ICROA

International Carbon Reduction & Offsetting Accreditation

Standards Endorsement Review Criteria

Version 2.0

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The following criteria must be met by a Standard to be Endorsed by ICROA and included in the ICROA Code of Best Practice (the Code). A Standard that demonstrates compliance with these criteria can apply for ICROA Endorsement by submitting a Standards Endorsement Application Form to the Secretariat. More information is available in the Standards Endorsement Procedure Guide.

REVIEW CRITERIA

1. Government or United Nations (UN) Endorsement

Standards that are approved by a government or UN organisation (such as ICAO or UNFCCC) may be eligible for a “light touch” ICROA assessment. The decision to do a full or light touch assessment is determined by the IETA Secretariat based on the depth of responses provided in the Standards Endorsement Application Form. This means all Standards applying for Endorsement must complete the Application Form in full.

2. Independence

Standards must be designed and managed by an independent organisation or group of organisations. Independence is defined as a non-conflicted organisation that is separated from the market with no conflicts of interest.

3. Governance

Standards must have a robust governance process and be well-managed in a transparent manner. This includes openness with respect to publicly available information, clear communication with stakeholders, and transparent appointments to leadership, committees, and groups. The Standard should have strong financial and performance management including annual audits and corporate planning and should be able to provide evidence that it complies with all laws and regulations.

Good governance also includes having clear roles and responsibilities for members of the organisation who are responsible for the programme and a clearly defined board/governing structure that oversees the organisation. The Standard must have publicly available rules to guard against conflicts of interest by the board/governing body, management, and staff, and must be able to provide evidence that these rules are enforced. Good governance includes a published grievance and redress mechanism with a clearly stated process for how comments are received and addressed. Methodologies created by the Standard must follow robust development processes that includes expert involvement and public consultation.

4. Registry

The Standard is linked to a publicly accessible registry, available internationally and in English. The registry shall track the carbon credit chain of custody from issuance through transfer and cancellation or retirement to ensure uniqueness of each tonne. The registry must have the functionality to:

- provide public access to all underlying project information, including project descriptions, monitoring reports, verification statements, and legal representations;
- individually identify units through unique serial numbers that contain sufficient information to avoid double counting; and
- identify credit status (issued, transferred, cancelled, retired, etc.).

The Standard must have a robust legal framework underpinning the creation and ownership of all units issued, as well as rules and procedures (i.e., Terms of Use) in place to ensure that:

- All account holders:
  - undertake and pass “know your customer” checks; and
  - agree to the legal requirements regarding the use of the registry as set out in the rules and procedures.
- The registry:
  - guards against registry service provider conflicts of interest; and
  - has robust registry security and provisions for regular security audits.

5. Validation and Verification

The Standard must require that all carbon credit projects are clearly, transparently, and independently validated and verified by a suitably qualified organisation. This includes published provisions to assess and avoid conflicts of interest for accreditation, as well as oversight of the validation and verification bodies (VVBs) by the Standard. All carbon credits shall be verified to a *reasonable level of assurance*.

6. Carbon Crediting Principles

The following quality principles must be met by all projects and carbon credits issued by the Standard.

Unique – The carbon credits are unique and are not double counted (double issued, double used, double claimed)

Real – All emission reductions and removals have genuinely taken place. They are measured, monitored, and verified ex-post.

Permanent – Carbon credits are issued for permanent reductions or removals. If the project has a risk of reversal, the Standard must have requirements for multi-decadal term and a comprehensive risk mitigation plan to ensure the risk is minimized. A compensation mechanism should be in place to ensure the risk is minimized, with a means to replace any units lost due to intentional or unintentional reversals.

Additional – Project-based emission reductions and removals go beyond what would have occurred had the project not been carried out. Projects demonstrate a conservative business-as-usual scenario and must be surplus to regulatory requirements. Jurisdictional programmes demonstrate additional reductions below the historical reference level.

Measurable – Credits are quantifiable against a realistic and credible baseline, and use recognized measurement tools, including adjustments for uncertainty of leakage. Credits are quantified based on performance against a defensible, conservative baseline estimate of emissions that assumes the business-as-usual trajectory in the absence of the project activity. Baselines should be recalculated on a regular, conservative timeframe. The Standard must have requirements for the project to demonstrate leakage is minimal and there should be minimal additional or unintended emissions related to the project's implementation and operations. The risk of leakage is adequately addressed, mitigated, and calculated.

7. Environmental and Social Impacts

The "No Net Harm" principle is fulfilled by all projects. The Standard must have rules and requirements to ensure that all projects comprehensively identify and mitigate any potential environmental or social impacts. Standards must have legal requirements regarding the avoidance of environmental and social impacts.

8. Stakeholder Considerations

During the Standard's development and ongoing operations, industry stakeholders' and public stakeholders' views are considered. The Standard must have procedures in place to ensure that the public is consulted on the development of programme rules and requirements, accounting methodologies, and projects and governmental programmes (in the case of jurisdictional crediting). The Standard must ensure stakeholder comments are transparently addressed.

9. Scale

The Standard must have a sufficient presence in the market to be fully endorsed. This concretely translates to:

- 10+ projects registered, and
- 100,000 tCO_2e issued.

A Standard is able to apply for Endorsement prior to these conditions being met. If evidence that all other review criteria are deemed acceptable, the Accreditation Committee may *Conditionally Endorse* the Standard. More information on Conditional Endorsements can be found in the Standards Endorsement Procedure Guide.

10. Additional Criteria to be Assessed

The third-party Assessor will evaluate and provide a recommendation to the Secretariat on the following:

- Does Endorsement of this Standard provide a reputational risk to ICROA?
- Could the Standard reasonably be expected to develop relevant market share for impact?

The Standard is not expected to provide evidence to answer the above two questions, but the results of the independent assessment will be shared with the Accreditation Committee to be considered as part of their evaluation.