ASES CLIMATE ACTION AND NATURE POSITIVE

ON-CHAIN PROTOCOL PROCEDURES

I. General documents V2.1

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www.nat5.bio

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ACRONYMS

- **aOCP:** ASES climate action on-chain protocol
- **GHG:** Greenhouse gas
- **ITTE:** Internal Team of Technical Experts
- **LSC:**   Local Stakeholder Consultation
- **VNPC:** Verified Positive Credits for Nature
- **PSF**: Project submission form
- **SDGs:** Sustainable development goals
- **VBBC:** Verified Biodiversity Based Credit
- **VCC:** Verified Carbon Removal
- **VCM:** Voluntary Carbon Market
- **VR:** Validation Report
- **VSC:** Verified Soil Credit
- **VWC:** Verified Water Credit

I. INTRODUCTION

Ases On-Chain Protocol aOCP was developed based on international best practices, including:

- Ensuring transparency through stakeholder participation;
- Creating an institutional structure to develop standards (e.g., baseline and monitoring methodologies);
- Creating robust project cycles that include clear and agile procedures for project registration and issuance of nature-positive credits, an international blockchain-based carbon registry, and effective approval of project validity.

The aOCP stipulates additional standards for projects that, in addition to reducing GHG emissions, also have a positive effect on biodiversity, soil, and water infiltration, and wish to be recognized for this. aOCP issues Verified Positive Credits for Nature (VNPC), which include :

- **Verified Carbon Removal (VCC)**

Represents the account holder's right to claim that a reduction or elimination of one metric ton of CO_2 equivalent has been achieved.

- **Verified Biodiversity Based Credit (VBBC)**

It represents the holder's right to assert that biodiversity has benefited from the development of the project based on the evaluation of three variables: preservation area, restoration area, and ecological and landscape conditions.

- **Verified Soil Credit (VSC)**

Represents the account holder's claim that soil health has improved and erosion has been reduced by the activities performed on the project.

- **Verified Water Credit (VWC)**

They represent improvements in the hydrological response of soils, specifically the reduction of water erosivity and maximum instantaneous runoff. As a consequence, rainwater infiltration into the subsoil increases, thus recharging the water table and at the same time reducing the risk of flooding.

The aOCP Procedures Document was created in accordance with the guidelines stated in section II of the aOCP Manual, the program document that unites all other aOCP documents and contains the regulations for the aOCP.

Project Proponents, aOCP Auditors/Verifiers, the aOCP Internal Team of Technical Experts, and the aOCP Steering Committee are subject to the requirements outlined in the aOCP Manual, Project Standard, and Validation/Verification Standard when implementing the Program Procedures.

II.   PURPOSE OF AOCP PROCEDURES

The Verified Carbon Removal (VCCs), Verified Biodiversity-Based Credits (VBBCs), Verified Water Credits (VWCs), and Verified Soil Credits (VSCs) under the aOCP, as well as for top-down creation and revisions of the Baseline and Monitoring Methodologies, are all outlined in the aOCP Procedures (this document).

The aOCP Procedures Document outlines the requirements for the following processes:

a) Project Procedures:

(i) Project Proponents and aOCP Auditor who wish to submit registration and issuance requests, respectively, for aOCP Projects;

(ii) The aOCP ITTE and the aOCP Steering Committee for consideration and subsequent approval or rejection of requests for registration and issuance for aOCP Projects;

b) Methodology Development Procedure:

(i) Project Proponents, the aOCP ITTE, and the aOCP Steering Committee seeking approvals for top-down development of and revisions to Baseline and Monitoring Methodologies under the aOCP.

III.   PROJECT PROCEDURES

Before moving on to the following two stages in the aOCP Project cycle, a third-party independent external validation of the project documentation must be done by an aOCP Auditor:

(a) the aOCP Project Registration Stage; and

(b) the aOCP VCCs, VBBCs, VWCs, and VSCs Issuance Stage.

Projects can be funded through the aOCP if they meet the requirements outlined in the Project Standard. Project Proponents must follow these Project Procedures and the Project Standard if they want to submit their project for registration and implementation under the aOCP. As stated in the project registration procedures (see section III.1.2.) and the VCCs, VBBCs, VWCs, and VSCs issuance process, the complete project cycle must be followed from the first submission until the request for issue of VCCs, VBBCs, VWCs, and VSCs (see section III.1.5).

III.1. CERTIFICATION PROCESS

REGISTRATION AND ISSUANCE PROCESS
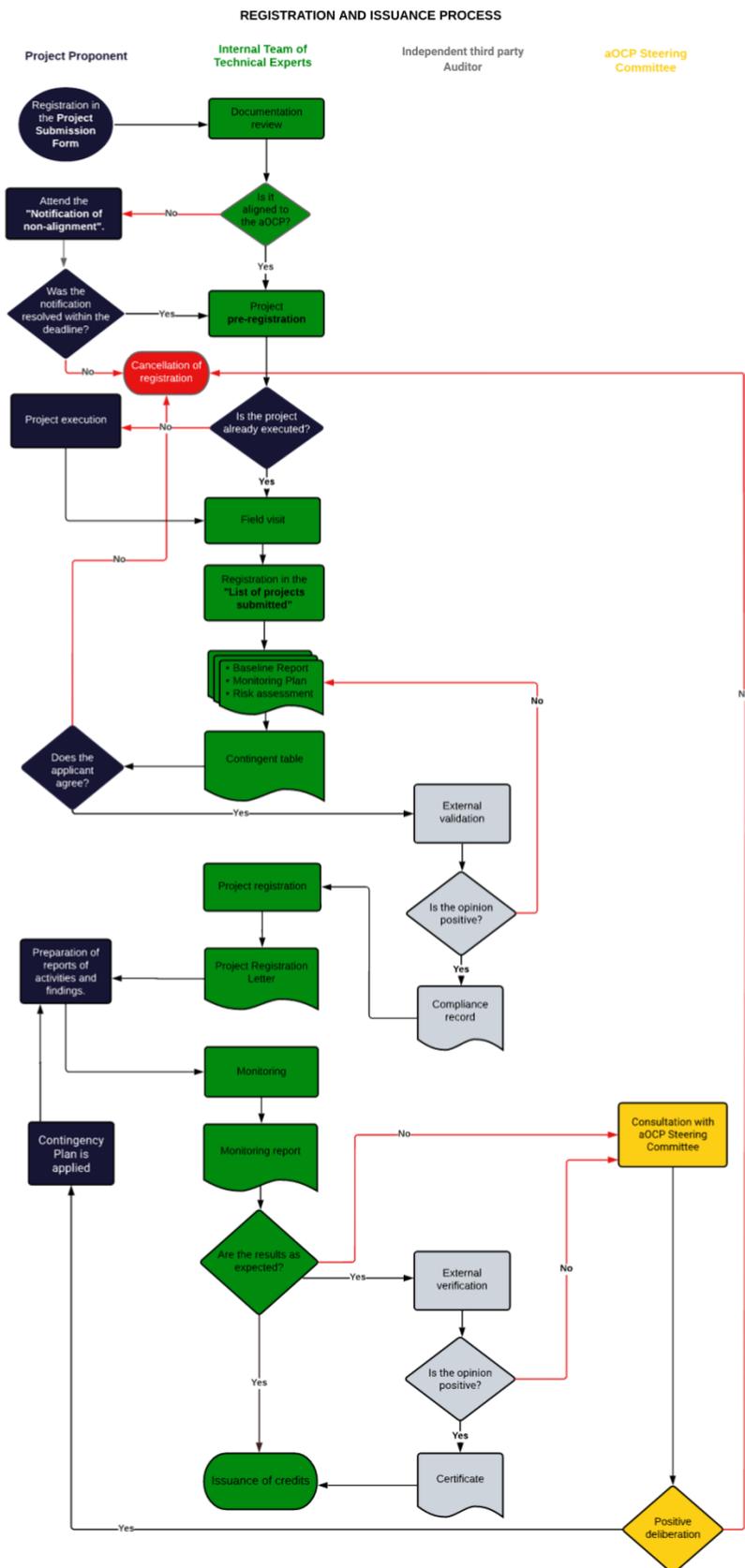
III.1.1. INITIAL SUBMISSION

Any legal entity(ies) or organization(s) wishing to submit a project activity to the aOCP must make their project registration through the **Project Submission Form (PSF)** on the official Nat5 website: https://www.nat5.bio/index.php/docs-category/onboard/#.

The project proponent should fill out the PSF with as much information as possible, attaching the requested files (project location, tree planting, land use agreement, social consultation, SDG assessment), as well as the type of credits they wish to access and a detailed description of the activities carried out in the project, including species planted, number of individuals, restoration works carried out, etc.) as this will allow the aOCP internal team to more accurately assess the alignment of the project to the protocol criteria.

In general, projects wishing to be certified under the aOCP protocol must meet at least the following requirements:

TABLE 1. GENERAL REQUIREMENTS FOR PROJECT ALIGNMENT TO THE AOCP

Alignment criteria	Type of project				
	Forest management	Regenerative agriculture	Silvopastoral management	Urban forest / individual climate action	Biochar
The project will generate at least 800 credits (combining the 4 types of credits VCC, VBBC, VSC, and VWC)	✓	✓	✓	✓	
Does the project comply with the environmental and social no-harm requirement?	✓	✓	✓	✓	✓
Is the project expected to have positive impacts on biodiversity?	✓	✓	✓	✓	✓
If the project has already started, is it less than 5 years old?	✓	✓	✓	✓	
Do the requested VNPCs comply with the additionality criteria?	✓	✓	✓	✓	✓
Do you have documentation of land ownership or an agreement on the duration of the project?	✓	✓	✓	✓	
Trees and shrubs in the project area must not have been felled within the last 5 years	✓	✓		✓	
Planting was carried out using at least 5 different species	✓			✓	
The project considers works and techniques for land regeneration		✓			✓

*When there is doubt about the eligibility of a project, the Internal Team of Technical Specialists may request the Developer to provide a technical justification that supports the benefits of the project, which will be determined during the *Project Alignment Evaluation* stage.

The Internal Team of Technical Experts will review the data provided for accuracy and consistency as well as alignment with the aOCP selection criteria. The project developer will receive within 72 working hours a response of the **Project Alignment to the aOCP**, which may be:

- Positive
- Negative
- Request for additional information

If the response is **positive**, the project will be assigned a unique key for identification and a tracking ticket will be created through the internal Ases platform to keep the project developer informed of the status of the process. If the response is a **request for additional information**, the project proponent must send the required documentation from the aOCP's internal team of technical experts within 72 hours. If the answer is **negative**, it will indicate that the project does not meet 1 of the 3 essential criteria of the carbon market: **permanence, additionality, and measurability.**

The internal team of technical experts will conduct the review of:

a) The results of the Local Social Consultation ;
b) If the project proponent already has an estimate of the number of credits its project can access, the calculation sheet and the methodology used must be attached. The internal team of technical experts will corroborate the calculation by applying the approved methodologies of the aOCP ;
c) In the project description, the proponent must detail and attach the investment analysis spreadsheets (additionality evaluation); Other relevant documents required as part of the submission or voluntarily submitted by the Project Owner(s) for consideration by the aOCP (e.g., environmental impact analysis reports, LSC reports, technology assessment studies, manufacturer's specifications, etc.).

III.1.2 PROJECT PRE-REGISTRATION

A pre-registered project has been selected as eligible for certification because it is aligned with the protocol and meets the necessary criteria. To define the alignment of a project, the aOCP's internal team of technical experts must evaluate the project and corroborate its compliance.

For this purpose, the pre-registration stage consists of six main steps, which are described below:

1. **Signing of the contract with Nat5:** Once the intention to certify is received from the project proponent through the Project Submission Form, the aOCP team will send a contract to be signed by both parties (project proponent and Nat5), which establishes the rules, costs (as established in the Procedures), the stages and procedures to be followed for certification, as well as the reasons for project cancellation;
2. **Project Alignment Assessment:** The internal team of technical experts will prepare the Project Alignment Report, which consists of a technical evaluation of the project to determine whether or not it meets the selection criteria of the protocol. The report will be sent to the proponent with the conclusion: "*Project aligned, Project not aligned or Request*

for additional information/justification". When the projects have a positive response (aligned project), the Letter of Attestation will also be sent, where the project proponent declares to be truthful of all the information that has been shared in the PSF, and approves that the aOCP submits its project to the internal monitoring and verification system.

In the case of a Type A project (which has not yet been built), the proponent will receive the pre-registration notification from the aOCP and may then begin executing the project as stipulated in the PSF.

3. **Preparation of the Baseline Field Report:** The internal team of technical experts will prepare the Baseline Field Report, which will contain:
   I. Project design
   II. Project location
   III. Administrative specifications
   IV. Project area baseline
   V. Ecological additionality
   VI. Spectral response
   VII. Landscape
   VIII. Calculation of Verified Carbon Removal (VCCs)
   IX. Calculation of Verified Biodiversity-Based Credits (VBBCs)
   X. Calculation of Verified Water Credits (VWCs)
   XI. Calculation of Verified Soil Credits (VSCs)
   XII. Annex 1. Contingent table
   XIII. Annex 2. Monitoring plan

The Baseline Field Report is a stage that complements stage 4 (Field verification visit), as it will use the field data to generate the calculations as established in the methodologies.

4. **Field verification visit:** The field verification visit will be carried out by the aOCP's internal team, who will perform the first verification in the project area to:
   - Verify the correct location of the project site;
   - Corroborate the plantation (in forest management projects);
   - Corroborate soil and water works (in applicable projects);
   - Corroborate that there was no logging and/or clearing;
   - Conduct a biodiversity inventory for the calculation of VBBCs (when applicable);
   - Conduct vegetation sampling for carbon sequestration monitoring.

For type A projects, the visit will be scheduled and carried out once the project developer has completed the development within the established timeframe. For type B projects (which were built before the project's registration with the aOCP), the visit will be scheduled immediately after the corresponding payment (Table 4).

5. **Opening of the dossier and pre-registration:** The file of each Project will be identified by the unique key and will consist of the following formats and documents:
   - Project submission form (PSF) (corresponding annexes)
   - Local Social Consultation (LSC)
   - Risk assessment and follow-up action

- Baseline field report (corresponding annexes)

The **Risk Assessment and Follow-up Action** is a screening tool in which the selected methodology was aligned with UNDP's Enterprise Risk Management Policy. This tool identifies potential social and environmental risks and impacts related to the project, as well as appropriate assessment and management measures to address these risks. The risks considered in the screening are:

- Human rights
- Gender Equality and women´s empowerment
- Accountability
- Biodiversity Conservation and Sustainable Natural Resource Management
- Climate Change and Disaster Risks
- Community Health, Safety, and Security
- Cultural Heritage
- Displacement and Resettlement
- Indigenous Peoples
- Labour and Working Conditions
- Pollution Prevention and Resource Efficiency

The dossier will be presented to the project developer to know the number of credits that will be granted for his project as well as the timing of their issuance according to the aOCP credit issuance periods (Table 2). Once the project developer agrees and there is an agreement with the certifying party (aOCP), the file will be sent to the independent third party who will be in charge of reviewing it, evaluating it, and issuing its opinion through the **"Validation Report"**, thus the aOCP will guarantee the transparency of the project and the non-conflict of interests.

If the opinion of the independent third party in the "Validation Report" is positive, the project will be officially registered; if not, the reasons for the refusal must be explained and the internal team of technical specialists and the project developer must make the necessary adjustments.

TABLE 2. aOCP CREDIT ISSUANCE PERIODS

Carbon removal credits issued annually												
Project Size (1 VCC = 1 TCO2 removed)	**Percentage of VCCs issued on each year (%)**											
	After project implementation	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Total**
180 - 300	40%	12%	8%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
300 - 500	38%	12%	10%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
500 - 1 000	36%	12%	12%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
1 000 - 5 000	35%	10%	10%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
5 000 - 15 000	34%	10%	10%	10%	6%	5%	5%	5%	5%	5%	5%	**100%**
15 000 - 25 000	32%	10%	10%	10%	8%	5%	5%	5%	5%	5%	5%	**100%**
> 25 000	30%	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%	**100%**

Biodiversity credits issued annually												
Project Size (1 VBBC = 1% increase in the rate of aOCP in every 100 m^2)	**Percentage of VBBCs issued on each year**											
	After project implementation	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Total**
100 - 300	40%	12%	8%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
300 - 600	38%	12%	10%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
600 - 1 000	36%	12%	12%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
1 000 - 5 000	35%	10%	10%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
5 000 - 10 000	34%	10%	10%	10%	6%	5%	5%	5%	5%	5%	5%	**100%**
10 000 - 15 000	32%	10%	10%	10%	8%	5%	5%	5%	5%	5%	5%	**100%**
> 15 000	30%	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%	**100%**

Water credits												
Project Size (1 VWC = 1 m^3 to be infiltrated additionally)	**Percentage of VWCs issued on each year**											
	After project implementation	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Total**
<300	35%	15%	10%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
300 - 600	25%	20%	10%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
600 - 1 000	25%	15%	15%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
1 000 - 5 000	20%	15%	15%	15%	5%	5%	5%	5%	5%	5%	5%	**100%**
5 000 - 10 000	20%	15%	15%	10%	10%	5%	5%	5%	5%	5%	5%	**100%**
10 000 - 15 000	15%	15%	15%	15%	10%	5%	5%	5%	5%	5%	5%	**100%**
> 15 000	10%	10%	10%	10%	10%	10%	10%	10%	10%	5%	5%	**100%**

Soil credits

Project Size (1 VSCs = 1 tn of soil that was avoided to be lost)	Percentage of VSCs issued on each year												
	After project implementation	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total
50 - 100	50%	15%	4%	4%	4%	4%	4%	4%	4%	4%	3%	**100%**
100 - 300	45%	10%	5%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
300 - 500	40%	10%	10%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
500 - 1 000	35%	10%	10%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
1 000 - 5 000	30%	15%	10%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
5 000 - 15 000	25%	20%	15%	5%	5%	5%	5%	5%	5%	5%	5%	**100%**
15 000 - 25 000	20%	20%	15%	10%	5%	5%	5%	5%	5%	5%	5%	**100%**
> 25 000	15%	15%	10%	10%	10%	10%	10%	5%	5%	5%	5%	**100%**

As one of the measures to ensure the permanence of the benefits generated by the project and that have been credited, aOCP allocates **20% of the credits** to a reserve, the **buffer pool.** The credits set aside in the buffer pool are used to compensate for losses incurred in the event of any eventuality (extreme weather event, social problem, delinquency, etc.) if any during the entire project cycle.

III.1.2.1 Project pre-registration stage fees

The cost of onboarding will depend on the size of each project, the project proponent must ensure that the fee is covered in full to ensure the registration of the project.

TABLE 3. ONBOARDING COST

Region	Project area (hectares)	Onboarding fee* (Euros)
Europe	<2	2 500 €
	2 to 5	3 500 €
	5 to 10	7 500 €
	>10	Proposal
Outside Europe	<5	2500 €
	5 to 10	3 500 €
	10 to 20	7 500 €
	>20	Proposal

The onboarding will be covered at different stages of the pre-registration process, as established in Table 4.

TABLE 4. PERCENTAGE OF ONBOARDING FEE

Pre-registration stage	Percentage of onboarding fee
Project Alignment Assessment	10%
Signature of the attestation letter	10%
Preparation of the Baseline Field Report	30%
Field verification visit*	25%
Opening of the dossier and pre-registration	25%
Total	**100%**

* During the **field verification visit** stage, travel expenses (flights and hotel) are not included in the fee, and must be covered by the project proponent.

III.1.3. PROJECT REGISTRATION

Once the Project has been registered in the aOCP, the Project Developer will receive the **Official Registration Letter** that establishes the credits that will be generated by the project and the periodicity of their issuance, considering the 20% reduction allocated to the buffer pool, and the 18% reduction in the percentage for Monitoring, Reporting and Verification (MRV) assigned to the aOCP and validation (applicable to projects that will generate >3000 credits), as shown in Table 4.

TABLE 5. PROJECT REGISTRATION

Number of credits	Monitoring and reporting fee (Credits or €)	Validation and verification fee* (Credits or €)	Fee for the issuance of credits (€)
< 3 000	15 480 €	2 000 €	600 €
>3 000	15% credits	3% credits	600 €

*The verification fee must be paid in each period prior to the issuance of credits.

For projects generating less than 3,000 credits, the payment for validation and MRV will be in cash (Table 3). For projects generating more than 3,000 credits, the payment for validation and MRV will be in percentage of credits, totaling 18%.

The registered project will be listed on the Nat5 website https://www.nat5.bio/index.php/projects/ where the information regarding registration, baseline, verification, credits, and monitoring will be public and free for consultation.

In addition, each project will be classified according to **Nat5 Scoring**, which is a badge that each project receives based on the evaluation of its social, ecological, and political impact as well as its vulnerability to risks and natural catastrophes. This rating is a factor considered for the allocation of the sale price of each credit (VCC, VBBC, VSC, VWC).

The 13 variables considered in the Nat5 scoring are presented in Table 6.

TABLE 6. NAT5 SCORING VARIABLES

Scope	Variable	Description	Weighting
Types of credits	Credits	Single-credit project	0.50
		Multi-credit project	1.00
Climatic catastrophes	Forest fires	Very high risk	0.10
		High risk	0.30
		Medium risk	0.50
		Low risk	0.75
		No risk	1.00
	Floods	Very high risk	0.10
		High risk	0.30
		Medium risk	0.50
		Low risk	0.75
		No risk	1.00
	Cyclones	Very high risk	0.10
		High risk	0.30
		Medium risk	0.50
		Low risk	0.75
		No risk	1.00
	Heat waves	Very high risk	0.10
		High risk	0.30
		Medium risk	0.50
		Low risk	0.75
		No risk	1.00
Climate change	Loss of ecological conditions necessary for the adaptability of reforested species.	Very high	0.10
		High	0.30
		Medium	0.50
		Low	0.75
		Very low	1.00
Legal, political and social conditions	Legal risk	Existence of a comprehensive national regulatory framework on VCM and climate action	1.00
		Existence of an advanced and enforced legal and regulatory framework on VCM and climate action	0.75
		Existence of a legal and regulatory framework on VCM and climate action	0.50
		Lack of legal and regulatory framework governing and incentivizing VCM	0.10
	Political risk	Positive outlook toward VCM and in favor of climate action as a national priority	1.00
		Narrative is generally friendly towards VCM	0.75
		Contradictory narratives about VCM	0.30

Scope	Variable	Description	Weighting
		Negative narrative on VCM. Countries not considering climate action as a national priority or no governmental strategy to address the environmental crisis	0.10
	Social risk	The project is aligned and has involved the community and key stakeholders through an agreement	1.00
		The project proponent has notified focal points prior to project registration and has conducted stakeholder consultation	0.75
		The project did not have minor preliminary survey or stakeholder consultation	0.30
		Project did not consult stakeholders or is not aligned with the community at any scale	0.10
Project Developer	Project developer's risk	The project developer has generated similar projects (VCM) in the past and has successfully completed them	1.00
		The developer has experience with similar projects within 3 years, or the results have not generated major positive impacts	0.75
		The developer has previous experience in activities associated with carbon markets or other environmental attributes	0.50
		The developer has no relevant experience	0.10
	Strength of the project team	The internal team has a combined technical experience of more than 7 years and a combined commercial experience of more than 7 years	1.00
		The internal team has a combined technical experience of less than 7 years and/or a combined commercial experience of less than 7 years	0.50
		Internal team has little prior experience	0.10
Transparency and communication	Transparency and clarity of project communication	The developer has made all non-confidential project information public and easily accessible in appropriate formats and has adopted appropriate strategies and measures to maintain communication with different stakeholders	1.00
		The developer has complied with the transparency and communication requirements of the protocol, making efforts to actively publish all information in a transparent manner	0.75
		The developer has complied with the minimum transparency and communication requirements and has not sought to maintain effective communication with stakeholders	0.30

Scope	Variable	Description	Weighting
		The developer has not been transparent and has maintained vague or ineffective communication	0.10
Participation and alliances	Involvement of the local community in the project team	The project employs members of the local community, who participated or participate in the operational and day-to-day running of the project	1.00
		The project has seasonal employment for members of the local community	0.50
		The project does not have local community members on the team	0.10
	Ability of the project to form partnerships	The project has strong involvement with local/national government, business and other VCM stakeholders	1.00
		The project has some partnerships and actively engages with relevant organizations across the board	0.50
		The project has few or no strategic partnerships	0.10

Each project is evaluated by weighting each of the 13 variables presented in Table 6. The following formula is applied to obtain the ranking:

Nat5 Scoring = $(\sum V1+V2+V3...+V13)/13$

NAT5 Scoring classification

0 to 0.10	0.11 to 0.29	0.30 to 0.49	0.50 to 0.79	0.80 to 0.99	1
E	**D**	**C**	**B**	**A**	**AA+**

Registered projects will be monitored (on-site and/or satellite) as established in the Monitoring Plan, with aOCP verifiers responsible for conducting site visits and generating all necessary evidence. The Internal Team of Technical Experts will prepare the corresponding **Monitoring Reports** as established in each methodology. The monitoring reports, cartographic annexes, photographic annexes, and field tables will be sent to the independent Auditor who will be in charge of reviewing them and issuing his opinion as a third party, generating the "**Validation Report".**

If the auditor's opinion in the report is positive, the aOCP's internal team of technical experts will issue the credits corresponding to the period. If the auditor's opinion is negative, it must detail the inconsistencies found and will be sent to the Steering Committee of the aOCP, which will proceed to evaluate the situation and determine whether the project activates the **Contingency Plan** or is canceled.

If the Steering Committee deliberates positively, the Contingency Plan is activated and the Project Developer must apply each of the proposed avoidance, compensation, or reduction measures, generating and submitting the established activity reports. The aOCP validation team will be in

charge of making the corresponding visits to monitor the implementation of the Contingency Plan, and generating the necessary reports and evidence.

The reports and evidence will be sent again to the independent Auditor, who will evaluate them and issue his opinion through the Validation Report. If on this occasion it is positive, the credits will be issued; however, the percentage of credits will be subject to what the Steering Committee establishes due to the fact that the results of the project have not been as expected. If the Independent Auditor's opinion is negative, it will be sent again to the Steering Committee who will review and evaluate, as well as determine whether the Project continues or not.

Projects that are not generating the expected benefits may be **CANCELED** after being monitored by the Steering Committee, who will notify the Project Developer through the **Project Cancellation Letter**; and the 20% buffer pool will be validated to compensate for the losses.

III.1.5. OPENING OF A PROJECT PROPONENT ACCOUNT IN NAT5 CARBON LEDGER

The Project Proponent(s) shall register an account in the NAT5 Carbon Ledger within 15 calendar days after being informed of the Pre-registration of their project (Stage III.2.1.).

Project Proponents must begin the online application, pass the necessary Know-Your-Customer (KYC) checks, and pay the necessary one-time aOCP Registry Account Opening Fee and the Annual Registry Account Maintenance Fee in accordance with the most recent version of the aOCP Fee Schedule in order to open an account in the NAT5 Carbon Registry and become an Account Holder.

All information pertaining to the status of projects owned by the Account Holder, including project documentation related to registration (PSF, Monitoring reports, aOCP Validation and Verification Reports, etc.) and the issuance of VCCs, VBBCs, VWCs, and VCACs for each monitoring period, shall be made publicly accessible on the NAT5 online Carbon Registry once an aOCP Carbon Registry account is opened.

In order to inform them of project registration decisions and to upload all necessary papers for projects that have been registered, the aOCP ITTE shall interact with the NAT5 Carbon Registry. A unique running reference number for the project, known as a Project ID, will be generated by the registry software after the details of a new project have been input. Following this phase, the project proponent(s) must submit all remaining project documentation online through the NAT5 Carbon Registry.

III.2. VCC, VBBC, VCAC, AND VWC ISSUANCE PROCESS

III.2.1. EX-ANTE CREDIT ISSUANCE

The estimated GHG emission reductions and removal impacts on biodiversity, effects on the hydrographic system (in the case of water-related projects), and contribution to SDGs must all be disclosed by Project Proponents while completing the PSF. With the exception of the SDGs, these effects must be quantified in order to calculate the associated NPCs the project will produce. The aOCP Auditor will carry out the Project Validation based on the PSF and verify if the estimated number of NPCs is accurate or not in order to produce an amended calculation.

Ex-ante or ex-post credits can be applied to NPCs. Ex-ante refers to "before the event," whereas ex-post denotes "after the incident." Ex ante credits are defined as mitigations that have been

issued but have not yet been verified based on validated estimations of future mitigation results of the project with vintage in the future. Ex-post credits, on the other hand, are given out following the completion of a project and represent results of mitigation with confirmed effects.

The use of ex-ante credits for offsetting purposes is not permitted unless they have been certified as valid ex-post credits representing actual mitigations. On the other hand, the ex-ante issuance of carbon removal enables organizations to fund the implementation of climate projects that heavily rely on carbon income for their development, operation, and expansion. Ex-Ante, by definition, turns into Ex-Post credits over time and can be applied later for balancing purposes after consequences have been verified.

The following factors are established for the emission of ex-ante and ex-post carbon removal in order to take into account the estimated amount of CO_2 that will be captured over the course of the project and the need for the project developer to continue developing other projects elsewhere:

Once the project has been approved and the first round of in situ or satellite monitoring and verification has taken place, the percentage of the total number of ex-ante carbon removal expected for the project will be issued according to the Contingent Table and the aOCP emission periods (Table 2). This system will ensure the implementation of new reforestation and restoration initiatives.

III.2.2. VALIDATION OF CARBON REMOVAL AND BENEFITS TO BIODIVERSITY, WATER AND SOIL

In order to validate projects that address the scopes of the aOCP and sectoral GHG scopes relevant to their Project Activity, Project Proponents shall designate a Auditor approved by the aOCP, authorized for the specific scopes related to the Project.

The designated aOCP Auditor will conduct a Validation of Emission Reduction/Elimination, and benefits to biodiversity, water, and soil (if applicable) when the project documentation is deemed submitted.

In accordance with the specifications set forth in the aOCP Validation and Verification Standard, aOCP Auditors must conduct Emission Reduction/Elimination, Biodiversity, Water, and Soil (if applicable) Validations by performing the following activities:

Validation points prior to Project Registration:

A. Validate if the internal team of technical experts of the aoCP performed the project alignment;
B. In case of non-alignment, validate if the project proponent was notified and satisfactorily resolved;
C. Validate the existence of the documentation:
   - Ownership / land tenure status;
   - No participation/registration in other GHG programs or other credits of nature made by ASES, or not in the same type of credit;
   - Administrative information of the project proponent
D. Validation of the site visit conducted by aOCP verifiers, corroborating:

- If the project is requesting VBBCs : validate evidence of on-site data collection (logs, photographs, etc.);
- If the project is applying for VSCSs validate whether internal verifiers have taken evidence of the works constructed by the project proponent;
- If the project is applying for VSCSs: validate whether internal verifiers have taken laboratory samples;
- Validate general evidence of photographic and cartographic annexes, databases, spreadsheets, reports.

E. Validate if the baseline report covers all credits requested by the project proponent;
F. Validate whether the SDGs report is supported by indicators to quantitatively monitor the project's contribution;
G. Validate whether the internal team of technical experts evaluated and presented evidence from the Local Social Consultation;
H. Validate that the internal team of technical experts notified the developer and the developer approved:

- Baseline field report;
- Risk management plan (risk assessment and follow-up action and contingency plan)
- Contingency table
- Monitoring Plan

Validation points prior to issuance of VNPCs

A. Validate if the internal team of technical experts made the quarterly and annual reports stipulated in the Monitoring Plan;
B. Validate if the Project has been implemented as reported in the registered PSF;
C. Validate if the risk mitigation measures were implemented according to the Risk Management Plan (when applicable);
D. Validate if the Developer has applied the safeguards defined in the PSF to provide protection against negative impacts to ecosystems or society and if the Project Activity has caused no net harm to the environment or society;
E. Validate if the monitoring report covers all types of credits requested by the developer;
F. Validate if the results of the monitoring report are consistent and aligned with the project's expectations;
G. Validate if the project has complied with aOCP Standards and Procedures;
H. Validate if the arguments and evidence presented are sufficient and of adequate quality.

As required by the aOCP Rules, including the aOCP Validation and Verification Standard, the aOCP Auditor shall confirm that the Project Activity completely complies with the information supplied in the registered PSF after any non-conformities (if any) have been resolved successfully and that the calculations given by the Project Proponent in the PMR are materially accurate.

The external auditor (independent third party) shall use the most recent template to present the **Validation Report** to the Internal Team of Technical Experts.

III.2.4. SUBMISSION OF REQUEST FOR ISSUANCE AND REVIEW

The project documentation necessary for issuance of VCCs, VBBCs, VWCs and/or VCACs, with or without certification labels, for the Project Activity, for the verified monitoring period, and in accordance with the requirements of the Project Standard, includes the:

a) Verified Project Monitoring Report, as per the latest aOCP template, for the monitoring period;

b) GHG Emission Reductions/Removals calculation spreadsheets containing calculations of actual emission reductions achieved, measured and monitored parameters and the monitored data for the verified monitoring period;

c) Biodiversity positive and negative impact calculation spreadsheets for each targeted taxon (as established in the PSF) containing: calculations of biodiversity indexes; measured and monitored parameters; and the monitored data for the specific monitoring period;

d) If the project is applying for VWCs: measured parameters data and calculations on changes in maximum instantaneous runoff and hydric erosion;

e) aOCP Verifier's Verification Report with a recommendation on the number of VCCs, VBBCs, VWCs, and/or VCACs to issue for the Project Activity indicated in the PMR for the verified monitoring period, with or without certification labels (SDGs).

The Steering Committee will be notified of the eligibility for the automatic issuance of VNPCs and certification labels to the Project Activity if the recommendation of the aOCP Internal Team of Technical Experts and that of the Auditor matches, i.e. "issue VCCs, VBBCs, VWCs, and/or VSCSs" to the Project Activity, with or without or not all the applied certification labels (SDGs).

IV. METHODOLOGY DEVELOPMENT

The aOCP conducts an internal screening process to determine the appropriate project categories and accompanying methodology. When creating a new methodology or updating an existing methodology to simplify and streamline it, the aOCP considers a number of factors. In addition, all methodologies developed by the aOCP's internal team of technical experts are validated by the Scientific Committee who are responsible for approving and giving scientific rigor to the standard's calculation methods.

IV.1. PROCESS

IV.1.1. APPLICABILITY OF STANDARDIZED METHODOLOGIES

For simple project categories that are not technically demanding, methodologies should use defined concepts. The AOCP will revise methodologies to make them simpler and more efficient for complex project categories where standard concepts cannot be adopted, or will allow project proponents, if they wish, to use its methodologies directly when submitting project documentation to the AOCP.

IV.1.2. MITIGATION POTENTIAL AND ENVIRONMENTAL INTEGRITY

By adopting objective and simple criteria to ensure the ecological integrity of projects, aOCP approaches aim to lighten the burden of project development. The techniques developed by the

AOCP are scale-neutral; all methodologies are applied with the same degree of rigor to small and large-scale projects, making them replicable in their approach.

IV.1.3. REPLICABILITY

The aOCP prioritizes project types with mitigation opportunities that have high replication potential, are anticipated to cause no net harm to society or the environment, and have positive effects on biodiversity and sustainable development in line with United Nations Sustainable Development Goals while developing methodologies through a top-down process.

IV.1.4. DATA/INFORMATION AVAILABILITY

Credible and up-to-date sector-specific data/information (such as default emission factors and penetration rates of technologies, fuels, and feedstocks) are required for the aOCP's work to produce global or region-specific standardized parameters and methodology.

IV.2. STEERING COMMITTEE APPROVAL

The Internal Team of Technical Experts must send the draft methodology to a designated member of the Steering Committee when it has been updated to reflect public input.

The appointed Steering Committee member must submit his or her thoughts on the draft methodology within 10 calendar days after receiving it. The Internal Team of Technical Experts shall take into account feedback from nominated Steering Committee members when creating final drafts of methodology. Within 20 calendar days of receiving feedback from the Steering Committee members, the final drafts must be submitted to the Steering Committee for review and approval.

Within 10 calendar days of receiving the final draft methodology from the aOCP ITTE, the Steering Committee is required to review it either electronically or in person and recommend any necessary revisions.

Within 20 calendar days of receiving the Steering Committee's comments, the aOCP ITTE shall edit the methodology in light of the revisions the Steering Committee has requested, and submit a final version of the methodology to the Steering Committee for approval.

The aOCP ITTE must publish the methodology on the aOCP website within 5 days of the Steering Committee's approval and with the proper version numbering (e.g., Version 1.0). New techniques are immediately usable after being published on the aOCP website.

IV.3. METHODOLOGY REVISION PROCESS

According to the needs of the Project Activity, the aOCP ITTE top-down refines, streamlines, expands, and/or enhances the current aOCP processes. Depending on the type of revision, as indicated below, revised versions of aOCP methodologies are generated and released to aOCP's website no later than three months after due procedure.

IV.3.1. POLICY OR TECHNICAL REVISIONS

Significant changes to project definitions and/or eligibility, baseline determinations, the measurement of emission reductions and/or removals, monitoring requirements, and/or additionality provisions are all examples of policy or technical amendments. The aOCP ITTE may

consult external experts with the relevant sectoral and technological skills to provide particular recommendations, depending on the scope of the required modifications. A Steering Committee agreement is required for any changes to policies. The version number of the approach must be increased by one integer for policy and technical modifications (e.g., from 1.0 to 2.0).

IV.3.2. PROGRAM REVISIONS

Editorial changes to the program do not need the Steering Committee's approval. An entirely new sub-version of the methodology is created via program changes. The methodology's version number must be increased by 0.1 for editorial changes (e.g. from 1.0 to 1.1).

IV.3.3. GRACE PERIOD

Before a changed methodology is accepted, project proposers have up to 30 days to prepare a PSF using an earlier version of the aOCP methodologies—unless the most recent version is already available. When submitting project documentation to the aOCP after 30 days, use of the most recent version of the aOCP methodology is required.

DOCUMENT HISTORY		
Version	**Date**	**Comments**
V2.1	26/02/2024	● Third version published for review by the aOCP Steering Committee under aOCP Version 2.0.
V2.0	10/12/2023	● Second version released for review by the aOCP Steering Committee under the aOCP Version 1.
V1.0	06/01/2023	● Initial version released for review by the aOCP Steering Committee under the aOCP Version 1.