shall be handled accordingly.

4.1.13 Where the project applies a revision to an approved GHG program methodology and the version of the (underlying) methodology referenced by the methodology revision is no longer current, the validation/verification body shall determine whether material changes have occurred to the underlying methodology that affect the integrity of the methodology revision. Where such material changes have occurred, the project shall not be approved.

4.1.14 Where the project does not meet the criteria for validation or verification, the validation/verification body shall produce a negative validation conclusion and provide the validation or verification report and project description, or monitoring report, to SOCIALCARBON. The project shall be ineligible for registration until such time as corrective action is taken and the (same) validation/verification body has provided a positive validation or verification.

Competence

4.1.15 The validation/verification body and validation and verification team shall meet the competence requirements set out in ISO 14065.

Validation and Verification Reporting

4.1.16 The validation body shall use the SOCIALCARBON Validation Report Template, an approved combined validation report template available on the SOCIALCARBON website. The validation report shall be accompanied by a validation representation, which shall be prepared using the *SOCIALCARBON Validation Deed of Representation Template*.

4.1.17 The verification body shall use the SOCIALCARBON Verification Report Template, an approved combined validation report template available on the SOCIALCARBON website. The verification report shall be accompanied by a verification representation, which shall be prepared using the *SOCIALCARBON Verification Deed of Representation Template*.

4.1.18 The verification report shall specify the number of GHG emission reductions or removals generated in each calendar year of the monitoring period.

Validation and Verification Opinion

4.1.19 The validation report and the verification report shall contain a validation opinion and a verification opinion, respectively. Both reports must be uploaded by the project proponent onto the SOCIALCARBON Registry and made public.

4.1.20 Validation and verification opinions shall:

1) State the date the date of the opinion.
2) State the name of project; the GHG statement subject to validation or verification, including the date and period it covers, and that the GHG statement is the responsibility of the project proponent(s).
3) Identify the objectives, scope and criteria used to compile and assess the GHG statement.
4) Describe whether the data and information supporting the GHG statement were hypothetical, projected and/or historical in nature.
5) Describe the level of assurance of the validation or verification.
6) Include the validation/verification body's conclusion on the GHG statement. Adverse, disclaimed, modified, or qualified opinions shall include a description of the reason(s) for the opinion, placed before the validation/verification body's conclusion
7) Include the validation/verification body's conclusion on the GHG assertion, including any qualifications or limitations.
8) For validation conclusions of the GHG statement of forecast of future emission reductions/removals, the GHG opinion shall explain that actual results may differ from the forecast as the estimate is based on assumptions that may change in the future.
9) International Accreditation Forum accreditation body approved validation/verification body opinions shall include a declaration that the validation and/or verification of the GHG statement was conducted in accordance with ISO 14064-3. The applicable ISO version shall be included (e.g., ISO 14064-3; 2019).
10) For AFOLU projects, state the version number of the non-permanence risk report or market leakage evaluation documentation upon which the opinion is based.

4.1.21 Verification opinions shall state the volume of GHG emission reductions or removals generated during the monitoring period that have been verified. For AFOLU projects, the verification opinion shall also include the non-permanence risk rating, leakage emissions and number of GHG emission reductions or removals eligible to be issued as SCUs.

Records of Validation and Verification

4.1.22 The validation/verification body shall keep all documents and records in a secure and retrievable manner for at least two years after the end of the project crediting period, even where they do not conduct verification for the whole project crediting period.

Rotation of Validation/Verification Bodies

4.1.23 Rotation of validation/verification bodies is required in respect of validation and verification, as follows:

1) 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.
2) 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.

Validation and Verification Requirements for Grouped Projects

4.1.24 Validation and verification of grouped projects shall assess conformance of the project with the requirements for grouped projects set out in the SOCIALCARBON Standard rules.

4.1.25 New project activity instances shall be validated, based on the information reported in the monitoring report, against the applicable set of eligibility criteria. The validation/verification body shall specify which instances meet the eligibility criteria for inclusion in the project. Such validation may be reported in the verification report or a separate validation report.

4.1.26 Where, due to the number of project activity instances, it is unreasonable to undertake an individual assessment of each initial or new instance, the validation/verification body shall document and explain the evidence gathering methods employed for the validation of such instances. Such evidence gathering methods shall be statistically sound. The number of instances included in the project, eligible for monitoring and generation of SCUs shall be proportional to the percentage of sampled instances found to be in conformance by the validation/verification body.

4.1.27 The verification report for grouped projects shall document and explain the evidence gathering methods employed by the validation/verification body for the verification of the GHG statement of emission reductions or removals generated by the project. Such methods shall be statistically sound. Any subsequent changes to the evidence gathering method(s) required as a result of the verification findings shall be documented.

Non-Permanence Risk Analysis and Market Leakage Evaluations for AFOLU Projects

4.1.28 Non-Permanence risk analysis and market leakage evaluations shall be assessed by the validation/verification body in accordance with the SOCIALCARBON Standard rules.

4.1.29 The validation/verification body shall assess the risk analysis carried out by the project proponent in accordance with the *SOCIALCARBON Standard document AFOLU Non-Permanence Risk Tool*. The project proponent shall respond to all and any of the validation/verification body's findings. As a result of any such findings, the project proponent shall amend the documentation as necessary and update the risk rating accordingly.

Appendix 1: Eligible AFOLU projects

Afforestation, Reforestation and Revegetation (ARR)

Eligible ARR activities are those that increase carbon sequestration and/or reduce GHG emissions by establishing, increasing or restoring vegetative cover (forest or non-forest) through the planting, sowing or human-assisted natural regeneration of woody vegetation. Eligible ARR projects may include timber harvesting in their management plan. The project area shall not be cleared of native ecosystems within the 20 year period prior to the project start date.

Where the project is exclusively focused on ARR (excluding agroforestry), 60% of the species planted must be native.

To be eligible for certification, species planted must have a minimum recorded lifespan of 60 years. If the species planted do not have a lifespan of 100 years, the project must calculate the long-term net carbon benefit of the project, and this will be the limit of Social Carbon Units that can be issued by the project. In addition, the project must plan for and implement re-planting at the end of the species' lifespan to ensure the maintenance of the carbon stocks. The same native species must be re-planted. The species lifespan recorded by the project must be evidenced with at least two sources of peer-reviewed literature or government-published reports.

Harvesting of the species is permitted, but projects must calculate the long-term carbon average of the project. In addition, the project must plan for and implement procedures to ensure maintenance of the long-term carbon average benefit of the project for a 100-year period.

Agricultural Land Management (ALM)

Eligible ALM activities are those that reduce net GHG emissions on croplands and grasslands by increasing carbon stocks in soils and woody biomass and/or decreasing CO2, N2O and/or CH4 emissions from soils. The project area shall not be cleared of native ecosystems within the 10-year period prior to the project start date. Eligible ALM activities include:

1) Improved Cropland Management (ICM): This category includes practices that demonstrably reduce net GHG emissions of cropland systems by increasing soil carbon stocks, reducing soil N2O emissions, and/or reducing CH4 emissions.
2) Improved Grassland Management (IGM): This category includes practices that demonstrably reduce net GHG emissions of grassland ecosystems by increasing soil carbon stocks, reducing N2O emissions and/or reducing CH4 emissions.
3) Cropland and Grassland Land-use Conversions (CGLC): This category includes practices that convert cropland to grassland or grassland to cropland and reduce net GHG emissions by increasing carbon stocks, reducing N2O emissions, and/or reducing CH4 emissions.

Reduced Emissions from Deforestation and Degradation (REDD)

Eligible REDD activities are those that reduce net GHG emissions by reducing deforestation and/or degradation of forests. Deforestation is the direct, human-induced conversion of forest land to non-forest land. Degradation is the persistent reduction of canopy cover and/or carbon stocks in a forest due to human activities such as animal grazing, fuelwood extraction, timber removal or other such activities, but which does not result in the conversion of forest to non-forest land (which would be classified as deforestation), and qualifies as forests remaining as forests, such as set out under the IPCC 2003 Good Practice Guidance. The project area shall meet an internationally accepted definition of forest, such as those based on UNFCCC host country thresholds or FAO definitions, and shall qualify as forest for a minimum of 10 years before the project start date. The definition of forest may include mature forests, secondary forests, and degraded forests. Under the SOCIALCARBON Standard, secondary forests are considered to be forests that have been cleared and have recovered naturally and that are at least 10-years-old and meet the lower bound of the forest threshold parameters at the start of the project. Forested wetlands, such as floodplain forests, peatland forests and mangrove forests, are also eligible provided they meet the forest definition requirements mentioned above.

Activities covered under the REDD project category are those that are designed to stop planned (designated and sanctioned) deforestation or unplanned (unsanctioned) deforestation and/or degradation.

Activities that stop unsanctioned deforestation and/or illegal degradation (such as removal of fuelwood or timber extracted by non-concessionaires) on lands that are legally sanctioned for timber production are eligible as REDD activities. Projects that include both avoided unplanned deforestation and/or degradation as well as stopping sanctioned logging activities, shall follow the REDD guidelines for the unplanned deforestation and/or degradation.

Eligible REDD activities include:

a) **Avoiding Planned Deforestation and/or Degradation (APDD)**: This category includes activities that reduce net GHG emissions by stopping or reducing deforestation or degradation on forest lands that are legally authorized and documented for conversion.
b) **Avoiding Unplanned Deforestation and/or Degradation (AUDD)**: This category includes activities that reduce net GHG emissions by stopping deforestation and/or degradation of degraded to mature forests that would have occurred in any forest configuration.

Wetlands Restoration and Conservation (WRC)

Eligible WRC activities are those that increase net GHG removals by restoring wetland ecosystems or that reduce GHG emissions by rewetting or avoiding the degradation of wetlands. The project area shall meet an internationally accepted definition of wetland, such as from the IPCC, Ramsar Convention on Wetlands, those established by law or national policy, or those with broad agreement in the peer-reviewed scientific literature for specific countries or types of wetlands. Common wetland types include peatland, salt marsh, tidal freshwater marsh, mangroves, wet floodplain forests, prairie potholes and seagrass meadows.

Activities that generate net reductions of GHG emissions from wetlands are eligible as WRC projects or combined category projects (such as REDD on peatland). Activities that actively lower the water table depth in wetlands are not eligible. Eligible WRC activities include:

a) **Restoring Wetland Ecosystems (RWE)**: This category includes activities that reduce GHG emissions or increase carbon sequestration in a degraded wetland through restoration activities. Such activities include enhancing, creating and/or managing hydrological conditions, sediment supply, salinity characteristics,

water quality and/or native plant communities. For the purpose of these requirements, restoration activities are those that result in the reestablishment of ecological processes, functions, and biotic and/or abiotic linkages that lead to persistent, resilient systems integrated within the landscape.

b) **Conservation of Intact Wetlands (CIW)**: This category includes activities that reduce GHG emissions by avoiding degradation and/or the conversion of wetlands that are intact or partially altered while still maintaining their natural functions, including hydrological conditions, sediment supply, salinity characteristics, water quality and/or native plant communities.

Wetland degradation or conversion can be planned (designated and sanctioned) or unplanned (unsanctioned). Planned and unplanned degradation or conversion of wetlands can therefore encompass a wide variety of activities such as those listed under REDD while adding a wetland component. Activities covered under the CIW project category are those that are designed to stop or reduce planned or unplanned degradation or conversion in the project area to other land uses. The following CIW activities are eligible:

a) **Avoiding Planned Wetland Degradation (APWD)**: This activity reduces GHG emissions by avoiding degradation of wetlands, or further degradation in partially drained wetlands that are legally authorized and documented for conversion.

b) **Avoiding Unplanned Wetland Degradation (AUWD)**: This activity reduces GHG emissions by avoiding unplanned degradation of wetlands, or by avoiding further degradation in partially degraded wetlands.

Appendix 2: document history

Version	Date	Comment
V6.0	3 January 2022	New version of the SOCIALCARBON Standard
V6.1	30 June 2023	Updates include: • Additional safeguards • Formatting updates • Clarity on methodology grace periods • ARR requirements