

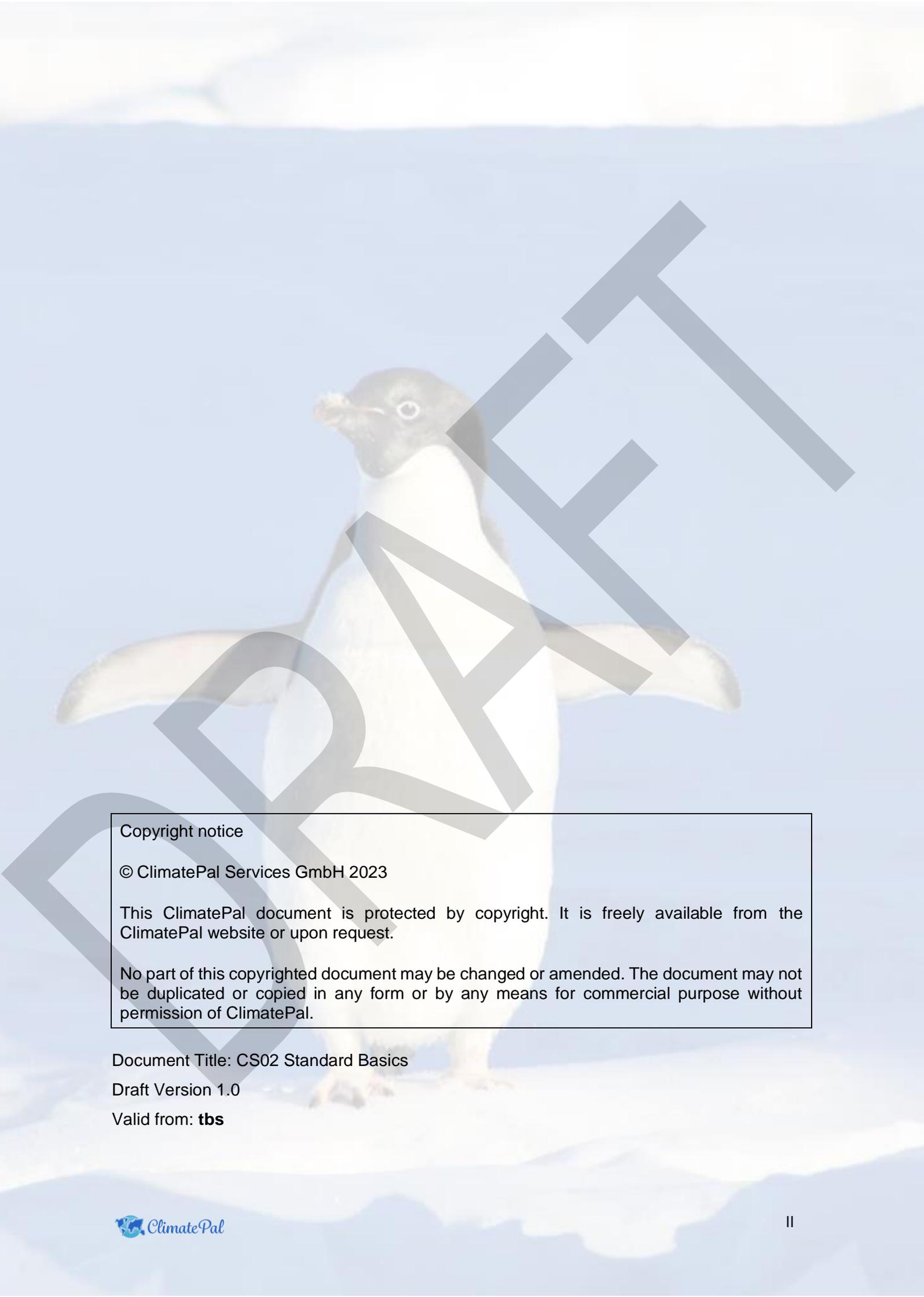


ClimatePal

CS02 Standard Basics – DRAFT



The Adélie Penguin (*Pygoscelis Adeliae*), a well-established resident of Antarctica, is facing tough times due to climate change. The birds are declining on the West Antarctic Peninsula, which is one of the most rapidly warming areas on Earth. The Adélie Penguin's coastal nesting grounds are becoming increasingly unsuitable for chick survival, and sustained periods of warmer than usual ocean temperatures is negatively affecting the ability of prey such as fish and krill to survive.



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DRAFT

Acronyms

BECCS	Bioenergy with Carbon Capture & Storage
BCP	Basic Carbon Principles
CCP	ClimatePal Carbon Principles
CCU	Carbon Capture and Utilization
CDM	Clean Development Mechanism
CPC	ClimatePal Credits
DACCS	Direct Air Carbon Capture and Storage
GRAS	Global Risk Assessment Services
GHG	Greenhouse Gases
ICVCM	Integrity Council on Voluntary Carbon Market
ISO	International Organization for Standardization
MRV	Monitoring, Reporting and Verification
NDC	National Determined Contribution
PP	Project Proponent
PDD	Project Design Document
SDG	Sustainable Development Goal
VCM	Voluntary Carbon Market
VVB	Validation and Verification Body

1 Introduction

The ClimatePal carbon credit certification framework (ClimatePal) is an independent standard providing a globally applicable greenhouse gases (GHG) emission reduction and removal (i.e., GHG mitigation activities) certification framework for carbon credit projects, aimed at the generation of carbon credits. ClimatePal certifies high-integrity carbon credits ensuring additionality, verifiability, and permanence of the mitigated GHG emissions. Besides that, carbon credit projects under ClimatePal are bringing further co-benefits to the environment and local communities, with a special focus on ecosystem services provision, biodiversity enhancement, positive social impact and Sustainable Development Goals (SDGs) contribution.

Certification framework

The high-integrity carbon credits generated by a ClimatePal-certified carbon credit project are referred to as ClimatePal Credits (CPCs). One CPC represents one tonne of CO₂eq that is reduced, avoided, or removed from the atmosphere. CPCs can be traded on the Voluntary Carbon Market (VCM).

ClimatePal credits

The Standard Basics described in this document are effective for every type of carbon credit project seeking certification under ClimatePal and for any other party using this standard in the certification process. This document, together with the CS01 “Governance”, represent the core documents of the ClimatePal standard.

Scope of the document

This document is divided into 6 chapters. Chapter 2 introduces the scope and main principles of ClimatePal. Chapter 3 outlines the requirements and criteria for carbon credit project certification. The certification procedure is presented in Chapter 4, where details on registration, validation, verification, monitoring, and CPC issuance are provided. Chapter 5 provides an overview of the role of third-party Validation and Verification Bodies (VVBs) in the certification process. Finally, Chapter 6 shows how the ClimatePal certification fee is structured.

Document structure

2 ClimatePal Scope and Principles Added Values

ClimatePal has a wide scope of application, covering all types of carbon credit projects both nature-based and tech-based located worldwide.

ClimatePal scope

In its work, ClimatePal ensures the following added values:

Added values

- *Transparency and easy application*

ClimatePal ensures a transparent certification procedure. The ClimatePal registry discloses all relevant information on the registered projects and on the certification steps they are undergoing. This allows Project Proponents (PP) and interested parties to constantly monitor the projects' development, their certification status, the issuance, retirement, and transfer of carbon credits, in a transparent way.

- *Streamlined and straightforward certification procedure*

ClimatePal ensures and develops technical assistance for the certification process to reduce the administrative burden on the Project Proponent.

- *Comprehensive monitoring, reporting and verification (MRV)*

ClimatePal ensures that all the mitigated GHG emissions are proven through detailed monitoring, validation and verification by an independent and accredited third-party.

- *Special Focus*

ClimatePal ensures that certified carbon credit projects bring positive social impact, improve ecosystem services provision, enhance biodiversity and/or contribute to the SDGs. ClimatePal put special attention to the innovative approaches and digitalization.

- *Facilitating transition towards net zero emissions*

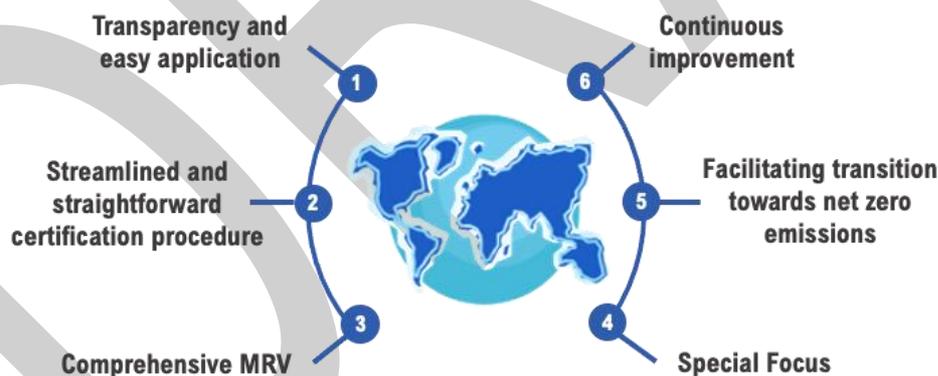
ClimatePal understands the urgency of combating climate change and supports the global transition towards net zero emissions, by certifying high-integrity carbon credits that create real impact and by ensuring integrity.

- *Continuous improvement*

ClimatePal ensures continuous improvement of its standard, processes, operations, certification requirements and criteria.

This represents the added values of ClimatePal and makes it a unique standard combining the high-integrity of carbon credits, in line with the core carbon principles proposed by the Integrity Council for the Voluntary Carbon Market (ICVCM), with user-friendly, quick and transparent certification process.

Unique standard



3 Basic Carbon Principles

ClimatePal requires an GHG mitigation activity to comply with two levels of prerequisites to be qualified as a certifiable carbon credit project: the Basic Carbon Principles (BCPs) and the ClimatePal Carbon Principles

Certification provisions

(CCPs). This section will give a detailed overview of each principle as well as examples of eligible project types.

This is mandatory for the projects to comply with the BCPs in the project planning and development processes to generate and issue CPCs. These BCPs are the basic prerequisites (e.g., additionality, avoidance of double counting, permanence, etc.) based on the common practice in carbon crediting and those are also highlighted by the ICVCM as essential principles ensuring the integrity of the voluntary market.

CCPs represent the second level of certification prerequisites. They guarantee that carbon credit projects provide more than GHG mitigation, bringing additional valuable co-benefits to the environment and to the people living in the project area, such as ecosystem services provision, biodiversity enhancement, positive social impact, and contributions to the SDGs.

The BCPs must be applied by all types of projects regardless of tech- or nature-based. While the application of the CCPs depends on the project method making some of the principles not applicable to the tech-based projects.¹

Offsetting requirements

Applicability

3.1 Methodology

Every carbon credit project must follow a credible and reliable project methodology. The Project Proponent is free to use any methodology that was already approved or developed by ClimatePal. All approved methodologies will be published on the ClimatePal website. Alternatively, projects are allowed to apply methodologies developed under the Clean Development Mechanism (CDM). Methodologies developed or recognized by other programs or standards may also be used, after ClimatePal approval.

Approved methodologies

The structure of carbon crediting methodologies usually includes:

- Introduction, shortly describing the methodology
- Scope of the methodology covering the applicability conditions, crediting period and day of entry into force
- Normative references
- Baseline conditions defining project boundaries, additionality and permanence approaches, and baseline emissions calculation methods
- Project emissions calculation methods
- Leakage calculation methods
- Emissions reduction calculation methods

¹ More details on applicability of CCPs can be found in chapter 3.15

- Monitoring plan setting the parameters to be monitored and monitoring schedule
- Annexes with specific additional information

The Project Proponent may develop a new *ad-hoc* methodology, when no existing methodology is applicable to their project (idea), and submit it to ClimatePal for approval. In general, the new methodology can be developed by the Project Proponent itself, with the support of external consultancies or by third parties. New methodologies may also be developed by ClimatePal.

*Development
of new
methodologies*

A new methodology must contain all features specific to the carbon credit project development and comply with the methodology development requirements:

- Follow the structure of the existing methodologies on the carbon credit market (see the general methodology structure above)
- Clarify unambiguously the goal and scope of the application
- Contain robust baseline, project, and leakage emission calculation methods
- Describe data and parameters for monitoring and procedures for obtaining these data and parameters
- Define the monitoring plan
- Set out the new project-specific approach to demonstrate additionality, permanence, no double-counting and no net harm. Standardized methods can also be used if they are applicable to the new project type

For the methodology approval process, the proposed methodology is reviewed and assessed by ClimatePal, the ClimatePal Expert Committee and a recognized VVB. Basic milestones of the methodology approval process are:

*Approval
process*

1. The methodology developer should prepare and submit to ClimatePal a concept note, providing an overview of the new methodology.
2. In case of a positive outcome on the concept note review by ClimatePal, the methodology developer should submit the full methodology.
3. In case of a positive outcome of the methodology review, ClimatePal will open a 30-day public consultation period.
4. Simultaneously, ClimatePal contracts the approved VVB to produce an assessment report on the new methodology. This step ensures independent third-party evaluation.
5. ClimatePal reviews the final methodology (duly integrated with the feedback received in the public consultation and the VVB assessment) and the VVB assessment report.

6. ClimatePal publishes and approves the methodology for use if it has successfully undergone the above-mentioned process.

The new methodology approval process is subject to a fee which depends on the methodology complexity and on the duration of the review process. However, methodology developers can receive compensation for methodologies approved.²

Approval fee

All approved methodologies will be systematically reviewed by ClimatePal to ensure the conservativeness of the quantification approach, reliability, robustness and continued environmental integrity. If necessary, ClimatePal can require updates of the methodology or, in case of non-conformity, ClimatePal has the right to suspend/withdraw previously approved methodology.

Systematic review and suspension

3.2 Quantification of GHG mitigation

The Project Proponent shall quantify emission mitigations in accordance with an approved and applied methodology. All quantifications results shall be converted to tonnes of CO₂ equivalent (CO₂eq) using 100-year global warming potential (GWP) values from the 5th IPCC assessment report. GWP values must be transparently disclosed.

Basic rule

The Project Proponent shall also assess the overall uncertainty of the GHG mitigation. In estimating the overall uncertainty all causes of uncertainty shall be considered, including assumptions (e.g., baseline scenario), estimation equations, parameters (e.g., representativeness of default values), and measurements (e.g., the accuracy of measurement methods). The overall uncertainty shall be assessed as the combined uncertainty from individual causes.

Uncertainty assessment

The Project Proponent shall ensure that in case of existing government policies and legal requirements lowering GHG emissions (e.g., air quality requirements, carbon taxes) it included when determining the baseline emissions.

Baseline correction

In case of renewal of the crediting period³, PP shall conduct a reassessment of the baseline scenario, including an update of relevant parameters used to calculate the GHG mitigation.

Baseline update

3.3 Eligible project types

ClimatePal covers a variety of project types including GHG reduction, avoidance, and removal activities. The non-exhaustive list below provides

Eligible projects

² More details on the fee structure can be found in chapter 7

³ More details about the crediting period can be found in subchapter 3.12

an overview of project types categorized under Reduction/Avoidance or Removal activities.

Table 1. Examples of eligible project types

Reduction/Avoidance	Removal	
Tech-Based Solutions	Nature-Based Solutions	Tech-Based Solutions
Provision of renewable energy	Biochar	
Wastewater treatment (Biogas recovery)	Bio-based construction materials	
Energy efficiency	Blue carbon	Direct Air Carbon Capture and Storage (DACCS)
Livestock, enteric fermentation, and manure management	Afforestation/ Reforestation	BECCS (Bioenergy with Carbon Capture & Storage)
Methane capture	Soil carbon accumulation	CCU (Carbon Capture and Utilization)
Chemical industry	Agroforestry	
Transport	Peatland Rewetting	
	Improved forest management	

Project examples

ClimatePal mandates that the Project Proponent defines the scale of the project activities, classifying the project as large- or small-scale, depending on the project size. The project scale drives the choice of the methodology to apply for the calculation of the project baseline, project emissions, and ultimately to estimate of CPCs generated by the project.⁴ Furthermore, the estimation of the percentage of untradeable carbon credits covered by the project buffer pool also correlates with the activity scale.

Project scale

3.4 Additionality

The Project Proponent shall ensure the additionality of the project activity. It must be demonstrated that a carbon credit project would not be implemented in the absence of the incentive created by carbon credit revenues and that the anticipation of such revenues enabled the project implementation. Furthermore, the activity cannot be recognized as carbon credit project when existing and enforced national legislation requires and

Additionality definition

⁴ More details on how to choose a methodology can be found in chapter 3.1

regulates the project activity realization. Thus, the project must be both financially and regulatory additional.

*Financial
additionality*

Financial additionality implies that a carbon credit results from a mitigation activity's emission reductions or removals that would not have taken place except for incentives associated with the carbon price. There are several ways to address additionality in the context of the Project Design Document (PDD) and supporting material. The options include an assessment of financial additionality, barrier analysis, performance-based tests and common practice analysis. Assessing financial additionality demonstrates that the expected revenue from carbon credits makes the activity economically viable. Barrier analysis examines where the activity might be economically viable without carbon credit revenue, but other barriers prevent it from being undertaken. Common practice analysis examines where a mitigation activity may be additional if the activity is not a common activity within the jurisdiction in which it is planned.

More specifically, the following non-exhaustive list of approaches to demonstrate financial additionality, which in many cases are prescribed in the specific methodology of a respective project type, may be applied:

- Benchmark or investment comparison analysis: Comparison of the economic performance of the mitigation activity (e.g., its expected return rate) with a financial benchmark (e.g., the hurdle rate) or with other potential investment alternatives – the analysis should be carried out with and without the expected carbon credit revenue taken into account to demonstrate the crucial impact of the registration as a carbon credit project
- Barrier analysis: Analysis of the presence of barriers to implementation of the mitigation activity, such as information deficits, capacity constraints, access constraints with regard to technology or financing, or other implementation challenges
- Market penetration assessments: Evaluation of the extent to which a type of mitigation activity or technology is already implemented in the relevant geographical area

In all cases regulatory additionality is indispensable. If an activity is already regulated, it should not be credited. In other words, voluntary carbon crediting should not take place where regulations would ensure those emission reductions or removals would occur anyway. A project activity would not qualify as regulatory additional when the related GHG mitigations are required

*Regulatory
additionality*

- under existing and enforced laws and regulations, or
- under legal or regulatory obligations arising from laws that have already been approved but have not yet taken effect.

Furthermore, GHG mitigations will no longer be additional if, during the crediting periods, the mitigation activity would be implemented due to legal

requirements. The Project Proponent should justify that the project meets the requirement of regulatory additionality in the PDD, by describing and presenting the relevant evidence. Proof can include extracts from national and international regulations, statements, justification of the lack of relevant laws and regulations with appropriate references to the actual documents, etc.

3.5 No Double-Counting

The Project Proponent must avoid any double-counting risks. Double counting can take different forms with different actors involved:

Double counting explained

- Double-issuance – when uncanceled carbon credits coexist at the same time for the same GHG mitigation under ClimatePal and one or more other carbon crediting programs
- Double-use – when a single carbon credit is claimed twice towards achieving mitigation targets or goals (e.g., by two entities or twice by one entity)
- Double-claiming with domestic mitigation schemes – when ClimatePal issues a carbon credit in respect of GHG mitigations covered by a domestic compulsory mitigation scheme

The Project Proponent must guarantee the avoidance of double counting by applying the following mechanisms and measures:

Avoidance of double counting

- Follow all requirements in opening an account in the ClimatePal Registry and all further rules for the account maintenance⁵
- After credits are purchased by a party, e.g., through an emission reduction purchase agreement, transfer the credits to the buyer's account in the ClimatePal registry or retire the credits in the ClimatePal registry on behalf of the buyer
- Not certifying the same project under other international standards
- Notify the host country on the presence of the carbon credit project in their jurisdiction
- Obtain a letter of authorization from the host country to ensure corresponding adjustments and discounts of the mitigated GHG by the respective carbon credit project from the national inventory and not counting them towards the National Determined Contribution (NDC). Such evidence should be obtained within 2 years after the project start

⁵ More details on the ClimatePal registry and account registration rules are in the CS01 "Governance", CS05 "Registry Terms of Use" and CS06 "Registry Guidance" documents.

- Ensure the carbon credit project area is not overlapping with another carbon credit project of a similar nature, neither under ClimatePal nor another carbon crediting program

The Project Proponent must take appropriate action on all the above steps and describe those measures in the PDD, attaching the relevant evidence. In case of host country authorizations, ClimatePal will regularly prepare public reports on the status including data disaggregated by host country, project, and vintage. Each host country can obtain such information from ClimatePal. All information, including attached evidence will be publicly available and kept up to date in the ClimatePal Registry.

3.6 Leakage

The carbon credit project shall avoid emissions leakage, namely creating additional emissions beyond its boundaries. Leakage can occur, for example, when a carbon credit project prevents deforestation in one area, pushing logging activities to another forest area.

Leakage explained

The Project Proponent should prevent any potential leakage caused by the project activity by monitoring and accounting for them. If direct monitoring is not possible, at least the estimation of potential leakage must be made on the basis of the scientific peer-reviewed articles. Based on the monitoring and/or estimation, activities to reduce the leakage risk must be implemented. All the taken actions to prevent leakage must be described by the Project Proponent in the PDD.

Preventing leakage

In case of unavoidable leakage, it should be deducted from the total amount of GHG emission savings of the respective project. However, the leakage must not exceed a certain threshold. Namely, the threshold for the tech-based project is 5 % from the reduced/removed GHG and for the nature-based projects is 20% from the removed GHG.

3.7 Permanence

Every nature-based carbon credit project needs to ensure that the mitigated emissions will not be released again into the atmosphere during the minimum permanence timeframe of 30 years. Reversal of the mitigated emissions can happen due to extraordinary events or circumstances affecting the mitigation activity. In the case of nature-based carbon removals, the reversal can be due for example to forest fires, soil erosion etc. The reversal risk exposure varies significantly depending on the project type, project location and the duration of crediting period. In developing and running a carbon credit project, ClimatePal mandates the PP to monitor and report any events potentially leading to a reversal of mitigated emissions. Additionally, the Project Proponent shall attempt to consider and prevent future risk of emission reversal by performing a non-

Ensuring permanence

permanence risk assessment, to ensure the permanence of mitigated emissions.

The non-permanence risk assessment should be done in accordance with the rules set in the applied methodology. In case the applied methodology does not set any specific procedure for the non-permanence risk assessment, the CS04 “Risk Management” guideline should be used. If none of the existing methodologies is applicable to the project activity (for example, if the project activity is innovative), a new methodology along with a new risk assessment approach should be developed. However, before the application, a PP must submit this new methodology and risk assessment approach to ClimatePal for approval.⁶

Furthermore, in ensuring permanence and safeguards, wherever it is applicable to implement within the carbon credit project, ClimatePal recommends utilizing the high-resolution remote sensing assessment data from Global Risk Assessment Services (GRAS). GRAS provides relevant sustainability information about biodiversity, carbon stock, land use change, deforestation, or social issues allowing to conduct transparent and comparable analyses for the specific area of interest.

Based on the results of the non-permanence risk assessment, a PP may be requested to store a certain percentage of carbon credits into the non-tradable buffer pool, as an insurance against any reversal that can take place during the minimum permanence timeframe.⁷ The buffer pool is a mechanism ensuring the long-term permanence of mitigated emissions and CPCs.

3.8 Buffer Pool

ClimatePal maintains a buffer pool of non-tradable CPCs and holds the full authority in managing it. These credits act as the insurance in case any unforeseen loss of carbon or reversal of GHG mitigation takes place within the project area. The buffer pool works as a mechanism to ensure the long-term permanence of CPCs.

To form the buffer pool, ClimatePal mandates a non-permanence risk assessment of the carbon credit projects, based on the chosen project methodology and on the guidelines prescribed in the CS04 “Risk Management” document (i.e., the ClimatePal Risk Assessment Tool). The ClimatePal risk management document provides detailed guidelines about how to conduct the assessment, the timeline for the reassessment of risks, the percentage of CPCs to be submitted to the buffer pool, and the conditions and procedure for carbon credits release. The non-permanence

Non-permanence risk assessment

GRAS

Buffer pool

An insurance for reversals

Buffer pool formation

⁶ More details on the methodology approval can be found in the chapter 3.1

⁷ More details on the buffer pool allocation can be found in chapter 3.7

risk assessment must be redone every 1 to 5 years based on the project type, project risk exposure and methodology.

Based on the risk assessment and further VVB validation, a certain percentage of the CPCs needs to be set aside into the buffer pool. In case of a reversal event, a number of CPCs equivalent to the GHG reversed, will be canceled in the pool. Buffer pool CPCs do not have any serial number.

In case of the successful development of the carbon credit project, CPCs can be released from the buffer pool for further selling on the VCM, under specific conditions.⁸ The credits release will be evaluated after each verification. The amount of released credits will be equal to 15 % of the total buffer contribution of the same carbon credit project. Once the credits are released from the buffer pool, serial numbers are assigned.

15 % rule

3.9 Verifiability

The Project Proponent shall guarantee that the monitored GHG mitigation has been verified by an independent third-party. During on-site visits, the VVB also evaluates the alignment of the carbon credit project with the BCPs and CCPs. The verification should rely on both direct observations and external benchmarks (e.g., in comparison with scientific literature, best practices, etc.). The schedule of verification should be in accordance with the applied methodology. In case of specific needs, the schedule should be bilaterally agreed between ClimatePal and the respective VVB. In general, the first verification should be done at the end of the first year of the crediting period, before the respective CPCs are issued. Subsequent verifications should be performed every 5 years. ClimatePal has the authority to schedule an additional verification activity, under special conditions.

Third-party verification

3.10 Share of Proceeds for Adaptation

Project Proponents can decide whether the project makes a voluntary contribution to the Adaptation Fund of the UNFCCC. ClimatePal will allocate a unique tag for these projects and credits making these voluntary commitments. Before granting the carbon credits the attribute of a Share of Proceeds for Adaptation and marking the credits and project accordingly in the Registry, ClimatePal will ensure that the following requirements has been satisfied by the PP providing satisfactory information to demonstrate that:

⁸ For example, when during the project crediting period the project proponent takes specific non-permanence risk management actions that significantly lower the carbon credit project risk exposure, thereby giving the right of reducing the percentage of CPCs initially allocated to the buffer pool.

- a monetary contribution of the PP to the Adaptation Fund is equivalent to at least 5% of the revenue associated with the issued carbon credits; and/or
- at least 5% of the issued carbon credits have been forwarded to a dedicated registry account managed by or on behalf of the Adaptation Fund.

ClimatePal will make the information in relation to monetary contributions and/or carbon credits forwarded to the Adaptation Fund publicly available on its registry and will ensure the information is kept up to date.

3.11 Environmental and Social Safeguards

Under ClimatePal, all mitigation activities must be carried out in full respect for the human rights, avoid discrimination, dignity, aspirations, culture and livelihoods of indigenous people, local communities (IPLC), and vulnerable groups disproportionately affected by climate change. The Project Proponent must comply with both the International Bill of Human Rights and any applicable agreements ratified by the country where the project is taking place.

Assessment of potential risks of environmental, economic and social harm

The PP is obliged to assess and disclose the potential risk of environmental, economic, and social harm associated with the project activity and implement actions to avoid or minimize them. The assessment should be done using the CS04 “Risk Management” document and address different labor rights and working conditions, resource efficiency and pollution prevention, land acquisition and involuntary resettlement, biodiversity conservation and sustainable management of living natural resources, IPLC, gender equality, and the prevention of child labor and any violence.

Details on the risk assessment and on measures adopted to ensure that the project does no net harm, shall also be provided in the PDD. Mechanisms of the risk assessment include, but are not limited to:

Consultation and validation

- Local stakeholder consultation to voice concerns about potential risks to the environment and to humans: Consultations must be held prior to the PDD submission to ClimatePal.⁹
- Validation of the PDD: The VVB will validate the risk assessment done by the Project Proponent.

Furthermore, the ClimatePal dispute resolution and non-conformity submission mechanisms¹⁰ ensure that, even after project implementation,

⁹ More details on stakeholder consultation can be found in chapter 3.13

¹⁰ More details on dispute resolution and non-conformity submission processes can be found in the CS01 “Governance” document.

stakeholders can submit their feedback and complaints. This approach guarantees a constant monitoring of stakeholders' opinions.

3.12 Crediting Period and Starting Date

For every carbon credit project, the Project Proponent should define the crediting period, namely for how many years the carbon credits will be generated. In general, the carbon crediting period is identified in the applicable methodology and begins on the same day as the project's starting day (i.e., implementation of the project activity). Under special conditions, ClimatePal reserves the right to consider the credit period retroactively. Such conditions must be supported and justified by evidence and the relevant documentation, to be submitted to ClimatePal for the evaluation. In this case, the carbon crediting period is set on the individual consultation with ClimatePal.

Crediting period and starting date

The carbon crediting period for a tech-based project can range between a minimum of 2 years to a maximum of 10 years, with the possibility of two renewals up to a maximum of 15 years. If the carbon credit project activity is nature-based, the carbon crediting period is a minimum of 20 years. Crediting periods of nature-based projects can be renewed up to 4 times.

Identification of crediting period

While defining the carbon crediting period, both for the initial phase and the potential renewals, the Project Proponent shall commit that:

Requirements of crediting period

- All requirements and criteria must be valid over the entire carbon crediting period.
- Over the carbon crediting period, the Project Proponent must monitor and report project GHG emissions.
- The carbon crediting period does not affect the timeframe for non-performance risk assessment.
- The carbon crediting period also does not impact the timeframe for re-assessing the baseline scenario, which must be reassessed generally every 5 years.

3.13 Project Management

The Project Proponent must be a legal entity. It must have the full capabilities to plan, design, implement and finish the project in accordance with ClimatePal's guidelines. For the success of the project implementation, the Project Proponent may always include any other external parties within the project management. These managerial changes must be kept in written form for the record and must be submitted to ClimatePal.

Requirements

In the case of multiple (two or more) Project Proponents, an internal agreement, defining roles and responsibilities of all of them, should be prepared. It must be signed by the Project Proponents and submitted to ClimatePal in written form. The internal agreement between the Project Proponents must be maintained throughout the whole carbon crediting period.

*Internal agreement
on roles and
responsibilities*

Project Proponents must engage in continuous communication with the local or national governments or authorities, whenever necessary. This is important to identify and secure legal and regulatory permissions for the successful execution of the carbon credit project. In association, ClimatePal mandates to involve the local communities or stakeholders in the project activities.

*Effective
communication*

3.14 Project Budget

The Project Proponent should prepare an estimation of the project budget for the entire carbon crediting period. This estimation must be revised every year and submitted to ClimatePal. The submitted budget must highlight the funding and expenses, duly accompanied by supportive documents.

*Budget
requirements*

Project Proponents must justify how the funding has been secured and how this is adequate for the successful execution of the project. In every revision of the project budget, the Project Proponent shall submit a justification and adjustment procedure to ClimatePal in case there is a variance bigger or equal to 10%.

*Budget
security*

3.15 Stakeholder Consultation and Legal Requirements

ClimatePal mandates Project Proponents to perform a stakeholder analysis and stakeholder consultations for every individual carbon credit project. Stakeholder consultation shall be done before the project installation. The purpose of the consultation is to gather stakeholder opinion and approval. This prevents any risk of harm that may occur because of the project activities and sets a common ground for the resolution of possible disagreements.

*Consultation
requirements*

The aim of the stakeholder analysis is to identify stakeholder groups that are either directly or indirectly associated with the project activities. Stakeholders might include local communities, relevant organizations (e.g., NGOs), and local, national, or international authorities.

*Stakeholder
analysis*

The Project Proponent should identify those stakeholders who are likely to be affected by the carbon credit projects. Identified stakeholders must be informed about the initiation of the carbon credit project. The Project Proponent must gather their views, opinions, and if necessary, their

*Stakeholder
consultation*

permission before the implementation of any project activity. The outcomes of the stakeholder consultation shall be reported in the PDD.

The Project Proponent must also consider all the relevant local, national, and international laws and regulations during the designing of the project. The carbon credit project must be aligned and in compliance with any relevant laws applicable at the project location.

During the project crediting period, the Project Proponent should maintain continuous communication and involvement with stakeholders, especially with local communities.

Legal framework

Continuous communication

3.16 Public Comments Period

ClimatePal mandates Project Proponents to disclose the PDD to the public to receive feedback. Once the project is reviewed by ClimatePal, the project documents should be subject to public comments. A PDD will be published in the ClimatePal registry, and the public comments period launches henceforth for 3 weeks. The start of the public comments period will be announced through the ClimatePal webpage and social media accounts. Anyone who is interested, despite being directly, indirectly, or not at all related to the project, is allowed and invited to provide feedback.

Public comments period

The comments need to be submitted to ClimatePal in English. In case of specific needs, other languages might be approved by ClimatePal.

Comments language

ClimatePal bears the responsibility of collecting the public comments and sending them to the Project Proponent. The Project Proponent shall acknowledge the receipt of all public comments from ClimatePal. All relevant public feedback needs to be considered by the Project Proponent and ClimatePal. The responses to these public comments need to be clearly documented and if necessary, the Project Proponent will be required to revise the PDD, and the project plan described there.

Comments handling

4 ClimatePal Carbon Principles

To be certified under ClimatePal, the carbon credit projects shall meet the applicable CCPs. Compliance with these specific criteria guarantees that the project brings not only GHG mitigation, but also provides valuable co-benefits. In the next sub-sections CCPs are defined.

Specific criteria

4.1 Contributions to SDGs

To be certified under ClimatePal, carbon credit projects should contribute to at least 3 SDGs. This criterion is applicable for all eligible project types under ClimatePal.

3 SDGs rule

The Project Proponent shall provide in sufficient level of detail that the carbon credit project contributes to determined SDGs. The assessment shall involve the public [SDG assessment tool](#) of the Gothenburg Centre for Sustainable Development. Justifications are made in the PDD under the section of the respective criteria. This justification will be evaluated by the VVB during the PDD validation process.

Assessment tool and justification rules

From the project starting date, the Project Proponent should monitor the actual project contributions to the indicated SDGs and prepare an annual monitoring report. Later, the VVB should check the monitoring report and perform an on-site visit, to ensure that the project in fact meets this criterion. This visit will be done simultaneously with the GHG verification audit (every 5 years).

Monitoring

The Project Proponent shall be aware of how their project aligns with the sustainable development goals of the host country and must provide this information in the relevant section of the PDD.

Host country SDGs

4.2 Ecosystem Services Provision

To be certified under ClimatePal, a nature-based carbon credit project shall protect, restore and/or conserve at least one type of ecosystem service:

Types of ecosystem services

- Regulating services

Regulating services represent a benefit provided by the ecosystem that moderates natural phenomena. Regulating services include but are not limited to pollination by bees, decomposition of waste by bacteria, natural water purification, erosion and flood control by tree roots, carbon storage and climate regulation.

- Provisioning services

Provisioning services are any benefits to people that can be obtained from nature. It includes food production, drinking water, timber and firewood production, natural gas, oils, plants that can be used to make clothing, natural medicinal products, etc.

- Cultural services

Cultural services are non-material benefits that contributes to the development and cultural progress, including the role of ecosystems in local, national and global cultures, creativity born from interaction with nature (music, art, architecture), etc.

- Supporting services.

Supporting services maintain the living conditions with an indirect link to human benefits. Supporting services include natural processes, such as

photosynthesis, nutrient cycling, the creation of soils, and the water cycle.¹¹

The Project Proponent shall provide a sufficient level of detail that the carbon credit project contributes to ecosystem services provision. The justification should be provided in the PDD under the section of respective criteria. This justification will be evaluated by the VVB during the PDD validation process.

Justification

From the project starting date, the Project Proponent should monitor the actual impact of the project on the ecosystem services and prepare a yearly monitoring report. Later, the VVB should check the monitoring report and perform an on-site visit, to ensure that the project meets this criterion in reality. This visit will be done simultaneously with the verification of the GHG mitigation (every 5 years).

Monitoring

In the case of technology-based project types, this criterion of contribution to ecosystem services is not applicable and can be omitted, provided that the project is proved to contribute to more than three SDG.

Exceptions

4.3 Biodiversity Enhancement

To be certified under ClimatePal, a nature-based carbon credit project shall justify its positive effect on biodiversity. Biodiversity enhancement includes the conservation and enhancement of wildlife and habitats (e.g., in soil, water, air, flora and fauna) in the project area¹², and any other activity preventing biodiversity lost.

Biodiversity enhancement

The Project Proponent shall provide a sufficient level of detail that the carbon credit project enhances biodiversity. The justification should be provided in the PDD under the section of the respective criteria. This justification will be evaluated by the VVB during the PDD validation process.

Justification

From the project starting date, the Project Proponent should monitor the actual impact of the project on biodiversity and prepare a yearly monitoring report. Later, the VVB should check the monitoring report and perform an on-site visit, to ensure that the project meets this criterion in reality. This visit will be done simultaneously with the GHG verification (every 5 years).

Monitoring

In the case of technology-based project types, this criterion is not applicable and can be omitted, provided that the project is proved to contribute to more than three SDG.

Exceptions

¹¹ National Wildlife Federation. n.d. "Ecosystem Services"

¹² University of Exeter. 2011. "Biodiversity Enhancement Plan 2010-2015"

4.4 Positive Social Impact

To be certified under ClimatePal, a carbon credit project shall create a positive social impact. Positive social impact includes, but is not limited to:

- Improvement of the living conditions of the local community
- New infrastructure development e.g., schools and hospitals
- Provision of gender equality

The Project Proponent shall provide a sufficient level of detail that the carbon credit project brings valuable positive social impact. The justification should be provided in the PDD under the section of the respective criteria. This justification will be evaluated by the VVB during the PDD validation process.

From the project starting date, the Project Proponent should monitor the actual social impact of the project and prepare a yearly monitoring report. The monitoring of the social impact can mostly include the survey and interview results conducted by Project Proponents with the local community and stakeholders affected by the carbon credit project activity. Later, the VVB should check the monitoring report and perform an on-site visit, to ensure that the project meets this criterion in reality. This visit will be done simultaneously with the GHG verification (every 5 years).

For technology-based projects, this criterion might not be applicable. In this case it can be omitted, provided that the project is proved to contribute to more than three SDG.

5 Certification Procedure and Project Completion

Project Proponents who would like to certify their project under ClimatePal and generate high-integrity carbon credits, are subjected to a specific acknowledgment, registration, validation, and verification procedure. In the sections below, the details for each certification step are provided.

5.1 Certification Procedure

The certification of the carbon credit project and issuance of CPCs can be achieved in the following five steps, as shown in Figure 1:

Social impact examples

Justification

Monitoring

Exceptions

Project certification

Certification steps



Figure 1. Certification Process

5.1.1 Proposal of Project Idea

The submission of the project idea to ClimatePal is the very first step of the certification process. To describe the project idea, ClimatePal provides the template CT01 "Concept Note" available on the website. The Concept Note should provide an overview of the project idea. The description must

Concept note

highlight the project type, methodology choice¹³, SDGs contribution and other co-benefits provided by the project such as ecosystem services provision, biodiversity enhancement and positive social impact. The cover letter needs to be short and brief (max. 2 pages) but detailed enough to be recognized for further proceedings.

ClimatePal will review the proposal of a project idea and provide a response to the Project Proponent in less than one month time. In case of any change in the project idea, ClimatePal shall reconsider it, within one month. If the proposal is approved, ClimatePal will ask the Project Proponent to submit the detailed PDD.

Proposal review

5.1.2 Submission of Project Design Document

Submitting the Project Design Document (PDD) to ClimatePal is the second step to be certified by ClimatePal. This process requires the Project Proponent to duly fill the PDD template which is available on the ClimatePal website as the CT02 “Project Design Document”. The document must include:

Project Design Document submission

- Goal and scope of the project
- Project crediting period
- Detailed project site plan and relevant geographical information
- Related community information (e.g., demographic information, size of the population, main income source)
- Explanation of the methodology choice
- Monitoring plan
- Stakeholders’ involvement and outcome of consultations.
- The baseline, project, and leakage emissions calculations (according to the chosen methodology)
- The GHG mitigation over the entire crediting period (according to the chosen methodology)
- Non-permanence risk assessment result
- Buffer pool assessment result
- No net harm risk assessment result
- Estimation of CPCs being generated out of the project activity
- Justification of how the project meets all other requirements described in this document

¹³ More details on how to choose methodology can be found in chapter 3.10

- Justification of how the project contributes to the SDGs and achieves other relevant co-benefits which constitutes the CCPs

ClimatePal shall review the submitted PDD. Upon understanding the detailed project plan and activities, ClimatePal will conduct a revision of technical specifications and of the methodology choice. Irrespective of whether the applied project methodology itself is already approved by other standards or not, ClimatePal has the authority for a detailed review. This revision will cover the baseline and project emission calculation, leakage calculation, and any other project-related risks assessed in the document. ClimatePal holds the full authority to add or alter any technical specification. In this case, ClimatePal will inform the Project Proponent about new changes and explain the necessity of it. The Project Proponent should adjust the further implementation of the project considering the new alterations made by ClimatePal.

PDD review

Once the review is finalized, ClimatePal will contact the Project Proponent for further progress and the PDD shall be published in the ClimatePal registry. At this stage, the Project Proponent is required to open an account on the ClimatePal registry. To do so, the Project Proponent must assign an account manager by disclosing and signing the deed following the template available on the ClimatePal website as CT03 “Registration deed of representators”. The deed specifies who will hold the authority for the project in the registry, maintain the project account and retire or transfer the issued and sold CPCs. Furthermore, the Project Proponent should agree and sign Registry Terms of Use available on the ClimatePal website as CS05 “Registry Terms of Use”. More information on the account opening procedure can be found in the CS06 “Registry guidance” document.

Registry account

Once the Project Proponent has the account in the ClimatePal registry, and the PDD is reviewed, a public consultation period opens.¹⁴ It will last 3 weeks with the purpose of collecting public feedback on the project.

Public comments

ClimatePal and the Project Proponent shall take the relevant actions based on the public comments. If any revision is required, the Project Proponent shall amend the PDD document accordingly. Upon corrections, rectifications, or alternations, the PDD will be published in the ClimatePal registry, and the project receives the status of a “Reviewed Project”.

Relevant corrections

As the project progresses, and if new corrections or additions take place within the project, the PDD shall reflect the changes and be published in an updated version on the registry. Every alteration and addition shall pass through the ClimatePal review process.

Further changes to the PDD

¹⁴ More details on the public comments period can be found in chapter 3.14

5.1.3 Third-Party Validation

The purpose of the third-party validation by the external VVB is an independent evaluation of the project documents¹⁵ compliance with the offsetting requirements and CCPs. The final goal is to ensure feasibility and reliability of project activities. The validation is done prior to the actual project installation that can be seen on the Figure 2.

Validation process

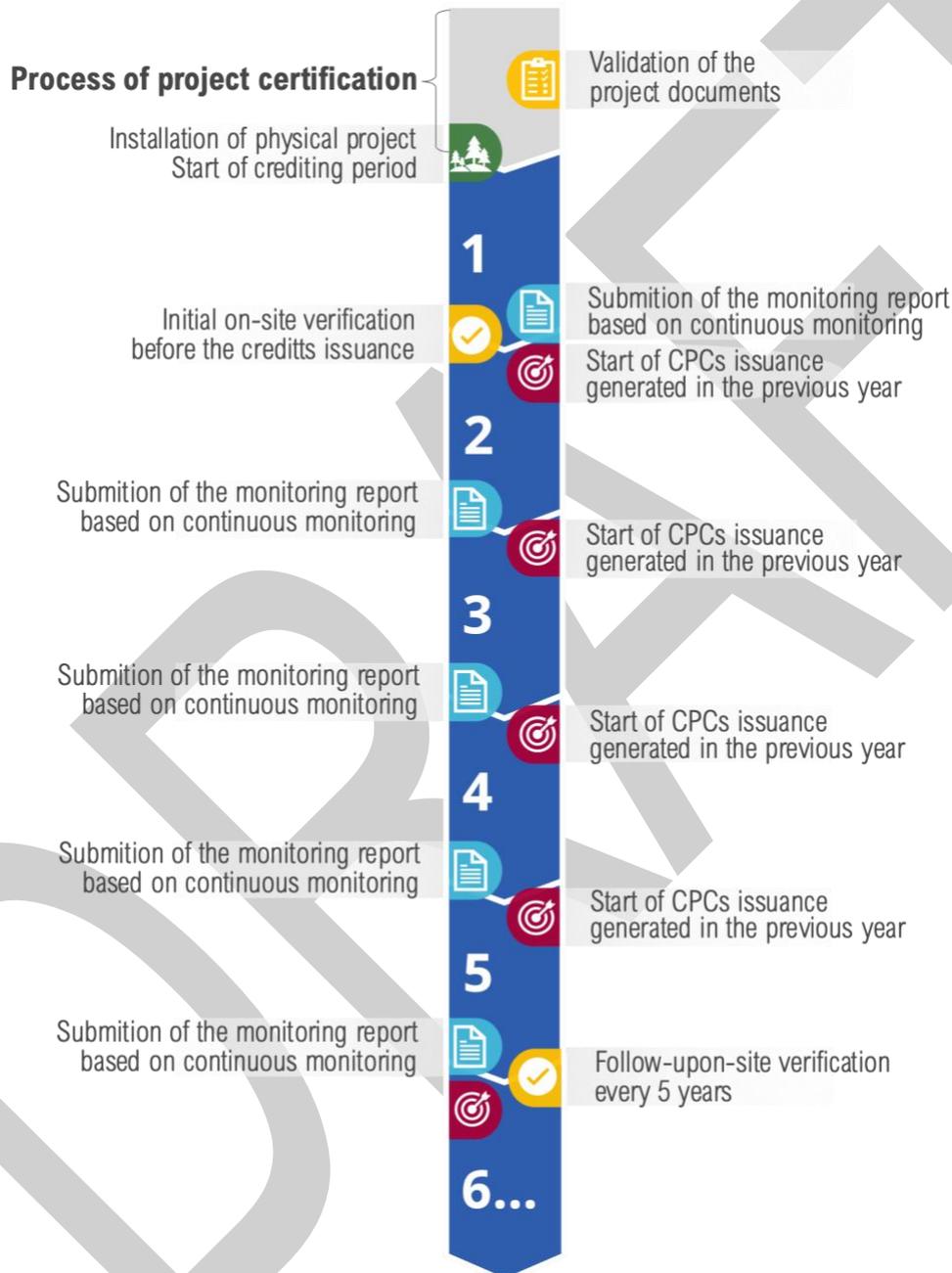


Figure 2. Validation, verification, and monitoring schedule

Projects are eligible to start the validation process, when:

Conditions for validation

¹⁵ The full list of documents that might be necessary to be submitted to the VVB can be found in the subchapter 4.2.

- The PDD is submitted and fully reviewed by ClimatePal
- The PDD is published in the ClimatePal registry
- The period of public comment is over
- All other supporting document such as legal permissions, agreements with local governments, land tenure documents, etc. are completely available to ClimatePal and the respective VVB

*Selection
of VVB*

First, the Project Proponent should select and contact a Validation and Verification Body (VVB) from the list of ClimatePal approved VVBs, available on the ClimatePal website. The Project Proponent can also propose a new VVB. In this case, the external VVB needs to undergo an approval process by ClimatePal. Detailed information on the VVB approval process can be found in the CS03 “Requirements for Validation and Verification bodies” document.

During the validation, the VVB will review and evaluate the project documents’ compliance with the established offsetting requirements and CCPs, including the baseline and project emission calculations. The VVB shall prepare the draft validation report, based on the template available on the ClimatePal website, as CT07 “Validation Report”, highlighting all the inconsistencies and suggestions. The Project Proponent must take specific actions and adjust the PDD according to the feedback of the VVB. More details on the validation process can be found in Annex B of the CS03 “Requirements for Validation and Verification bodies” document.

When the VVB finishes the validation of the project documents it should submit the final validation report highlighting all the actions and changes in the PDD, together with the validation opinion to ClimatePal. If the validation outcome is positive and the carbon credit project’s PDD and other documents meet all requirements and ClimatePal-criteria, the project receives the status “Validated Project”.

*Final
validation
report and
opinion*

4.1.4 Monitoring and Verification

The Project Proponent must agree with the VVB and ClimatePal on the annual reporting period and on the annual monitoring, etc. Together with VVBs, ClimatePal is currently investigating options and processes for digital MRV as well as real-time MRV and credit issuance.

*Annual
monitoring*

In general, monitoring reports should be prepared by the PP, based on the monitoring data obtained through the agreed procedure described in the project methodology. The VVB is the responsible authority for reviewing the annual monitoring report and submitting it with their comments to ClimatePal. The submitted report must include but not limited to:

- Description of any alteration and addition to the project in comparison with the initial PDD

- Any ongoing project related activity
- Monitored actual GHG mitigation
- Monitoring of project co-benefits
- Financial status – an updated running account bill
- Community participation and updated involvements
- Solved and existing challenges
- Future-plan in dealing with anticipated challenges

The VVB shall submit the report and their comments within 2 weeks from the end of the agreed monitoring period to ClimatePal. Upon submission, ClimatePal shall provide the feedback to the VVB and Project Proponent within 3 weeks. The Project Proponent needs to finalize the report based on the feedback provided.

Report submission

Every carbon credit project shall be verified on-site by the external VVB during the first crediting year before credits issuance and then every five years from the first verification time (see the Figure 2). The purpose of this periodic on-site verification is to check whether the actual installed project is mitigating the declared GHG emissions or not. Also, these verifications shall scrutinize the success in implementing the project activities, addressing ecosystem services provision, biodiversity enhancements, positive social impact, SDGs contribution and whether the future activity projections are still feasible or not. Therefore, the verification ensures that:

Verification procedure

- the project has been implemented and operated and that all physical features of the project are in place as described in the PDD;
- the monitoring reports and other supporting documents provided are complete, verifiable and in accordance with applicable requirements;
- the actual monitoring complies with the monitoring procedures described in the monitoring plan and the methodology.

The VVB shall prepare the verification report based on the template available on the ClimatePal website as CT11 “Verification Report”. In case of any issue or potential risks are detected during the verification, the VVB can highlight those in the draft report to be urgently considered. VVB shall inform the Project Proponent about the necessary steps to be taken to mitigate the risks. The Project Proponent shall provide the VVB and ClimatePal with updates indicating what changes have been made and why. All changes should comply with the offsetting requirements and CCPs. Otherwise, ClimatePal holds the authority for temporary or permanent suspension of the project. This shall also suspend the process of issuing CPCs and will not allow selling unsold CPCs that have already

Draft verification report

been issued. ClimatePal may also change the status of the project to suspended in the registry if projects fail to address the major risk issues.

After solving all the issues found, the draft verification report is revised to reflect the responses of the Project Proponent against each of the issues. Following that, the final verification report is prepared including the final opinion. Once the verification process has been completed, the VVB submits the final verification report to ClimatePal, together with the verification opinion, which should contain a quantification of mitigated GHG emissions expressed as CO₂eq, for the relevant period of time. More details on the verification process are given in the Annex B of the CS03 “Requirements for Validation and Verification Bodies” document.

*Final
verification
report*

Considering the positive results of the previous validation and the comprehensive MRV, which ensure that the implemented project activities meet the compensation requirements and CCPs, the project receives the status of "ClimatePal-Certified Project".

*Certified
project*

5.1.4 Issuance of ClimatePal Carbon Credits

The final validation and verification reports and annual monitoring reports shall be published in the ClimatePal registry. Based on the verified amount of emission reduction in the monitoring report, the Project Proponent can request ClimatePal to issue the CPCs to the registry and start trading on the VCM.

*Issuance of
carbon credit*

5.2 Project Documentation

During the project certification and maintenance, the Project Proponent should prepare the set of projects supporting documents, which include concept note, PDD etc. Table 2 is providing a summary of the documents to be provided to ClimatePal. ClimatePal or the VVB have a right to request additional documents to be provided.

Table 2. Project documentation.

Certification steps	Documents to be prepared and submitted	Project type
1. Proposal of Project Idea	Project idea according to CT01 “Concept Note”	All project types
2. Submission of PDD	PDD according to CT02 “Project Design Document”	All project types
	Excel-based calculations of baseline and project emissions	All project types
	Excel-based project budget	All project types
	Non-permanence risk assessment	Projects with exposure to non-permanence risk (e.g., afforestation/reforestation)

	No net harm risk assessment	All project types
	Land tenure documents	Projects that should secure the right to the land used for the project
	Agreements with local governments	Projects that involve any activity for which it is necessary to have an agreement with the local government
	Legal permissions	Projects that involve any activity for which it is necessary to have a legal permission
	Stakeholder permission	Projects that involve any activity for which it is necessary to have a stakeholder permission
	Letter of authorization from the host country	Projects located in a country with NDC
2.1 Registry account opening	Assign the account manager according to CT03 “Registration deed of representators”	All project types
	Signed CS05 “Registry Terms of Use”	
3. Third-party validation	PDD corrected according to ClimatePal feedback and public comments, and all other project documents are the same with step 2	All project types
	Project Proponent and VVB sign the representation deed according to the template CT6 “Validation representation deed”	
4. Monitoring and verification	Project Proponent prepares the Monitoring report according to CT08 “Monitoring report”	All project types
	Project Proponent and VVB sign the representation deed according to the template CT10 “Verification representation deed”	
5. Issuance of CPCs	CT04 “Issuance deed of representators” CT09 “Carbon unit conversion representation deed”	All project types

These documents will be publicly disclosed and available to different stakeholders. In case the information that should be public is not available on the ClimatePal website or Registry, requests to provide missing information can be submitted to ClimatePal via email (public@climatepal.org).

5.3 Project Completion

A project completion certificate will be issued to all projects that achieve the planned project completion. To close a carbon credit project, the Project Proponent must complete the following steps:

Project completion certificate

- Provide notice of project completion to ClimatePal in writing, at least 6 months before the planned completion date
- Submit a statement confirming that:
 - All remaining non-conformities have been resolved
 - All monitoring of GHG mitigation has been completed in accordance with the relevant technical specification and methodology

In addition, ClimatePal with the VVB may conduct the on-site visit to validate project closure activities. Upon successful completion of all steps listed above, ClimatePal will issue a project completion certificate to the Project Proponent.

On-site visit

5.4 Expansion of Project Activities

Carbon credit project activities can be expanded (scaled-up) under certain conditions. Prior to the project expansion, the Project Proponent must conduct a stakeholder consultation and if applicable obtain permission from the stakeholders for the scaling-up. Considering that new expansion activities are identical to the existing project activities, the crediting period will be expanded for the same number of years as the crediting period of the initial project.

Project scale-up

Project Proponents should contact ClimatePal and apply for the expansion. The application for the project expansion must be aligned with the methodology applied to the older project, including the technical specification. ClimatePal mandates to submit a new and updated PDD highlighting all the expanded activities and the added roles and responsibilities. This new PDD must be further evaluated and approved by ClimatePal and consequently be validated by the VVB.

Scale-up requirements

ClimatePal might allow skipping the further validation only if the project expansion is identical to the existing project. This identity must be proven by the Project Proponent in terms of project activity, project methodology, project technical specification also the managerial roles capable to carry out the expansion activities. Though the Project Proponent can apply for skipping the validation, ClimatePal takes the final decision.

Special conditions of validation

6 Validation and Verification Bodies

ClimatePal does not conduct validation/verification. To ensure independence and to avoid conflicts of interest, ClimatePal requires external third-party audits. Third-party validation and verification play a critical role to guarantee that GHG mitigation took place.

Importance of third-party audits

Before the VVB is allowed to conduct validation and verification, the VVB must be approved under ClimatePal and sign a cooperation agreement with ClimatePal available on the ClimatePal website as the CT12 “Cooperation Agreement”. The ClimatePal-recognized VVBs are eligible to provide validation/verification services to the Project Proponent. An up-to-date list of all ClimatePal-recognized VVBs is available on the ClimatePal website.

New VVBs may be proposed at any time for potential inclusion as ClimatePal-approved VVBs. To get approval, VVBs should complete the Application Form on the ClimatePal website and comply with a set of criteria. Preconditions necessary for a VVB to cooperate with ClimatePal include the recognition by a competent national authority and ISO 14065, ISO 14066 accreditation or per rules of the UNFCCC CDM. In addition, VVB must be impartial and free from any conflict of interests. The VVB must also demonstrate relevant qualification, minimum work, validation, verification, and monitoring experiences within the carbon credit projects. The full list of requirements for VVB and detailed process of approval under ClimatePal are described in the CS03 “Requirements for Validation and Verification Bodies” document.

7 Fee Structure

ClimatePal provides the fee structure for the certification process and the CPC issuance. The table below shows the fees for every individual step of the certification procedure. The prices are given in a range because of the different scales of the carbon credit projects. The Project Proponent must contact ClimatePal for the assessment of the exact cost of certification. Furthermore, the table does not include the VVB fee. The Project Proponent negotiates and pays this fee directly with/to a VVB. ClimatePal does not have any influence on the VVBs fee formation.

Table 3. Fee structure.

Fee elements	Type of fee	Price range (€)
The project idea review	Variable	400
- In case the approval of a new methodology is required	Variable	
The registry account opening and maintenance	Fixed	400 + 200 annual fee
PDD review	Fixed	1200 + 300 each add. review
The validation report review	Fixed	800

Registration as ClimatePal certified carbon credit project	Fixed	1500
Monitoring and verification reports review	Fixed	600 + 100 each annual report
Credits issuance	Variable	

What do the fees cover?

The **project idea review** fee includes the evaluation services of ClimatePal and the Expert Committee. This type of fee is variable and depends on project's complexity and technological specifications.

The **approval of a new methodology** fee covers the full methodology approval process described in chapter 3.1 including the ClimatePal and Expert Committee review services. It is worth highlighting that it does not include the VVB services. This fee is variable depending on the methodology's complexity. Methodology developers can receive a compensation for the methodology development when it is applied by other projects under ClimatePal. Compensation will be done in accordance with the CPCs issued by the carbon credit project that was using the respective methodology. The compensation is equal to 10 % of the issuance fee for the total amount of issued CPCs.

The **registry account** fee includes the services for the initial account opening and for further maintenance. During the initial opening process, ClimatePal reviews the application and prepares the relevant documents, and sets the new account in the registry. During the project lifetime, ClimatePal maintains the account with all its features and ensures the security of the data stored and CPCs transferred/retired.

The **PDD review fee** consists of the services provided by ClimatePal and the Expert Committee. In special cases, external experts might be consulted.

The **validation report review fee** includes the services of ClimatePal and the Expert Committee in the evaluation of the validation report prepared by VVB.

The **registration** (as ClimatePal certified carbon credit project) fee is a one-time fee for the claim and further ClimatePal maintenance services during the carbon credit project crediting period. This includes the continuous support provided by ClimatePal to the Project Proponent with any issue related to project implementation, conflict resolutions, organization of workshops for Project Proponents on the standard documents, etc.

The **monitoring and verification reports review fee** includes the services of ClimatePal and Expert Committee in the evaluation of the

monitoring report prepared by the Project Proponent and of the verification report prepared by VVB.

The **credits issuance** fee covers the costs for CPCs issuance and depends on the amount of issued credits. Any compensation for project methodology developers is covered here.