

ASES ON-CHAIN PROTOCOL

PROJECT PROCEDURES

Version 2.3



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ACRONYMS

- **aOCP:** ASES Climate Action On-Chain Protocol
- **GHG:** Greenhouse gas
- **ITTE:** Internal Team of Technical Experts
- **LSC:** Local Social 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

The ASES Nature-Positive Climate Action 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 CO₂ equivalent has been achieved.

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

Biodiversity offset credits represent the right to claim that biodiversity has benefited, as a result of the project's development, from its conservation or restoration. These credits represent conservation or restoration units equivalent to 100 m².

- **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 by 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 Validators/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

The aOCP Project Procedures V.2.3 describes the certification process, from the Project's initial submission to the retirement of the Verified Nature Positive Credits (VNPCs) generated by the project.

The aOCP Project Procedures document concerns the following parties:

- (i) Project proponents who wish to submit registration and issuance requests, respectively, for aOCP Projects;
- (ii) Independent aOCP-approved Validators/Verifiers conducting Validation or Verification before Project registration or VNPCs issuance, respectively;
- (iii) The aOCP ITTE and the aOCP Steering Committee for consideration and subsequent approval or rejection of requests for registration of Project activities and issuance of VNPCs;

III. PROJECT PROCEDURES

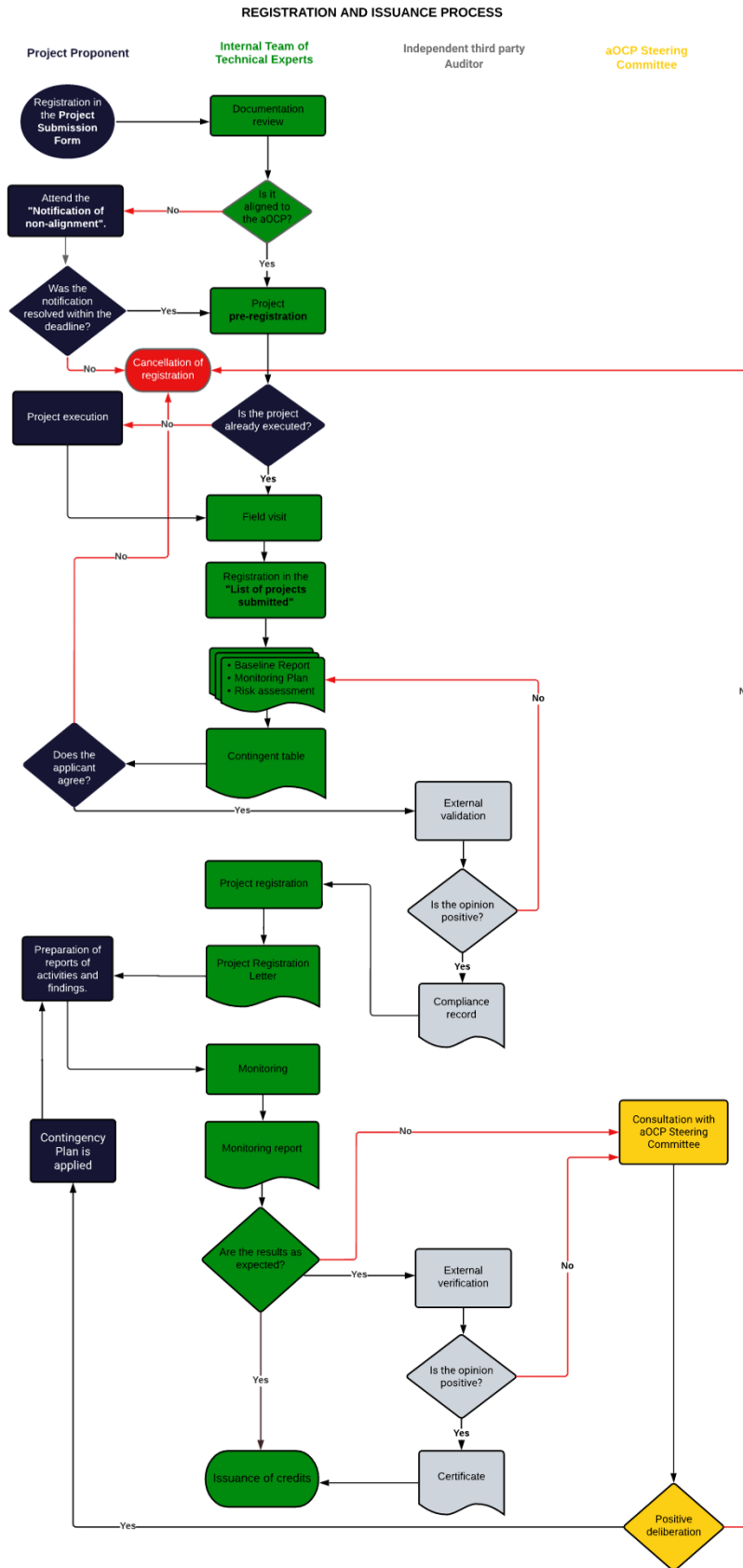
This Procedure aims to establish the detailed guidelines and directives for the comprehensive management of projects within the framework of the Ases On-Chain Protocol (aOCP), focused on the certification of projects in the Nature Market and the issuance of Verified Credits for Carbon (VCC), biodiversity (VBBC), water (VWC), and soil (VSC). This regulatory procedure seeks to ensure transparency, efficiency, and consistency throughout the entire lifecycle of projects, from their selection to the issuance of corresponding credits.

This Procedure encompasses all stages of the project process within the framework of the aOCP, including:

- **Project Selection:** Criteria and methodology for the evaluation and selection of proposed projects;
- **Pre-registration:** Requirements and documentation necessary for the initial pre-registration of projects;
- **Certified Project Registration:** Process of detailed evaluation and certification of projects;
- **Monitoring, Verification, and Report (MVR):** Procedures for the continuous monitoring of project performance and verification of results;
- **Credit Issuance:** Requirements and procedures for the issuance of corresponding credits.

Projects may be financed through the aOCP if they meet the requirements outlined in the Project Standard. Proponents must follow these Procedures and the Standard throughout the entire cycle, from the initial submission to the issuance of VCCs, VBBCs, VWCs, and VSCs.

III.1. REGISTRATION 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/register-your-project/>

Project proponents should complete the PSF with as much information as possible, attaching the requested files (project location, details of activities carried out, land use agreement, land ownership, consultation with local stakeholders, SDG assessment), as well as the type of credits they wish to access and a detailed description of the project activities. This will allow the aOCP internal team to more accurately assess the project's alignment with 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 AOC

Alignment criteria	Type of project					
	Forest management	Regenerative agriculture	Silvopastoral management	Urban forest / individual climate action	Biochar	Water saving
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 (conservation or restoration)?	✓	✓	✓	✓	✓	✓
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 24 months	✓	✓		✓		✓
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 proponent to provide a technical justification that supports the benefits of the project, which will be determined during the *Project Alignment Evaluation* stage.

Upon receiving the PSF, the Internal Team of Technical Experts (ITTE) will assign a unique key to the project for identification and create a follow-up ticket through the internal platform to keep the project proponent informed about the status of the process <https://primerabase.app/tickets>. The **official communication channel** will be the **ticket assigned** to each project. Therefore, all requests for additional information, notifications, inquiries, and/or any notices must be submitted through this channel.

The Internal Team of Technical Experts will review the data provided for accuracy and consistency as well as alignment with the aOCP selection criteria:

1. Does the project belong to one of the following types:
 - a) Forest management, including ARR
 - b) Regenerative agriculture
 - c) Silvopastoral management
 - d) Urban forests / individual climate action
 - e) Biochar
 - f) Water saving
2. Does the project comply with the environmental and social no-harm requirement?
3. Is the project expected to have positive impacts on biodiversity?
4. If the project has already started, is it less than 5 years old?
5. Do the requested VNPCs comply with the additionality criteria?
6. Has documentation establishing land ownership or an agreement for the project's duration been provided?
7. Have any trees or shrubs been cleared in the project area in the last 2 years?
8. For biodiversity conservation credits, the Biodiversity intactness indicator is > 80%
9. For biodiversity restoration credits, the Biodiversity intactness indicator is < 80%
10. Are the proposed key species aligned with the aOCP criteria for key species?

The project proponent 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 ITTE will convene the project proponent to a **technical review and monitoring meeting** where any questions that arise can be resolved and the certification steps will be detailed. If the response is a **request for additional information**, the project proponent must submit the documentation requested by aOCP's internal team of technical experts within 72 hours. If the response is **negative**, it will indicate that the project does not meet 1 of the 3 essential carbon market criteria: **permanence, additionality, and measurability**.

Furthermore, the Project Proponent will be required to complete an 11-question financial questionnaire. This questionnaire will allow for a preliminary assessment of the project's regulatory and financial additionality. The form is to be completed through the following link: <https://www.nat5.bio/index.php/financial-additionality/?kubio-preview=saved&kubio-random=rQvxd449F-0EbxAdutr#english>

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 Developer and Landowner Contract:** This contract is entered into between the individual, company, or organization that acts as the Project Developer, and between the landowner(s), who must sign the agreement for the use of the land during the period established therein;
3. **Attestation Letter:** This is 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.

4. **Preparation of the Baseline Report:** The Internal Team of Technical Experts (ITTE) will prepare the Baseline 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 Report is a stage that complements stage 5 (Field audit visit), as it will use the field data to generate the calculations as established in the methodologies.

5. **Field audit visit:** The on-site audit visit will be carried out by the aOCP audit team, who will be responsible for conducting the first evaluation 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 proponent 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).

The audit team must prepare an **Audit Report** with all corresponding evidence, which will be delivered to the ITTE for analysis and subsequent attachment to the project file (stage 6).

6. Opening of the dossier and pre-registration: The dossier will be prepared by the ITTE; each file will be identified by the unique key assigned and will consist of the following formats and documents:

- Alignment report
- Project submission form (PSF)
- Local Social Consultation (LSC)
- Nat5 Scoring (See section III.1.5)
- Risk assessment and follow-up action
- SDG Impact Assessment Tool
- Baseline report
- Contingent credit table (See section III.1.2.1)
- Monitoring plan
- Audit report

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 Proponent so that they are aware of the number of credits that will be granted for their project, as well as the schedule for their issuance by the aOCP credit issuance periods (Table 2). Once the Project Proponent agrees with what is established in the dossier, they must sign the **Project Certification Report** where they accept the terms in which the project will be officially registered.

The ITTE will send the dossier, together with the signed **Project Certification Report**, to the independent third party which will be responsible for reviewing, evaluating it, and issuing their opinion through the **Validation Report**, in this way, the aOCP will guarantee transparency of the project and the absence of conflicts of interest.

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 ITTE and the project proponent must make the necessary adjustments.

III.1.2.1. CONTINGENT NATURE-POSITIVE CREDITS

Contingent Nature-Positive credits are financial instruments designed to support projects and activities that not only neutralize negative environmental impacts but also generate positive benefits for nature. These credits are linked to specific outcomes in terms of biodiversity improvement, ecosystem restoration, and other measurable positive environmental impacts such as carbon capture and sequestration, improved infiltration and soil retention, or reduction of erosion and soil conservation.

The "contingency" in these credits refers to the fact that the issuance and value of the credits depend on the achievement of certain objectives or conditions related to generating these environmental benefits. In other words, the credits are only granted and valid if the anticipated positive results for nature are demonstrated.

Credit issuance will be contingent, considering the following parameters based on the non-permanence risk that exists in each region due to institutional, political, and/or economic issues:

- **Projects in Europe:** total credit issuance will be over 10 years;
- **Projects in Africa and/or America:** total credit issuance will be over 30 years.

Permanence refers to the long-term sustainability of ecological benefits, ensuring that the conservation credits issued remain valid and effective beyond the initial project duration. The risk of non-permanence varies considerably depending on the geographical region in which the project is implemented. This variation is influenced by economic, political, institutional, and cultural factors specific to each region.

European countries benefit from strong institutions and rigorous legal frameworks that ensure compliance with environmental commitments. Strict regulations and effective enforcement significantly reduce the risk of projects being destroyed once credits have been issued. Additionally, projects in Europe typically have more stable funding and sufficient resources to maintain conservation initiatives over the long term.

In countries located in Africa or Latin America, political and economic instability can compromise the sustainable implementation of conservation projects. Changes in government, social conflicts, and economic crises increase the risk of projects being interrupted or restored lands becoming degraded again. In addition, social and economic pressures, such as poverty and the need to use land for agriculture or resource extraction, can jeopardize conservation and restoration efforts.

III.1.2.1.1. Emission percentage

The issuance of "after project implementation" credits has emerged as a crucial tool for promoting sustainable projects in the voluntary carbon and/or nature market. This mechanism enables project financing once the project has been completed and validated.

Under this scheme, the percentage of credits to be issued is determined based on two key factors: the investment made in the project, which will be evaluated using the **Financial Additionality Format** that the project proponent must submit, and the level of risk associated with the project, assessed through the Nat5 Scoring. The Nat5 Scoring is a methodology that analyzes various aspects of the project, such as its technical, political/legal, environmental, ecological, and social feasibility, to determine its quality and, consequently, the associated risk (see section III.1.5).

Under this scheme, the "After-project implementation (API)" issuance percentage can range from 5% to 30%. AA+ projects can access up to 30% of credits issued in the "after-project" phase as long as the investment cost justifies it, while E projects can only access 5% in after-project issuance (Table 2).

TABLE 2. MAXIMUM PERCENTAGE THAT CAN BE ACCESSED

Project quality Nat5 Scoring	Maximum percentage that can be accessed (Issuance after project)
AA+	30%
A	25%
B	20%
C	15%
D	10%
E	5%

The remaining percentage of credits (excluding the API) will be issued annually and on a contingent basis.

As one of the measures to guarantee the permanence of the benefits generated by the project and that have been accredited, aOCP assigns a percentage that varies from 20% to 50% (depending on the quality of the project, see section III.1.5) of the credits to a reserve, the buffer pool. The credits reserved in the buffer pool are used to compensate for losses suffered in case of any eventuality (extreme weather event, social problem, delinquency, etc.) if there is one during the entire project cycle.

III.1.2.2. CALL FOR INPUT FOR THE GLOBAL STAKEHOLDER CONSULTATION

III.1.2.2.1. Projects

Once a project is submitted through the PSF and the Internal Technical Expert Team carries out its *Alignment Assessment*, it will be made available to the public on the Nat5 website for the Global Stakeholder Consultation for a period of 15 working days. Stakeholders will be invited to submit their duly substantiated observations and comments.

For Type A projects (not yet built), the contributions may address technical, ecological, social, SDG, and regulatory aspects. For Type B projects (previously built), the contributions should be limited to the ecological, social, and SDG aspects of the project.

III.1.2.1.2. Methodologies

The aOCP standard methodologies will be available on the Nat5 website for public consultation <https://www.nat5.bio/index.php/global-stakeholder-consultation/>. When a new methodology is developed and evaluated by the Scientific Committee, it will be put out for public consultation for a period of 30 calendar days. At the end of this period, the Internal Team of Technical Experts will review the comments and respond, revising the methodology and taking into account the duly substantiated public contributions received.

The official channel to receive contributions from the GSC will be through a form that must be sent to the email address contact@nat-5.com.

III.1.3. OPENING OF A PROJECT PROPONENT ACCOUNT IN NAT5 CARBON LEDGER

The Project proponent(s) shall register in the Nat5 Carbon Ledger within 15 calendar days after being informed of the Pre-registration of their project (Stage III.1.2).

Project proponents must begin the online application, pass the necessary Know-Your-Customer (KYC) checks, and pay the one-time aOCP Registry Account Opening Fee and the Annual Registry Account Maintenance Fee by the most recent version of the aOCP Fee Schedule to open an account in the Nat5 Carbon Ledger and become an Account Holder.

All information about 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 Carbon Registry.

To inform them of project registration decisions and to upload all necessary documents for registered projects, the aOCP ITTE shall interact with the Nat5 Carbon Ledger. 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 Ledger website.

III.1.4. VALIDATION OF CARBON REMOVAL AND BENEFITS TO BIODIVERSITY, WATER, AND SOIL

Once the aOCP ITTE has conducted the baseline assessment, the field visit, and elaborated the corresponding reports, the aOCP Steering Committee designates an independent aOCP Validator to perform the Project Validation. In this stage, the aOCP Validator will review all the

Project documentation and determine if the calculations and decisions proposed by the aOCP ITTE are correct and if the aOCP Procedures, rules, and requirements were respected. As established in the aOCP Validation and Verification Standard, the aOCP Validator shall be approved by the aOCP for the scopes of the aOCP scopes and sectoral GHG scopes relevant to the Project Activity.

By the specifications outlined in the aOCP Validation and Verification Standard, aOCP Validators must conduct Project Validations by performing the following activities:

Validation points before Project Registration:

- A. Validate if the aOCP internal team of technical experts correctly assessed 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 VSCs validate whether internal verifiers have taken evidence of the works constructed by the project proponent;
 - If the project is applying for VSCs: 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 types of 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 Stakeholder Consultation;
- H. Validate that the internal team of technical experts notified the proponent and the proponent approved:
 - Baseline report;
 - Risk management plan (risk assessment and follow-up action and contingency plan)
 - Contingency table
 - Monitoring Plan

III.1.5. PROJECT REGISTRATION

Once the Project has been validated by the independent aOCP Validator, it will be registered in the aOCP, and the Project proponent will receive the **Official Registration Letter**. The Official

Record Letter establishes the credits that the project is likely to generate and the periodicity of their issuance. This takes into consideration the percentage that will be allocated to the buffer pool and the 20% reduction in the percentage for Monitoring, Reporting, and Verification (MRV) assigned to the aOCP and validation, as shown in Table 5.

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 determination of the sale price of each credit (VCC, VBBC, VSC, VWC).

The 13 variables considered in the Nat5 Scoring are presented in Table 5.

TABLE 3. 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

Scope	Variable	Description	Weighting
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
		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 proponent	Project proponent's risk	The project proponent has generated similar projects (VCM) in the past and has successfully completed them	1.00
		The proponent has experience with similar projects within 3 years, or the results have not generated major positive impacts	0.75
		The proponent has previous experience in activities associated with carbon markets or other environmental attributes	0.50
		The proponent 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
		The proponent has made all non-confidential project information public and easily accessible in	1.00

Scope	Variable	Description	Weighting
Transparency and communication	Transparency and clarity of project communication	appropriate formats and has adopted appropriate strategies and measures to maintain communication with different stakeholders	
		The proponent 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 proponent has complied with the minimum transparency and communication requirements and has not sought to maintain effective communication with stakeholders	0.30
		The proponent 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
Financial additionality	Financial additionality format	Financial additionality will be weighted from 0.1 to 1 based on the results obtained from the <i>Financial Additionality Format</i> , which evaluates the project under four scenarios.	0.1 - 1

Each project is evaluated by weighting each of the 15 variables presented in Table 6. The following formula is applied to obtain the ranking:

$$\text{Nat5 Scoring} = \sum(V1+V2+V3...+V15)/15$$

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+

Once the Nat5Scoring is calculated for a project, the percentage of credits allocated to the buffer pool as a reserve to use in case of reversal is determined according to Table 7.

TABLE 4. PERCENTAGE OF CREDITS ALLOCATED TO THE BUFFER POOL

Nat5 Scoring	% of total credits allocated to the buffer pool
AA+	20%
A	25%
B	30%
C	35%
D	40%
E	50%

III.1.6. PROJECT MONITORING

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 and photographic annexes, and field tables will be sent to the independent aOCP Verifier who will be in charge of reviewing them and issuing their opinion as a third party, generating the "**Verification 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 proponent 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 aOCP Verifier, who will evaluate them and issue his opinion through the Verification 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 because the results of the project have not been as expected. If the Independent Verifier'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 proponent through the **Project Cancellation Letter**; and the percentage of the buffer pool will be validated to compensate for the losses.

III.1.7. VERIFICATION OF CARBON REMOVAL AND BENEFITS TO BIODIVERSITY, WATER AND SOIL

The aOCP Steering Committee will designate an independent aOCP-approved Verifier to verify projects prior VNPC issuance. The Verifier shall be previously authorized for the specific aOCP and sectoral GHG scopes relevant to the Project Activity.

In accordance with the specifications set forth in the aOCP Validation and Verification Standard, aOCP Verifiers must conduct Carbon Emission Reduction/Removal, Biodiversity, Water, and Soil (as applicable) Verifications by performing the following activities:

Verification points prior to issuance of VNPCs

- A. Verify if the aOCP ITTE completed the quarterly and annual reports as stipulated in the Monitoring Plan;
- B. Verify if the Project has been implemented as reported in the registered PSF;
- C. Verify if the risk mitigation measures have been implemented according to the Risk Management Plan (when applicable);
- D. Verify if the Project proponent 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. Verify if the Project Monitoring Report (PMR) covers all types of credits requested by the proponent;
- F. Verify if the results in the PMR are consistent and aligned with the project's expectations;
- G. Verify if the project has complied with aOCP Standards and Procedures;
- H. Verify 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 Verifier shall confirm that the Project Activity completely complies with the information provided in the registered PSF after any non-conformities (if any) have been resolved successfully and that the calculations presented by the aOCP ITTE in the PMR are materially accurate.

The external Verifier (independent third party) shall use the most recent template to present the **Verification Report** to the aOCP Steering Committee.

III.2. VERIFIED NATURE POSITIVE CREDITS 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 Validator 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 finance for their development, operation, and expansion. Ex-Ante, by definition, turns into Ex-Post credits over time and it is only after impacts have been verified that they can be used for offsetting purposes.

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 CO₂ that will be captured over the course of the project and the need for the project proponent to continue developing other projects elsewhere:

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

III.2.2. REVIEW BEFORE ISSUANCE OF VNPCs

Upon reception of the Verification Report, the aOCP will conduct a final review of the project documentation necessary for the issuance of VCCs, VBBCs, VWCs, VSCs, and/or VCACs, with or without certification labels. According to the Project Standard, the documentation necessary for each monitoring period includes:

- a) Verified Project Monitoring Report (PMR), 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 or evidence (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 and /or VSCs: measured parameters data and calculations on changes in maximum instantaneous runoff and/or hydric erosion, respectively;
- e) Verification Report with the 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 and CCP).

The aOCP Steering Committee will collate the recommendations of both, the aOCP Internal Team of Technical Experts and that of the independent Verifier regarding number of VNPCs to issue and certification labels. If they match, i.e. "issue VCCs, VBBCs, VWCs, and/or VSCs" to the Project Activity, with or without or not all the applied certification labels (SDGs and CCP), issuance

will be started automatically. In case of disagreement, the aOCP Steering Committee will ask both parties to revise their assertions until a reasonable outcome is reached.

III.2.3. ISSUANCE PROVISIONS

III.2.3.1. INTRODUCTION

This document outlines the issuance process for Nature-Positive Credits within the framework of the aOCP protocol and the Nat5 Registry.

III.2.3.2. PRE-REQUISITES

- Successful validation and verification of the Contingency Table. As described in section III.1.2, the Contingency Table establishes for each project the number of NPCs to be issued yearly, provided that the 3rd-party, independent Verifier signs off with the Verification Report
- Completion of the Validation or Verification Report, as applicable, confirming the calculations reported after the monitoring process.

III.2.3.3. ISSUING AUTHORITY

Only the aOCP Certification Body holds the exclusive authorization to issue Nature-Positive Credits and mint the corresponding tokens.

III.2.3.4. ISSUANCE ALLOCATION

- **20-50% Allocation to aOCP Buffer Pool:** A percentage of the credits (20% to 50%) is reserved within the aOCP Buffer Pool's account to comply with established aOCP procedures. This percentage is designated based on the Nat5 Score of each project, which reflects the non-permanence risk as well as other quality characteristics.
- **50-80% Allocation to Developer Account:** The remaining credits (50% to 80%) can be subsequently issued and transferred to the developer's account (wallet) based on the terms outlined in the Contingency Table and adhering to the Credit Streaming procedure.

III.2.3.5. ADDRESSING ISSUANCE ERRORS

- **Erroneous Issuance:** In the event of an incorrect issuance or inaccurate data, the corresponding token will be invalidated through a burning process. A public record will be established on the blockchain, documenting the transaction and the relevant hash number.
- **Cancellation Report:** The Certification Body is obligated to file a cancellation and modification report, detailing the transaction and the associated hash number.
- **Registry Administrator Authority:** The Registry Administrator possesses the authority to cancel erroneously issued tokens on behalf of any Account Holder.

III.2.3.6. CANCELLATION EVENTS

- **Project Reversal or Discrepancies:** If a project encounters reversals or discrepancies as defined in the aOCP procedures and related documentation, the Registry Administrator will initiate the cancellation of the corresponding Nature-Positive Credits.
- **Proportionate Token Destruction:** The tokens associated with the cancelled credits will be proportionally destroyed based on the confirmed nature of the event or discrepancy (e.g., reversal, miscalculation, volume deviations). This action adheres to the terms and procedures established by the aOCP.

III.2.3.7. NATURE-POSITIVE CREDIT METADATA

Each Nature-Positive Credit will be accompanied by comprehensive metadata recorded on the blockchain to ensure transparency and accessibility of information. This metadata encompasses the following details:

1. **Description:** A clear explanation of the credit's purpose and function.
2. **Project Overview:** A summary of the project associated with the credit.
3. **Properties:**
 - Credit type
 - Location
 - Category
 - Practices employed
 - Positive impacts generated
 - Alignment with Sustainable Development Goals (SDGs)
 - Core Carbon Principles (CCP) approval
 - A version of the protocol utilized
 - Crediting commencement and termination dates
 - Current status of the credit
 - Applied methodology
4. **Labels:** Any relevant labels or certifications about the credit.
5. **Statistics:** Quantitative data associated with the credit's impact.
6. **Ownership:** Information regarding the current owner(s) of the credit.
7. **Transfer History:** A comprehensive record of all transfers involving the credit.
- **Landing Page:** The Nat5 Registry Administrator will establish a dedicated landing page for each project, providing access to all relevant project documentation.
- **Automated Monitoring:** The landing page will also feature readily available automated monitoring metrics about the project.

III.2.3.8. RETIREMENT

- **Responsibility:** The retirement of a Nature-Positive Credit rests solely with the credit holder.
- **Attribution:** Retirement must be undertaken on behalf of a clearly identified moral or physical entity (individual or organization) to ensure proper attribution of the retirement action.
- **Purpose:** The purpose of the retirement shall be declared at the moment of the operation, together with the attribution.
- **Record Keeping:** The Registry Administrator will create a corresponding record within the Nat5 ledger and link the relevant blockchain transaction. This step guarantees transparency and accessibility of retirement information.

III.2.3.9. UNIQUENESS

- **Blockchain Encryption:** Each Nature-Positive Credit is unique and secured using blockchain encryption, being represented by a non-fungible token (NFT), which holds a unique serial number that can be individually tracked on the blockchain.
- **Dual Layered Identification:** While each token possesses a unique number, an additional layer of security is implemented through the assignment of a unique serial number to each credit. The latter serves identification purposes and encodes the project developer identifier, project key, country, and batch number.

DOCUMENT HISTORY		
Version	Date	Comments
V2.3	28/08/2024	● Fifth version published for review by the aOCP Steering Committee under aOCP Version 2.2
V2.2	10/03/2024	● Fourth version published for review by the aOCP Steering Committee under aOCP Version 2.1.
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.