

Verification Program Manual



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ACTION
RESERVE



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Climate Action Reserve Verification Program Manual

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1 Introduction

Verification plays a vital role in upholding the integrity and quality of the data reported to both mandatory and voluntary greenhouse gas (GHG) programs across the world. The Climate Action Reserve (Reserve) created this Verification Program Manual to detail the requirements of its verification program and provide approved verification bodies with a standardized approach to the independent and rigorous verification of GHG emissions reductions and removals reported by project developers into its offset program, the Climate Action Reserve. Project developers shall also use this document to help prepare them for the reporting and verification process under the Reserve.

This standardized approach defines a verification process that promotes the relevance, completeness, consistency, accuracy, transparency and conservativeness of emissions reductions data reported in the Reserve. This is an accompanying document to the Program Manual which presents the Reserve's policies, processes and procedures for registering projects and creating offset credits with the Reserve.

Detailed information on the Reserve's general operating procedures and verification program can be found in the following documents:

- Climate Action Reserve Operating Procedures
<http://www.climateactionreserve.org/open-an-account/>
- Climate Action Reserve Terms of Use
<http://www.climateactionreserve.org/open-an-account/>
- Climate Action Reserve Program Manual
<http://www.climateactionreserve.org/how/program/program-manual/>

Verification is an integral part of the Reserve. The key objectives of the verification program and guidelines found in this manual are to:

- Ensure projects are real, additional, permanent, verifiable and enforceable
- Minimize the risk of erroneously crediting or double counting of Climate Reserve Tonnes (CRTs)
- Ensure projects meet minimum eligibility requirements
- Support the transparency and integrity of the data contained within Reserve
- Maintain that verifications are conducted in a consistent and comparable manner across projects
- Ensure projects' on-going compliance with the Reserve's protocols

The Reserve requires third-party verification of all GHG projects, as specified in each project protocol, and CRTs are issued only after a Verification Report and a Verification Statement attesting to their accuracy have been submitted by the verification body and accepted by the Reserve. The Reserve relies upon these documents to attest to the accuracy and legitimacy of the CRTs issued. The verification body is held accountable to the Reserve for the quality and independence of the report and statement submitted to the Reserve.

1.1 The Climate Action Reserve

The Climate Action Reserve is a national offsets program working to ensure integrity, transparency and financial value in the U.S. carbon market. It does this by establishing regulatory-quality standards for the development, quantification and verification of greenhouse

gas emissions reduction projects in North America; issuing carbon offset credits generated from such projects; and tracking the transaction of credits over time in a transparent, publicly-accessible system. Adherence to the Reserve's high standards ensures that emissions reductions associated with projects are real, permanent and additional, thereby instilling confidence in the environmental benefit, credibility and efficiency of the U.S. carbon market.

At the heart of the Reserve is a publicly accessible web-based system where owners and developers of carbon offset projects can register project information along with verification reports demonstrating GHG emission reductions. Emission reductions are certified as CRTs (equal to one metric ton of GHG reduced/sequestered), which provide title assurance and unique serial number identifiers to assure that each tonne is counted and retired only once.

1.2 Disclaimer

This manual has been prepared for informational and procedural purposes only. Its contents are not intended to constitute legal advice and any person who requires legal advice should obtain it elsewhere. The Reserve maintains the right to amend or depart from any procedure or practice referred to in this guideline as deemed necessary. Where a departure is necessary, the Reserve will provide public notification of significant changes on its website and will notify verification bodies in writing. This guidance is subject to revisions as new information and industry best practices are identified.

This document is intended to be used in combination with project verification guidance that accompany each Reserve project reporting protocol and the International Organization for Standardization (ISO) 14064 series on GHG emission reductions and removals. In the instance that the applicable protocol and/or ISO standards differ from guidance given in this document, the Reserve project protocols prevail. ISO standards are intended to be program neutral, ensuring that key rules and decisions are made and enforced by the GHG program itself. If differing procedures are noted, contact the Reserve staff for further clarification and interpretation.

1.3 Organization of Verification Program Manual

This manual is divided into six parts which outline the necessary steps for verification bodies to perform activities under the Climate Action Reserve.

Part I, Introduction (this section) provides a brief overview of the purposes and requirements of the verification process.

Part II, Standard of Verification focuses on the Reserve's standards; describes the principles of verification, levels of assurance and materiality threshold required under the Reserve; and highlights important definitions.

Part III, Requirements to Perform Verification focuses on how a verification body becomes accredited to perform verification under ISO 14065, outlines obligations and requirements of verification bodies under the Reserve, provides specific and detailed training requirements, and details required administrative activities prior to beginning verification activities, which include: roles and responsibilities, conflict of interest, providing required notifications, and designing appropriate verification activities.

Part IV, Project Verification Activities provides guidance on conducting verification activities, such as: assessing eligibility criteria, identifying sources, reviewing management systems and methodologies, and verifying emission reductions and removals.

Part V, Documenting and Reporting Verification Activities covers procedures for successfully completing the verification process including: preparing the Verification Report, List of Findings and the Verification Statement, recording and retaining proper records, oversight and dispute resolution.

Part VI, Administration and Reserve Intervention provides information on the Reserve's verification oversight and auditing process, its dispute resolution process and its record keeping requirements.

1.4 Reserve Accounting Principles

The purpose of verification is to provide an independent third party review of project data and information being submitted to the Reserve to ensure project eligibility per the relevant project protocol and that reported emission reductions or removals meet the materiality threshold.

To fulfill this purpose, the independent verification process maintains the minimum criteria of relevance, completeness, consistency, accuracy, and transparency and conservativeness. These underlying principles are laid out in ISO 14064-2:2006 and are interpreted below as Reserve accounting principles.

Relevance. Project eligibility and compliance status shall be measured in accordance with applicable reporting boundaries and performance standards to meet the minimum thresholds.

Completeness. Verification shall identify and account for within the GHG assessment boundary all emissions, reductions or removals that may have occurred in the baseline and project.

Consistency. Methodologies shall be consistent and uniform. Measurements, source data, data sampling, and tests shall be applied equally so that performance can be compared over time and across similar projects.

Accuracy. Projects shall meet a minimum materiality threshold to ensure accuracy. The materiality threshold shall be defined as 5% of stated reductions or removals for smaller projects 3% for medium size projects and 1% for larger projects (Section 1.6).

Conservativeness. GHG reductions or removals should not be overstated. Calculations, values and procedures should always be applied in a conservative manner, particularly when there are limitations to certainty.

Transparency. Verification shall be conducted in a transparent manner. The data used for verification and the verification activities shall be clearly and thoroughly documented to allow replication and outside review by the Reserve or other oversight bodies.

Implementing these standards in the verification process will help to ensure comparable and consistent reporting to the Reserve. These standards will also help verifiers make the reliable, dependable decisions discussed further in the core verification process (see Section 3.5).

1.5 Overview of Verification Process

The following steps must be taken to ensure that the obligations and responsibilities of both the verification body and the project developer are met.

1. Verification body receives accreditation: Verification body meets all accreditation requirements and two Lead Verifiers successfully complete required Reserve-offered project verification training (see Section 2.4.2).
2. Project developer selects approved verification body: Project developer contacts one or more approved verification bodies listed on the Reserve to discuss verification activities. Project developer selects an organization to verify its GHG emissions reductions or removals and begins to negotiate contract terms. (The contract may not be finalized until a determination has been issued by the Reserve.)
3. Verification body submits project-specific Notification of Verification Activities and Conflict of Interest (NOVA/COI) Form: After a project developer chooses a verification body, the verification body must submit a NOVA/COI Form to the Reserve outlining the proposed scope of the planned verification. This document provides insight into the likelihood of a conflict of interest between parties (see Section 2.6).
4. Reserve sends approval to proceed to verification body: The Reserve reviews the NOVA/COI Form and supporting information to determine the level of risk associated with the proposed project developer/verifier relationship, and notifies the Lead Verifier of its determination.
5. Verification body conducts verification activities: Verification body develops a risk-based verification plan, and conducts verification following the guidance in the Verification Program Manual and the applicable project verification guidance. The verification must evaluate a project's ongoing eligibility and developer's GHG emissions reductions or removals reported into the Reserve (see Section 3.5).
6. Verification body shares List of Findings with the project developer: A confidential list of material and immaterial findings is sent to the project developer. This gives the project developer the opportunity to correct any errors found (see Section 1).
7. Verification body prepares the verification documentation for project developer: Verification body prepares the Verification Report, List of Findings and the Verification Statement for project developer's review, prior to uploading electronically within the Reserve (see Section 1).
8. Project developer uploads documents to the Reserve: Project developer then submits all final documentation to the Reserve - the List of Findings, the Verification Report and Verification Statement (see Section 1).

1.6 Standard of Verification

Verification is the process through which a verification body assesses a project developer's GHG assertion against defined verification criteria and the standard that is laid out by the GHG program. The Reserve requires verification bodies use the following standards when conducting verification:

- The applicable individual Reserve project protocol
- The Reserve Program Manual
- This Verification Program Manual
- ISO 14064-3:2006.

Verification must adhere to each of these standards, but in instances where standards conflict the Reserve program and protocols shall take precedence.

ISO 14064-1:2006 and ISO 14064-2:2006 cover both conformance with the standard and criteria for establishing that the GHG assertion is reliable and correctly stated based on the agreed level of assurance, materiality, criteria, objectives and scope. In offset crediting, it is imperative that the verification body is aware of the consequences of double counting and double registry issues when issuing a validation or verification statement¹. The applicable verification standards must be stated in each Reserve verification report.

1.6.1 Principles of Verification

An essential element of project verification is to ensure that all verification bodies and verifiers conducting work under the Reserve uphold the basic verification principles laid out in ISO 14064-3:2006. Namely, verification bodies and verifiers shall demonstrate independence from the activity being verified (interpreted in detail in Section 2.6 under Conflict of Interest). Verification bodies must also demonstrate ethical conduct and fair presentation of findings, conclusions and reports throughout the verification process. All projects verified must be treated equally, following all appropriate procedures. Finally, verification bodies must conduct verifications with due professional care, demonstrating the skills, diligence and competences necessary to perform the verification (see Section 2).

1.6.2 Level of Assurance

The concept of level of assurance is derived from financial auditing and corresponds to the likelihood that a material misstatement has gone undetected. With reasonable or “positive” assurance, the verification body provides a direct factual statement expressing the outcome of the verification. Providing a reasonable level of assurance confirms the accuracy of the GHG assertion made. Absolute assurance is the highest form of assurance, but does not allow for professional judgment, sampling and inherent limitations. To provide absolute assurance, the verification body would have to continuously confirm the accuracy of all project developer data. For reasonable assurance, they must confirm the accuracy of reported data to a reasonable level. The Reserve requires reasonable assurance to uphold the integrity and high quality verifications conducted under its program.

Under the ISO 14064 standards, the level of assurance is used to determine the depth of detail and rigor that a verifier designs into their verification plan to determine if there are any material errors, omissions or misstatements. The level of assurance refers to the degree of confidence a verification body is able to provide regarding the accuracy of the GHG removals or reductions identified asserted. The Reserve requires that reasonable, but not absolute, assurance be obtained by the verification body prior to execution of a positive Verification Statement, ensuring that they are able to “verify without qualification” and attest to the accuracy of the number of CRTs being issued to the project developer.

1.6.3 Materiality Threshold

The concept of materiality is fundamental in executing GHG verification. Information is considered material if its omission or misstatement could be seen to influence any decisions or actions resulting from it. To be able to reach a conclusion on data or information reviewed to support any assertion made, a verification body must form a view on the materiality of all identified errors or uncertainties.

Issues identified during verification must be classified by verification bodies as either material (significant) or immaterial (insignificant). To be verified successfully, all reported emissions

¹ IAF MD 6 on the Application of ISO14065:2007 (P.4, Section 1)

reductions or removals submitted within the Reserve must be free of material misstatements or discrepancies.

A materiality threshold is used to assess any error, omission or misstatement that may impact the GHG assertion made by a project developer. This threshold is also known as the “minimum quality standard” and differentiates those errors, omissions, or misstatements that are considered by the Reserve to be significant from those that are insignificant.

Materiality has both a quantitative and a qualitative aspect in relation to project reporting under the Reserve.

1.6.4 Quantitative Materiality Threshold

A quantitative materiality threshold sets a numeric cap on the magnitude of cumulative error in stated reductions permissible under the Reserve, as a percent of the verifier’s recalculated emission reductions. Error leading to misstatement may be introduced through incorrect application of protocol calculations, transcription errors, or the use of incorrect default and numeric values. Immaterial misstatements identified during verification may go uncorrected and the project may nonetheless receive a positive Verification Statement from the verification body. Any material error found must be corrected prior to receiving a positive Verification Statement.

A verification body must recalculate the total quantity of CRTs reported to the Reserve for any given reporting period to determine if the project meets the Reserve’s designated materiality threshold².

In determining whether a material misstatement has occurred, the verification body must compare the aggregate total of misstatements against the materiality threshold for the total CRTs reported to the Reserve. Finding several small reporting errors, each of which might be immaterial on their own, may lead to a material misstatement when compared to the final number. The materiality threshold shall be used to inform the design of a verification body’s sampling plan.

If errors are discovered, the verification body must determine if these errors will result in a material misstatement using its risk based review of materiality and a rigorous data sampling process.

In an effort to maintain a balance of diligence, accuracy, and conservativeness the Reserve defines the quantitative materiality threshold for all projects as the following:

- Projects registering 25,000 CRTs or less (expressed in terms of CO₂e) annually shall achieve greater than +95% accuracy level (less than 5% error) relative to the verification body’s calculated emission reductions
- Projects registering greater than 25,000 CRTs but less than or equal to 100,000 CRTs (expressed in terms of CO₂e) annually shall achieve greater than +97% accuracy level (less than 3% error) relative to the verification body’s calculated emission reductions
- Projects registering more than 100,000 CRTs (expressed in terms of CO₂e) annually shall achieve greater than +99% accuracy level (less than 1% error) relative to the verification body’s calculated emission reductions

² In GHG inventory reporting the notion of *de minimis* threshold is in relation to a section of a reporters’ inventory is allowed to be excluded from their reported total. The *de minimis* threshold does not apply to Reserve projects unless explicitly stated in the project protocol.

This materiality threshold is set on an annual basis to ensure that projects reporting on a sub annual basis do not receive any advantage over annual reporters. For sub annual reporting, the quantity of CRTs must be pro-rated based on the reporting period to determine the appropriate materiality threshold. For example, if a project registers 20,000 CRTs for a 3 month period, then the applicable category is computed as 80,000 CRTs annually (20,000 x 3/12 of a year).

The percent error is defined by the following:

$$\%Error = \text{abs} \left(\frac{\text{Project's stated reductions} - \text{Verifier's calculated reductions}}{\text{Verifier's calculated reductions}} \right) \times 100$$

The accuracy level is defined by the following:

$$Accuracy = 100\% - \%Error$$

The Reserve allows for under-reporting of total CRTs, as that is considered conservative and in line with the Reserve's key principles. Under-reporting errors are no longer required to be corrected. The quantitative materiality threshold only applies to mistakes that result in over-reporting.

All projects must meet the Reserve's quantitative materiality thresholds. Verifiers confirm that the materiality threshold is met by recalculating emissions reductions and/or removals throughout the entire reporting period to ensure accuracy and completeness. Quantitative differences identified between the emissions reductions calculated by project developers and those estimated by the verification body may be classified as either material or immaterial. A discrepancy is considered to be material if the overall error estimated by the verification body is greater than the percentages described above. A difference is considered immaterial if the error is less than the materiality threshold. Immaterial misstatements are not required to be corrected before CRTs are issued.

Example 1: The verification body, Verification Pro, recalculates the total CRTs reported to the Reserve and notes an immaterial omission to the project developer, LFG Unlimited, in its List of Findings.

- LFG Unlimited reported to the Reserve = 990 CRTs total
- Verification Pro recalculated = 1,000 CRTs total
- Percent Accuracy = 99%
- 10 CRT Total Difference = 1% Immaterial Misstatement

Given the above information, GHG Unlimited is not required to fix the omission; it is under-reporting its CRTs and it falls above the allowable 95% accuracy requirement.

Example 2: Verification Pro recalculates the total CRTs reported to the Reserve and notes two errors to the project developer, Worldwide Dairy, in its List of Findings.

- Worldwide Dairy reported to the Reserve = 55,000 CRTs total
- Verification Pro recalculated = 53,000 CRTs, plus two errors (-1,000,+2,000) = 54,000 CRTs total
- Percent Accuracy = 98%
- 1,000 CRT Total Difference = 2% Immaterial Misstatement

Neither error would be required to be fixed as they are considered immaterial, balance each other out and is above the 97% accuracy requirement.

Example 3: Verification Pro recalculates the total CRTs reported to the Reserve and notes one significant error to the project developer, ODS Destroyers, in its List of Findings.

- ODS Destroyers reported to the Reserve = 1,000,000 CRTs total
- Verification Pro recalculated = 950,000 CRTs total
- Percent Accuracy = 95%
- 50,000 CRT Total Error = 5% Material Misstatement

This error would be required to be fixed as it is considered material and falls below the 99% accuracy requirement for projects reporting more than 100,000 CRTs.

1.6.5 Qualitative Materiality Threshold

There can also be qualitative issues identified by the verification body as non-conformances with the project protocols; but rather relate to the requirements laid out in the protocols (e.g., the metering, monitoring, management systems, record-keeping, etc.). Any non-conformance related to a prescriptive requirement outlined the protocol would be considered material and must be corrected in order for the project to receive a positive Verification Statement. A prescriptive requirement relates to any specific guidance or requirement mandated by the protocol itself that does not allow for deviation, or for verifier professional judgment.

An example of this would be if a project protocol requires that all fossil fuel-based emission sources related to project activities are accounted for in the project's emissions calculations, and a project developer left out a small source of emissions (e.g. propane used to fuel a generator) as it is below the quantitative materiality threshold. This would be considered a material qualitative non-conformance because it is a specific requirement that fossil fuel-based project emissions are included within the GHG Assessment Boundary of the project and thus shall be accounted for in the project's emissions calculations.

A further example would be in the application of an incorrect emission factor. This would be considered both qualitative and quantitative misstatement. If a Reserve project protocol prescribes a specific factor to be used in the protocol, and that factor does not get applied by the project developer this results in a qualitative misstatement, because it directly defies what is required by the protocol. When comparing that incorrect emission factor in a GHG assertion to the correct emissions factor that should have been applied and there results a calculated difference between the two, this represents a quantitative misstatement.

Any decisions regarding material and immaterial findings of qualitative non-conformances must be documented by the verification body and issued to the project developer in the List of Findings prior to issuance of the Verification Statement and Report. The purpose of sharing these findings is to provide the project developer the opportunity to correct any material or immaterial errors identified. The verification body can identify material and immaterial misstatements, but cannot inform the project developer on how to correct those errors, as this would constitute consulting advice and would result in a conflict of interest.

Where an uncorrected material error, non-conformance, omission or misstatement exists in the final project submission to the Reserve, the verification body would be unable to issue a Verification Statement that provides reasonable assurance and would have to issue a negative statement to the Reserve.

2 Requirements to Perform Verification Activities

2.1 Verification Body Requirements and Individual Verifier Requirements

To become a verification body under the Reserve, a company must comply with the above obligations and follow the requirements in the table below. In addition to verification body requirements, individual verifiers must meet specific requirements under the Reserve to act as verifiers.

Table 2.1: Verification Body and Individual Verifier Requirements

| VERIFICATION BODY REQUIREMENTS | INDIVIDUAL VERIFIER REQUIREMENTS |
|---|---|
| <p>A company or organization is eligible to conduct project verification activities under the Climate Action Reserve if it has met the following criteria:</p> <ul style="list-style-type: none"> •Accredited under ISO 14065: 2007 with conformance to all accreditation requirements under ISO 14065, ISO 14064-3: 2006, IAF MD 6: 2009 and all other accreditation requirements. •Accepted in the ANSI accreditation program and filed a full application for ISO 14065: 2007. However, the Reserve staff will oversee all new verifications and Climate Reserve Tonnes (CRTs) will not be issued to the project developer until applicants receive their full accreditation.³ <p>As of January 1, 2011 the Climate Action Reserve additionally requires verification bodies to become accredited under ISO 14065: 2007 for specific project sector groupings in accordance with ANSI Scoping Policy GHG-PR-706. Guidance on Reserve requirements for sector groupings is maintained on the Reserve’s website.</p> <p>Accredited verification bodies (that have also met Reserve training requirements) may conduct one additional verification in each sector for which it is qualified. There is no deadline for this requirement and CRTs will not be held up for that one additional verification. This additional verification shall be used for the purpose of obtaining the required witness assessment and getting sector-specific group accreditations finalized. If a verification body fails to obtain their accreditation using this additional verification, any future CRTs will not be issued until such time as the verification body has obtained that sector-specific accreditation.</p> <p>See relevant ANSI Policies, Procedures and Forms for further information on accreditation requirements.</p> | <p>Any individual is qualified as a “Lead Verifier” and eligible to conduct verification activities under the Climate Action Reserve if he/she has met the following criteria:</p> <ul style="list-style-type: none"> •Be employed or subcontracted to one of the accredited verification bodies under ISO 14065:2007. •Attend and successfully complete REQUIRED training under the Climate Action Reserve protocols and manuals (receive a Certificate of Completion for each course). Current required training is as follows: <ul style="list-style-type: none"> ◦All Lead Verifiers must successfully complete a sector-specific protocol training within each industry sector they wish to perform verifications. ◦All new Lead Verifiers must also successfully complete the “General Project Verification” training course. All verifiers that successfully completed sector-specific training courses prior to 2010 are exempt from taking the new general training course. •Meet internal training requirements, following proper processes and procedures under his/her ISO 14065: 2007 accredited verification body. •Be identified as “Lead Verifier” in the Verification Staff Reporting form submitted by his/her verification body to the Reserve at reserve@climateactionreserve.org. |

³ Those that already have achieved the full ISO 14065: 2007, ISO 14064-3: 2006 and IAF MD 6: 2009 accreditation may proceed without this prerequisite.

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| <p>A company or organization seeking to be qualified and eligible to conduct project verification activities shall meet ALL of the following criteria:</p> <ul style="list-style-type: none"> • Demonstrate a thorough understanding and competency with the Climate Action Reserve project and verification protocols. • Have a minimum of two staff members designated as Lead Verifiers. • Lead Verifiers are REQUIRED to have successfully completed training as specified by the Reserve. | <p>For any key personnel to undertake verification activities under the Reserve, he/she shall meet the following criteria:</p> <ul style="list-style-type: none"> • Be employed or subcontracted to a verification body accredited under ISO 14065: 2007, ISO 14064-3: 2006, and IAF MD 6: 2009. Meet internal training requirements, following proper processes and procedures under his/her ISO 14065: 2007, ISO 14064-3: 2006, and IAF MD 6: 2009 accredited verification body under the Reserve. • Be identified in the Verification Staff Reporting Form, submitted by his/her verification body to reserve@climateactionreserve.org. <p>Additionally, a verification body must follow all applicable Reserve program rules and adhere to guidance laid out in its sector-specific project protocols and manuals to be eligible to perform verifications and to ensure the accuracy and credibility of the emissions reductions within the Reserve.</p> |
|--|--|

Training sessions for each protocol are held on a regular basis; at least once a year per sector and more often as demand or need arises. When a new protocol is adopted, verification training will be provided shortly after the adoption to accommodate verification bodies seeking to practice in that sector.

A verification body can undertake Reserve training prior to achieving its accreditation or during the accreditation process itself. However, priority for available spaces at the trainings will be given to individuals representing accredited companies, followed by individuals representing companies already enrolled in the accreditation process.

When a verification body has completed both the training requirements **AND** achieved its ISO 14065 accreditation, then it may advertise that it is “recognized and qualified as a verification body for the Climate Action Reserve” and can use the Reserve logo to promote its services in accordance with the Reserve’s style guide. All recognized verification bodies are listed on the Reserve’s website, along with all applicants currently undergoing the accreditation process.

One of the requirements of ISO 14065 accreditation is that a verification body must undergo both an onsite and a verification witness assessment performed by the accreditation body to witness the verification activities and assess the competency of the verification team, as well as the procedures and systems that are in place to ensure they can successfully perform verification. The onsite assessment is to ensure that the verification body conforms to ISO 14065, ISO 14064-3, has the competency to act in the specific sector it is applying for under and to provide assurance that the verification body has the capacity to perform the activities related to the scopes of accreditation for which it has applied.

The witness assessment is to observe the verification body in the performance of tasks related to the verification process for the scope (or group of sectoral scopes) of accreditation for which it has applied. The purpose of the witness assessment is to assess whether verification activities are in line with its documented quality procedures and to assess the capability to conform to the

applicable sectoral scope(s) applied for. Further details on sector-specific requirements and the project groupings are available on the Reserve's website.

New verification bodies (applicants) that are currently undergoing, but have not yet completed, the accreditation process are allowed to perform verification activities for projects on the Reserve if they have already met the Reserve training and personnel requirements. A list of those applicant verification bodies that have successfully met the Reserve's training requirements and submitted the Verification Policies Acknowledgement and Agreement are posted on the Reserve's website. However, CRTs will not be issued to the project developer as a result of that project verification until such time as the verification body has received its formal accreditation as required above. The verification body should notify the project developer of the circumstances surrounding their expected accreditation and this should be addressed in their verification contract.

Accredited verification bodies (that have met Reserve training requirements) may conduct an additional verification in each sector that it is qualified for. There is no deadline for this requirement and CRTs will not be held up for that verification. This additional verification shall be used for the purpose of obtaining the required witness assessment and getting sector-specific group accreditations finalized. If a verification body fails to obtain their sector-specific accreditation using this additional verification, any future CRTs will not be issued until such time as the verification body has obtained that sector-specific accreditation.

2.2 Obligations and Requirements to the Reserve

First and foremost, a verification body must follow all applicable Reserve program rules and adhere to guidance laid out in its project protocols and program manuals to be eligible to perform verification activities. A verification body must always demonstrate ethical conduct, competence and exercise due professional care throughout the verification process and be in line with the other verification principles.

In addition to Reserve rules, the verification bodies under the Reserve have certain duties and obligations. The Reserve also has the discretion to exercise certain powers.

Verification body obligations include (but are not limited to) the following:

- Compliance with any guidelines or policies notified to them by the Reserve in writing.
- At a minimum have two Lead Verifiers on staff to enable the appropriate management of the verification program and the separation of powers and responsibilities between the role of Lead Verifier and the role of independent Senior Internal Reviewer. The Reserve does allow for the use of subcontractors.
- Ensure that all of its Lead Verifiers are competent, and have undertaken internal training and successfully completed general and protocol specific training required by the Reserve.
- Ensure that a Lead Verifier directs, supervises and leads the undertaking of the verification services, including signing all written reports and statements.
- Ensure that the Senior Internal Reviewer is an active Lead Verifier as defined by the Reserve, has been trained on the relevant protocol and is able to demonstrate continued competence and appropriate continuing professional development.
- Ensure that all verification body personnel working on project verification activities have agreed to be bound by confidentiality obligations, including that the verification body accepts liability for any breach of confidentiality by its employees, agents or subcontractors.

- Submit a signed and duly executed Verification Policies Acknowledgment and Agreement to the Reserve annually. As staff and roles fluctuate over time, the verification body must ensure that updated information has been submitted and is on file with Reserve.
- Provide the Reserve with a Notification of Verification Activities and Conflict of Interest (NOVA/COI) Form a minimum of **10 business days** before the commencement of work, so that the Reserve has an opportunity to review and address any potential conflicts and to observe any part of the verification activities it chooses.
- Agree not to enter into any agreement or participate in any activity that could create a conflict of interest with a verification client without first notifying the Reserve in writing so that it may evaluate and mitigate any potential risks.
- Maintain professional liability insurance with a reputable insurer to the level of at least \$4 million for any number of claims arising out of a common nexus of facts or circumstances. The policy must provide coverage of damages and defense costs for any actual or alleged error, omission, neglect, misstatement or misleading statement, or breach of duty relating to verification activities undertaken by the verification body and have the Reserve named as an additional insured. The coverage territory for the insurance must include all geographic regions where the verification body operates and does business under the Reserve's program.
- Retain records in line with protocol requirements, or for **at least seven years** from the date the Verification Report is accepted, following the end of the crediting period (whichever is longer). Records to be retained shall include all relevant evidence to support that Report.
- Provide full and free access to the Reserve to obtain all records, documents, accounting and other information maintained by the verification body in relation to Reserve projects.

These obligations are laid out in further detail in the Reserve [additional accreditation requirements](#) for verification.

The Reserve has certain powers that at any time and at its sole discretion it may employ, including (but not limited to):

- Direct the verification body and the project developer to refrain from entering into any agreement that may amount to a conflict of interest in relation to Reserve projects, and the verification body must comply with any such direction
- Determine that a verification of a Reserve project should not proceed, or that a person should be removed and/or suspended as a Lead Verifier or key personnel
- Conduct a performance review, audit or oversight activities and send its staff, partners, or consultants to attend and oversee verification activities
- Determine that a verification body should be suspended and/or require them to retire CRTs
- Compel the project developer or the verification body to submit all project documents in relation to the GHG assertions made to the Reserve
- Amend these rules as it deems necessary

2.3 ISO 14065 Accreditation

In an effort to streamline the accreditation process for GHG verification bodies in North America and to be consistent with international GHG emissions verification practices, the Reserve, along with several other GHG programs and registries, have partnered with the American National Standards Institute (ANSI) to accredit independent third party validation and verification bodies to ISO 14065:2007 and the International Accreditation Forum, Inc. (IAF) guidance, and their

accompanying protocols. Only verification bodies currently approved by the Reserve or those undergoing the ANSI accreditation process may provide verification services to Reserve project developers. The Reserve is no longer directly accrediting new verification bodies, but may partner with other IAF national standards organizations to provide accreditation services in the future.

The International Organization for Standardization (ISO) is a recognized institution that developed GHG standards as various schemes were emerging at international, national and voluntary sectors using different sets of guidance or rules for GHG accounting. It created a series of standards intended to incorporate best practices and provide consistency and confidence in GHG assertions or claims.

The objectives of the ISO 14064 series and ISO 14065 standards are to:

- Develop flexible, regime-neutral tools for use in voluntary or regulatory GHG schemes
- Promote and harmonize best practice
- Support the environmental integrity of GHG assertions
- Assist organizations to manage GHG-related opportunities and risks
- Support the development of GHG programs and markets⁴

ISO 14065 is the international standard that specifies processes and requirements for accreditation of verification bodies to assess eligibility for performing GHG validation and verification. Accreditation is the process whereby a designated accreditation body assesses the competence of the verification body to carry out its functions according to relevant standards/guidelines. This process provides criteria for assessing and recognizing the competence of verification bodies, allowing for a consistent and comparable scheme across GHG programs. Accreditation also reduces the risk to GHG programs like the Reserve by providing assurance that verification bodies are competent to carry out the work they undertake, and it helps to establish trust within the voluntary carbon market by ensuring impartiality in the companies that verify the credits being issued.

The accreditation process itself is very rigorous and verification bodies should undertake it only after understanding and implementing all procedures required under the ISO standards. Verification bodies approved under ANSI will, with regular monitoring and surveillance from ANSI, be granted accreditations that are recognized worldwide.

The following resources are available for reference in relation to the principles and standards governing GHG verification and accreditation⁵. Verification bodies should cross reference these documents with the rules detailed in each project protocol and accompanying verification guidance, to ensure the GHG project meets all applicable rules for a specific project type.

Table 2.2: ISO Documents and References

| REFERENCE | APPLICABLE TO |
|--|-------------------|
| ISO 14064-3:2007 –Greenhouse Gases – Part 3 : Specification with guidance for the validation and verification of greenhouse gas assertions | Verification body |

⁴ ISO Press Release on 14065:2007 (4/17/2007) Ref 1054: New Tool for International Efforts to Address Greenhouse Gas

⁵ Refer to ISO Standards 14064-3, 14064-3, 14065, 17011 and IAF MD for further details available through www.iso.org

| REFERENCE | APPLICABLE TO |
|---|--------------------------------------|
| ISO14065:2007 – Greenhouse Gases –Requirements for greenhouse gas validation and Verification Bodies for use in accreditation or other forms of recognition | Verification body |
| ISO 17011:2004 – Conformity Assessment – General requirements for Accreditation Bodies accrediting conformity assessment bodies | Accreditation body |
| IAF MD 6: 2009 – IAF Mandatory Document on the Application of ISO14065:2007 | Accreditation body |
| ISO14064-2:2007 - Greenhouse Gases – Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emissions reductions or removals | Project developer, verification body |

2.3.1 Obtaining Accreditation

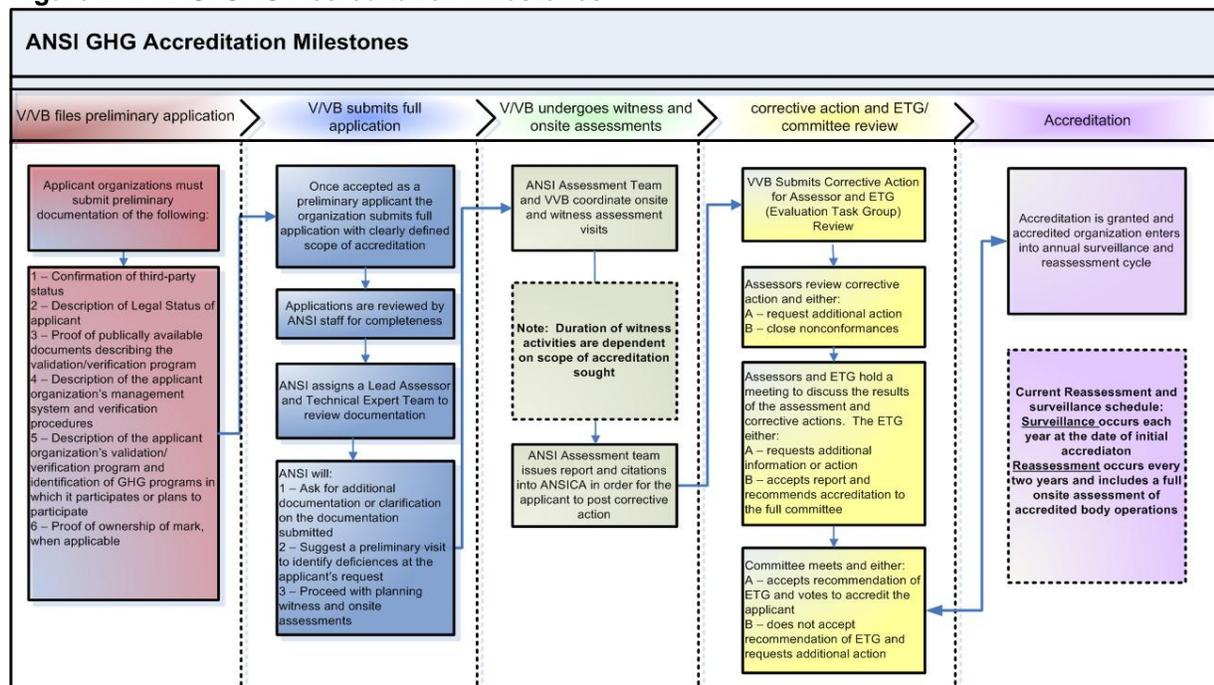
Accreditation is a process to ensure the verification body has the necessary skills, competence, processes, quality controls, impartiality and independence to undertake GHG verification work.

The full accreditation process under ISO 14065 includes:

- Submitting the preliminary application to ANSI
- Submitting the full application
- Preparing for assessment
- Undergoing initial onsite and witness assessments
- Addressing corrective actions identified
- Undergoing Evaluation Task Group (ETG) Committee review
- Receiving Accreditation
- Participating in annual surveillance each year
- Participating in 3 year cycle of reassessment (onsite and witness assessment)

The following is a diagram of GHG accreditation milestones courtesy of ANSI:

Figure 2.1: ANSI GHG Accreditation Milestones



2.3.2 Costs of Accreditation

The costs of accreditation are determined by the accreditation body and are generally include an initial non-refundable application fee, an assessment fee for the surveillance performed by the assessors, a sector scope extension fee, and annual accreditation fee allowing the verification body to use the accreditation body's symbol of accreditation, known as the "mark". There is also an additional fee to extend the scope of accreditation, which is collected when verification bodies seek eligibility to perform verifications for new sectors.

More information on the [ANSI accreditation program](#) is available online.

2.3.3 ISO Conformance

The Reserve project protocols are generally consistent with international standards and best practice within the GHG offset industry.

Due to ISO copyrights, the text of the relevant sections of ISO standards cannot be reproduced in this document, therefore the Reserve has summarized its interpretation of key elements that verification bodies must address to comply with ISO standards and adhere to Reserve protocols, processes and procedures throughout this manual. This manual should not be used as a substitute for any of the ISO standards during accreditation or when planning for project verification activities.

There are some minor differences between the Reserve and ISO 14064 series that are program specific. Where other GHG program protocols or ISO standards differ from guidance given in this document or in the Reserve project protocols, the Reserve project protocols will always prevail.

In Reserve protocols, language is being updated to be ISO "conformant" when possible. Where the Reserve protocols presently use non-ISO terminology, the Reserve will attempt to identify and detail its meaning in relation to both Reserve and ISO standards. In the interim, it expects that verification bodies will comply with both ISO standards and Reserve requirements when undertaking verifications for the Reserve.

2.3.4 Validation

Under ISO 14065:2007 and IAF Mandatory Document guidance, validation is the process by which an independent validation body assesses a project plan for GHG reductions or removals and deals with the assessment of potential future outcomes. Validation is typically required for projects that do not follow established protocols and occurs prior to project implementation to establish the methodology, scope and eligibility to create GHG reductions or removals.

Unlike some other offset programs, the Reserve does not require that validation be conducted. Instead, when a project is verified for the first time, verification bodies are required to affirm the project's eligibility according to the rules defined in the relevant project protocol. Under the Reserve, the project's eligibility criteria are developed through a transparent, stakeholder-driven process that lays out the design and scope for each GHG reduction or removal project type prior to any project implementation with the application of performance based standards and other standardized eligibility criteria. The project protocols provide eligibility rules, methods to calculate reductions, performance-monitoring instructions, and set procedures for reporting project information to the Reserve. Further, a project submittal form is completed by the project developer and reviewed preliminarily for compliance with the eligibility criteria by Reserve's staff prior to being publicly listed on the Reserve. By reviewing the project submittal forms the staff

conduct an initial screen to check that, on the basis of the information provided, the project may be able to qualify and meet the eligibility rules in the project protocol. However, staff perform no substantiation of claims made in the submittal forms, and leave the substantiation of all claims to the verification process. Because the Reserve's eligibility criteria are mostly standardized, determination of eligibility is usually straightforward and requires minimal interpretative judgment by verifiers. Verifiers must ensure that sufficient evidence is provided by the project developer to prove that the project meets the standardized eligibility criteria.

Thus, verification activities under the Reserve include two primary components. First, a verification body ensures that the project is eligible per the specific eligibility rules in the respective project protocol and has designed, measured and monitored baseline and project emissions per the protocol (this is similar to project validation under other programs). Unlike validation under other programs, Reserve protocols clearly define eligibility criteria, GHG assessment boundaries, calculation methodologies and monitoring criteria. The task of the verification body is to assess that the project complies with the protocol. Secondly, the verification body reviews the data reported into the Reserve, the project monitoring plan, record keeping and quantification methodologies to assure that the reported GHG reductions are accurate and calculated in line with the specific protocols for that project.

Project developers may choose to have a project verified early on in its initial reporting period without verifying CRTs for issuance in order to establish its eligibility for registration and provide more certainty to potential CRT buyers or sellers. The Reserve does not consider validation conducted under other GHG registry or program a conflict, as it still includes providing an independent third-party assessment.

2.4 Training Requirements and Qualifications for Lead Verifiers

The Reserve recognizes a company or organization (verification body) as the responsible party under its program, rather than an individual verifier. Verification bodies are obligated to ensure that individual verifiers are qualified with the proper training and skills to conduct verification activities. For individual verifiers to be recognized as a Lead Verifier by the Reserve, they must have completed both internal GHG training and Reserve-specific training as detailed below.

A Lead Verifier is any verifier from the accredited verification body who directs, supervises and leads verification services and has the authorization from the verification body to sign all written reports or statements. A Lead Verifier is someone who has completed the verification body's own internal training processes and procedures to achieve this designation, and passed a Reserve training course on the appropriate project type and its general verification training to be eligible to conduct lead verification activities for that project type under Reserve.

Each verification body shall have a minimum of two Lead Verifiers qualified within its organization. This is to ensure that each verification team for every project includes at least two Lead Verifiers, one to serve as the Lead Verifier and one to serve as the Senior Internal Reviewer.

A Senior Internal Reviewer is any Lead Verifier from the accredited verification body selected to perform a final quality assurance/quality control review on the data, the Verification Report, the List of Findings and must sign the Verification Statement attesting to the accuracy of reported data. The Senior Internal Reviewer shall remain independent of all verification activities and should not participate in site visits, as this could compromise their objectivity and independence in the final review. The Senior Internal Reviewer must be designated as such on the COI Form

and be designated as a Lead Verifier on the annually submitted the Verification Staff Reporting form, an exhibit to the Verification Policies Acknowledgement and Agreement form. Any changes to the proposed verification team shall be notified to Reserve staff electronically prior to proceeding with verification activities.

2.4.1 Internal Training

Qualification as a Lead Verifier begins internally with the verification body's own training procedures and programs teaching its staff how to conduct basic verifications and the progression to becoming an expert verifier that can lead verification activities. Verification bodies must have a formal process in place for the initial qualification, training, and ongoing monitoring of all personnel acting as a part of any Reserve verification team. The verification body is responsible for ensuring the verification team has the proper skills, competency and collective capability to conduct verification activities under the Reserve.

To be eligible to take the Reserve's training and be qualified as a Lead Verifier for the Reserve, a verifier must already have a basic understanding of GHG accounting, how to conduct verification and have completed either internal training with its verification body and/or taken a recommended external course on GHG accounting and how to conduct basic verification.

2.4.2 Reserve Training

Lead Verifiers must successfully complete a required general verification training course (in addition to internal training). The Reserve also requires that anyone acting as a Lead Verifier or a Senior Internal Reviewer complete project verification training specific to the Reserve's protocols on the appropriate project type. This is to ensure that those performing verifications under the program have a high level of knowledge and training specific to the projects and sectors they are verifying.

After successfully completing Reserve training, the final step to demonstrate competency is to pass a Reserve administered exam, encompassing both multiple choice and short essay questions. To prepare for the test, an individual should study the protocols, the ISO 14064 series and successfully complete practical exercises provided within the Reserve verification training. After passing the project-specific exam and meeting the criteria above, the individual becomes a Reserve-recognized Lead Verifier. Following the training, the Reserve will provide the recognized verifiers with a notification and certificate allowing them to act as a Lead Verifier under the Reserve.

An individual's recognition as a Lead Verifier under a specific protocol and for the general verification training is valid for 3 years, at which point the Lead Verifier must retake and pass an exam to ensure they have sufficiently maintained knowledge of the protocol and any related policy or programmatic updates made in that time period. A Lead Verifier is not normally required to retake the training course in its entirety unless updates or significant changes to the relevant protocol dictate that this is necessary. Note that while the individual verifier is provided with the recognition of Lead Verifier, it is only applicable when employed or contracted to do work for an accredited verification body, but remains with the individual and will be recognized regardless of which accredited verification body they work for.

Verifiers that do not pass the exam, choose not to take the exam, or are unable to complete the exam on the date it is given will receive a certificate of training completion, but will not have met the Reserve's training requirements to become a Lead Verifier. These verifiers have one year from the original date of the course to retake the exam. If more than one year has passed, they

must retake both the training and the exam. There is an administrative fee to retake the exam. For those verifiers who do not pass the exam on the first try, it is recommended that they assist on additional verifications to gain practical experience before retaking the exam. Please note that for confidentiality purposes, the Reserve does not distribute copies of the verification exam after completion.

Once a verification body has received notification of Lead Verifier recognition for a minimum of two of its verifiers, and is enrolled in the accreditation process or already accredited, then a verification body may market their services and capabilities to, respond to solicitations for and be hired by current or prospective Reserve project developers.

2.5 Verification Policies Acknowledgment and Agreement

Verification bodies must have a duly authorized representative of its organization sign and submit the legally binding [Verification Policies Acknowledgment and Agreement](#) to the Reserve. The purpose of this required agreement between the Reserve and its verification bodies is to ensure that personnel performing verification activities are aware of their roles, responsibilities and obligations under the program. It asserts that the verification body will follow proper processes and procedures as laid out in the project protocols and the Program and Verification Program Manuals. The agreement outlines requirements in relation to confidentiality provisions, insurance requirements, record-keeping requirements, liability, conflict of interest and also includes an authorization of potential oversight of verification activities.

The verification body must acknowledge that its duty of care is first and foremost to the Reserve. When a verification body is acting under the auspices of the Reserve's program, it is bound by this agreement to abide and adhere to the rules and procedures of the program itself. If during the course of verification activities, a verification body suspects that there is fraud, double-counting, or any other significant issue occurring that could impact the quantity or quality of CRTs being issued, the verification body shall agree to immediately report the issue directly to the Reserve.

The agreement asserts that personnel conducting verification activities shall be trained and knowledgeable on Reserve procedures. It also asserts that the verification body will remain neutral and impartial. The verification body must also acknowledge that potentially market sensitive information may be encountered while conducting project verification activities and agrees to strict confidentiality in its findings prior to the release of the Verification Report.

Further, the agreement asserts that the verification body will not engage in any business activities that would amount to a conflict of interest in relation to its Reserve clients. Specifically, the purchasing, selling, trading or retiring of any emission reduction credits between a verification body and the project developer it wishes to provide an independent verification for is considered to create a high risk for conflict of interest and is strictly prohibited. Conflicting services of this type are addressed further in Section 2.6.3

The agreement also requires that in the instance the Reserve determines (after any appeals process as detailed in Section 5) that an error was made by the verification body or that gross negligence, willful misconduct or fraudulent activity on the part of the verification body has occurred (after any appeals process as detailed in Section 5.1.3), and resulted in the issuance of any CRTs that are not in compliance with Reserve protocols or are issued in violation of Reserve policy, the verification body deemed responsible will replace or replenish an equal value of Climate Reserve Tonnes up to the \$4 million required amount of professional liability

insurance. Such Climate Reserve Tonnes must be surrendered within the Reserve through a Blind Trust account.

2.5.1 Verification Staff Reporting Form

Verification bodies must identify to the Reserve all staff members who will be designated verifiers and serve as key personnel for the Reserve using Exhibit A of the Verification Policies Acknowledgment and Agreement form, the Verification Staff Reporting form⁶. This form is also required to be updated at least once each year and submitted to reserve@climateactionreserve.org.

A verification body may add or delete staff to their roster at any time. To add or delete designated staff, the verification body must re-submit the form with the names and contact information for any personnel changing from the roster, and note if staff are to be deleted, added to the roster, or status updated. For each individual identified on the form, the firm shall describe each individual's job classifications, relevant experience, education, academic degrees, professional licenses for technical staff members, their respective roles for the Reserve's records. The Reserve will notify verification bodies annually when to submit the form. Failure to submit the Verification Policies Acknowledgment and Agreement or the Verification Staff Reporting form or to follow any procedures outlined could result in suspension from the Reserve program.

2.6 Conflict of Interest (COI)

While conducting verification activities for Reserve project developers, verification bodies must work in a credible, independent, nondiscriminatory and transparent manner, complying with applicable legislation, and relevant ISO Standards. Conflict of interest is any situation that would compromise a verification body's ability to perform a wholly independent verification. In order to ensure the credibility of the emissions data reported to the Reserve, it is critical that the verification process is completely independent from the influence of the project developer. A verification body must act objectively and exercise professional skepticism while conducting verification activities. This is a difficult and dynamic issue and thus is assessed by the Reserve staff on a case by case basis.

This process gives verification bodies the ability to demonstrate that their organization is capable of identifying and mitigating situations that would impair their ability to render an impartial Verification Statement. Any pre-existing relationship between the verification body and project developer must be disclosed to the Reserve, which will then evaluate the potential for a real or perceived conflict of interest between the two organizations.

2.6.1 Reserve COI Review

Verification bodies must provide information to the accreditation body about its organizational relationships, internal structures and management systems for identifying potential conflicts of interest (organizational COI). Then, on a case by case basis, the Reserve will review any pre-existing relationship between a verification body and project developer and will assess the potential for conflict of interest in light of the individuals involved. This task is undertaken by the Reserve staff with a detailed review and evaluation of self-reported information submitted by the verification body against the criteria laid out below. The verification body must assess other potentially conflicting services it provided to the project developer (nature of services, timing,

⁶ Form is available at <http://www.climateactionreserve.org/how/verification/verification-documents/>.

location, type and financial value, etc.) and this information is evaluated and cross-checked against the Reserve's internal records.

If the Reserve finds that there is low risk of COI, a determination is made in writing and sent to the verification body allowing it to proceed. After that point, the project developer and verification body may finalize negotiations of their contract and verification activities may proceed. Following completion of the verification, the verification body must monitor for the next year if any new business relationship may increase the potential for COI (emerging COI).

If the Reserve finds that there is a medium risk of COI, then it may request further information or a mitigation plan before it makes its final determination. In some instances where it finds that there is a medium or high COI, it will convene a COI Committee of three or more staff members (with a minimum of two executive level staff) to make a final determination. In any instance where it believes a high COI exists, a COI Committee shall be convened to make a final determination. The determination will be communicated to the verification body, the project developer, and any relevant body performing oversight. If the verification body disagrees with the determination, it may appeal (the appeals process is detailed in Section 5.1.3).

In the event that a verification body violates these COI procedures, the Reserve, in consultation with the accreditation body and at its discretion, may disqualify an approved verification body from providing services under the Reserve.

Note that this conflict of interest clause does not preclude a verification body from engaging in consulting services for other clients that participate in the Reserve for whom the verification body does not provide any verification activities.

2.6.2 Notification of Verification Activities and COI Form

To obtain an approval for verification activities to proceed, the verification body must submit a Notification of Verification Activities and Request for Evaluation of Potential for Conflict of Interest (NOVA/COI) form⁷ detailing the specifics of its situation and the scope and plan for verification activities. The Reserve will determine the risk for COI during that period and can seek further information from the verification body to satisfy itself that no conflict exists or will arise and that it is satisfied with the proposed services.

The verification body must conduct an internal review of previous relationships and services provided to the proposed project developer to determine the potential for COI before submitting the NOVA/COI form. The form must be submitted to the Reserve a minimum of 10 business days prior to the beginning of verification activities and finalizing their contract. This notification period is necessary to allow the Reserve time to assess the risk of COI, to resolve or mitigate issues prior to verification activities commencing and to allow for itself, its partners or its consultants the opportunity to conduct verification oversight and accompany verification bodies on visits to project sites to observe, evaluate, and report on the quality and consistency of verification activities. More information on verification oversight can be found in Section 5.1. If the Reserve approves project activities to proceed without oversight being required, verification activities may proceed as of the date that approval is received by the verification body.

A verification body that does not provide proper notification to the Reserve could be denied the right to conduct verification services for the proposed verification and may be disqualified or suspended as a recognized verification body. If a verification body has verified a previous

⁷ Form is available at <http://www.climateactionreserve.org/how/verification/verification-documents/>

vintage for the project, (and are within the allowed timeline of the verification cycle) it is able to use the Reserve online software at to answer a few questions in the project set up page as an abridged and streamlined COI-Renewal rather than having to re-submit the NOVA/COI form.

2.6.3 Potentially Conflicting Services

A verification body will have a high risk of COI if one of its verifiers and the potential client share any management, or if any of the potential client's staff working on GHG-related activities were previously employed with or by verification body within the last three years, or vice versa. A verification body will have a high risk of COI if it or its related companies (e.g., parent company, subsidiaries of a parent company, affiliates) has provided any GHG management, consulting or advocacy services (as identified on the list below) to the potential client within the last three years. This would mean the verification body was: 1) verifying their own work, 2) performing management functions for the client, or 3) acting as an advocate for the client.

Additionally, verification bodies may NOT conduct both GHG consultancy services and verification services for the same project. Verification bodies may offer both types of services in general, but for any particular project they must choose which of the two services they want to offer as they are prohibited from providing both on the same project. A verification body is strictly prohibited from consulting on any project it wishes to verify. It can never verify a project that it has designed, developed, implemented or consulted on, regardless of when it provided that service.

Further, it should be noted that validation is considered an independent third party service in relation to the validation of a GHG assertion, and should not be confused with consulting. All instances of work in relation to validation and consulting should be disclosed separately on the NOVA/COI form.

Where a high risk of COI is determined to exist, the verification body will not be approved to conduct the verification.

This list of services is considered potentially conflicting and could be incompatible with the provision of GHG verification activities and anything of this nature must be declared on the NOVA/COI form. Please note that this list is not exhaustive, and there are other services and conditions that could constitute a COI.

High risks for COI:

- Where project developers and verification bodies share any senior management staff or Board of Director membership, or any of the senior management staff were employed by the verification body, or vice versa within the previous three years.
- Designing, developing, implementing, internal auditing, consulting or maintaining a GHG emissions reduction or removal project
- Designing or developing GHG information systems
- Owning, buying, selling, trading or retiring shares, stocks or emissions reduction credits from the Reserve project
- Brokering in, advising on, or assisting in carbon or GHG-related markets
- Dealing in or being a promoter of credits on behalf of the project developer
- Designing energy efficiency, renewable energy, or other projects which explicitly identify GHG reductions as a benefit

The services noted above are considered to have a very high risk for conflict of interest. It is likely that verification services would not be allowed to proceed in these situations, and are strictly prohibited if provided in relation to the same project a verification body seeks to verify.

Medium risks for COI:

- Developing GHG emissions factors or other related engineering analysis
- Appraisal services of carbon or GHG liabilities or assets
- Preparing or producing GHG-related manuals, handbooks, or procedures specifically for the Reserve project developer
- Legal services
- Expert services for a legal purpose for advocating for the project developer
- Providing other GHG related fee-paying services to the project developer during the course of project verification services
- Members of proposed verification team have a close personal or familial relationship with the project developer
- Any regulatory enforcement action, including citations and fines
- Other services as determined by the Reserve

Depending on the nature of the services provided, it is possible that a COI could be alleviated with a proper mitigation plan. If the verification body identifies a potential or actual COI, (required for a medium or high risk) the verification body must also submit a plan to avoid, neutralize, or mitigate the COI. The Reserve will review the information submitted to determine if enough information is provided to make a determination. If not, the Reserve may request additional information. Once the information is found to be sufficient, the Reserve will review and evaluate the case, and will issue a written determination within 10 business days.

Potentially conflicting services could be mitigated by the following circumstances, including, but not limited to:

- Time of service. Any service delivered between the project developer, the verification body (past employee/employer or other relationships) that occurred more than three years before the date of the COI determination are viewed as a lower risk. However, services rendered related to the design, development, implementation or maintenance of a GHG emissions project must be fully disclosed and are always considered conflicting, regardless of the time of delivery.
- Location. Services provided to a business unit, facility or office of the member located outside of North America will be considered a lower risk for a conflict of interest.
- Type of services. Services that do not appear on the list of potentially conflicting services will be considered a lower risk.
- Financial value of services. The Reserve will view as a lower risk the provision by the verification body of other services of which the monetary value is small relative to the value of verification. Cases where the total value of services provided to the project developer is very small as a percentage of the verification body's revenue over the same period may also be less cause of concern, and will be factored into the determination. The financial value of services is also relative to the size of the team performing verification work and will be factored into the determination made by the Reserve. The percentage of total annual revenue of verification services is a required portion of the NOVA/COI form and will be treated confidentially by the Reserve.

2.7 Organizational COI and the Verification Cycle

There is no limit on the number of projects that it may work on for any given project developer. However, if the verification body has performed verification activities for more than 10 projects per year with a single project developer, it is likely that the Reserve may require further information to inform its determination for verification activities to proceed, impose restrictions, change the verification team or require that another verification body be selected. ‘

Once the case-by-case evaluation is complete, a verification body may provide verification services on a project for a maximum of six consecutive years. After a six-year period, the Reserve project developer must engage a different verification body to verify that project. The original verification body may continue to provide verification services for other projects, but may not provide verification services for the project in question for at least three years.

This cycling and rotation of verification bodies will help to avoid potential COI situations due to lengthy and ongoing business relationships. Also, this guarantees that another firm will review material previously reviewed by another verification body, thus providing another “check” on the consistency and appropriateness of professional judgments made. The new verification body must check eligibility criteria again in line with protocol requirements, but are not required to perform an additional verification of data that was verified in previous years.

The original verification body may again provide verification services to that project after a lapse of a minimum of three years. This could also potentially be a restriction applied to any verification body that had conducted substantial consulting (non-project related) or other services for the project. This depends on the nature of the services provided, as assessed through the NOVA/COI form. Whenever a new verification body is selected and approved, the verification cycle begins again.

The three year period begins at the end of the final reporting period verified by the verification body for any given project. It should be noted that this element of the verification cycle only applies at an organizational level for the verification body and the specific project. Individual verifier services provided can be more subjective and are looked at on a case by case basis.

Individual verifier relationships, consulting (that is non-project related) or employment from the project developer or another verification body (also non-project related) may also trigger the requirement to wait the three year minimum prior to beginning any new verification services in order to mitigate the potential for COI. All personal and business relationships shall be disclosed on the NOVA/COI form and determinations will be made on a case by case basis. These types of instances would proceed directly to a Reserve COI Committee for consideration of the exact circumstances.

The verification cycle applies to verification services performed by the verification body for any given project, even if it was through another GHG registry or program.

Example 1: Verification X Company provided GHG inventory verification services for a California Climate Action Registry member, “Dairy Farm,” from 2006-2010. Dairy Farm now has a Reserve livestock project in 2011 and it would like to contract Verification X Company to verify. Verification services can only be provided for one additional year and then it will need to change verification bodies.

Example 2: Verification X Company provided validation services for a Voluntary Carbon Standard (VCS) landfill project in 2010. That same VCS landfill project transfers to the Reserve in 2011. The project may contract with Verification X Company for verification services from 2011-2016.

In the instance that a difficult situation arises where the perception of impartiality and independence is not clear cut, or a medium or high potential for conflict of interest exists, the Reserve will convene a COI Committee of three or more staff to resolve the situation and provide a determination to the verification body.

If, for any reason, the Reserve determines that a relationship constitutes a conflict of interest that cannot be mitigated, the Reserve will require the member to choose a new verification body. The Reserve may also invalidate any verification results from the time at which such a conflict of interest arose and could not be mitigated.

2.8 Technical Consultants

Technical consultants that might provide technical assistance in any capacity, including helping the project developer to compile data or to manage a project, are not required to complete training or become accredited under ISO 14065. However, a technical consultant that participated in any way to set up a project can never provide verification services for that same project, as this would be considered a clear COI. This includes designing, developing, implementing, or maintaining a GHG emissions project or setting up GHG management or information systems for a project.

In some instances, a verification body may not have the expertise on staff for specific industry sector or type and in these cases they are allowed to use subcontractors for any member of their verification team. Subcontractors acting as a Lead Verifier for the verification team are subject to all training requirements in line with Section 2.4. Any subcontractor or technical consultant performing verification activities must be disclosed to the Reserve on the NOVA/COI form and follow Reserve procedures.

2.9 Confidentiality

Verification bodies must keep sensitive information encountered while conducting verification activities confidential to uphold the integrity of data reported within the Reserve. Verification bodies must not make use of, or take advantage of, any confidential information and must take reasonable steps to ensure that information is protected from any unauthorized access. This is to ensure that no information is leaked to the public that could have an economic impact on the market. Due to the fact that potentially sensitive market information may be encountered while conducting project verification activities, the verification body must agree to maintain strict confidentiality in its findings prior to the release of the Verification Report. Confidentiality arrangements and requirements are usually addressed in the contract between the project developer and the verification body.

The Reserve will enter into confidentiality agreements with verification bodies and project developers as necessary. It will, on occasion, request supporting information to supplement data reported into the Reserve and will follow its standardized security and confidentiality procedures to protect all confidential business information. Any organization that must provide confidential information to support the NOVA/COI assessment should clearly mark which information is confidential and it will be treated as such.

After a verification body has been selected by a Reserve project developer, the two parties should negotiate contract terms. This contract is exclusively between the project developer and the verification body, and the particulars of any given contract are at the discretion of the two parties. The commercial arrangements surrounding the timing of the verification and the payment of fees are negotiated between the two parties, but should be disclosed in the NOVA/COI form submitted to the Reserve. This form will not be made public.

3 Project Verification Activities and Expectations

3.1 Overview

The objective of verification is to ensure that GHG reductions or removals are real, additional, verifiable, permanent, and that they are owned unambiguously. To do this, verification bodies must develop a risk-based verification plan that takes into account the size and complexity of the GHG project, the verification team's knowledge of the project, and the sector, technology and processes used. It must identify areas of key reporting risks to support to a reasonable level of assurance that the GHG reductions or removals are materially correct.

Verification bodies must verify a project's GHG reductions or removals by:

- Implementing a risk based approach to verification
- Ensuring verifications are conducted in a systematic and comparable way, and
- Ensuring Verification Reports, List of Findings and Statements are independent and robust

Verification activities necessarily differ based on the complexity of a project's GHG emissions reductions or removals and the underlying data supporting them. However, in all cases the verification process must include, at a minimum, the following steps:

- Notification of verification activities and case-by-case evaluation of conflict of interest
- Scoping and planning project verification activities
- Desk review and initial site visit to conduct project verification activities:
 - Confirmation of eligibility criteria
 - Identifying emissions sources, sinks and reservoirs and assess risk of material misstatements
 - Reviewing methodologies and management systems
 - Verifying emission reduction calculations
- Preparing a Verification Report, List of Findings and Verification Statement and submitting them through the Reserve

Upon completion of the above steps, Reserve staff will perform an internal review of the relevant documents and data reported before accepting and issuing CRTs. The Reserve relies upon the Verification Report to attest to the accuracy and legitimacy of the CRTs issued and the verification body is held accountable to the Reserve for the quality and independence of the report and statement submitted to the Reserve. See Section 4.1 for further guidance on what Reserve staff review prior to CRT issuance.

3.2 Risk-Based Verification

Project verification is an iterative, risk-based activity in which the complexity of all project components are balanced and assessed in relation to one another using verifier professional judgment. Areas of low-complexity, or which have minimal bearing on the eligibility or quantification of project emission reductions, should receive low priority and attention relative to areas that have high complexity and significant implications for project eligibility or emission reductions.

During the scoping and planning phases (Section 3.3), a preliminary risk assessment must be used to set a verification approach based on areas of highest perceived risk. This assessment

should include the project type, size, length of reporting period, and complexity. The initial risk-assessment should not be considered final. Rather, an iterative approach must be used to re-assess risk and complexity in the context of the knowledge gained and information gathered during the verification process.

Identified areas of risk may include any aspect of the project. Where project verifiers identify significant risk, they shall review those project components with increased care exceeding the minimum requirements provided in this document and the appropriate project protocol.

Potential areas of risk may include, but shall not be limited to:

1. Ownership of GHG rights
2. Project conformance with the Legal Requirement Test
3. Project conformance with the Performance Standard Test
4. Project compliance with relevant regulations
5. Maintenance and appropriate operation of project hardware
6. Adequacy and QA/QC of data collection processes
7. Training of project personnel
8. Data transcription and handling
9. Data calculations

3.3 Scoping and Planning Project Verification Activities

Prior to entering into an engagement to provide verification services for a Reserve project developer, the composition of the verification team and the scope of verification activities must be reviewed. This is submitted to the Reserve as a proposal in the NOVA/COI form. See Section 2.6.

3.3.1 Verification Team

The verification body is responsible for assembling a competent and qualified verification team to undertake verification activities before beginning any verification work. It must consider the capabilities and capacities of its staff when building the team. The verification team must have sector-specific competency in relation to the type of project it is undertaking. The entire verification team and their respective roles must be disclosed on the NOVA/COI form submitted to the Reserve. The verification team shall consist of a minimum of two Lead Verifiers, one to serve as Lead Verifier and the other as Senior Internal Reviewer.

The role of a Lead Verifier is to direct and lead the verification team and all underlying verification activities. The Lead Verifier is ultimately responsible for the verification and the Senior Internal Reviewer's role is to do the final quality control on the data, the List of Findings, the Verification Statement and Verification Report prior to its completion.

Senior Internal Reviewers are not prohibited from participating in site visits to inform their review, but must remain independent from decisions made by the rest of the verification team during verification activities so as to perform an impartial evaluation of the process at the end and sign off on the Verification Statement. Both Lead Verifiers on each project must have successfully completed Reserve training; however other team members (verifiers, technical experts, subcontractors, and administrative staff) are not currently required to have completed Reserve training.

In instances where verification bodies do not have the appropriate staff or expertise to meet the needs of any given project, it may add technical experts or subcontractors to assemble a complete and competent verification team. Subcontractors may serve as members of the verification team or as Lead Verifiers.,

A list of Lead Verifiers that have successfully completed sector-specific training is available on the Reserve's website. See Section 2.4 for more detailed information on verifier training requirements.

3.3.2 Developing a Verification Plan

After assembling the verification team, and prior to the kick-off meeting, the verification body shall develop an initial verification plan outlining the scope and nature of verification activities to be conducted for the specific project. In developing this plan it shall consider key requirements and objectives of the project developer, compliance with the relevant Reserve project protocol, information to be reported to the Reserve and verification team's capabilities and sector competencies.

The verification plan shall involve a review of any previously reported information to the Reserve, a preliminary assessment of areas of high risk, identification of potential systematic weaknesses, a draft sampling plan to recalculate the data reported to the Reserve, and a plan relevant to site visit selection (if any). The sampling plan should be created in line with the requirements of Section 4.3.3 of ISO 14064-3. The verification plan should evolve and grow as the verification body progresses further into verification activities and obtains more information on potential areas of risk and supporting evidence to substantiate the GHG assertion made to the Reserve. At any time the Reserve may request a copy of the verification plan.

After the Reserve has been notified of planned verification activities and issued approval for verification to proceed, contract terms may be finalized. At that point the verification body shall conduct a kick-off meeting with the project developer. This can either be in person or virtually.

The agenda for the meeting should include:

1. Introduction of the verification team, overview of roles and responsibilities
2. Review of verification activities, plan and scope
3. Transfer of background information and underlying activity data
4. Review and confirmation of the verification process schedule

Based on the information provided in agenda items 2 and 3, the verification body should determine the most effective, efficient, and credible verification approach tailored to the particular characteristics of the project. If a project has been selected by the Reserve for verification oversight, Reserve staff may participate in all or some of the relevant verification activities.

3.4 Verification Cycle

The reporting period is the period of time that a project developer quantifies and reports GHG reductions/removals for the project. The verification period is the period of time over which GHG reductions/removals are verified. Reporting periods for verification must be contiguous; there can be no time gaps in reporting during the crediting period of a project once the initial reporting period has commenced. Gaps in data or activity within the crediting period must be included within the reporting period and verified accordingly. The verification body must confirm that no

reductions are claimed for any period for which a gap in data exists or for which a project was non-operational.

All projects must complete verification within 30 months of first being submitted to the Reserve. Following initial verification and registration, most non-forest projects must be verified at least annually; refer to the project protocols for project-specific verification options and requirements. Project developers may choose to verify more frequently (e.g., quarterly or semi-annually). Forest projects may submit annual monitoring reports in lieu of annual verification, but may not go longer than six years between verifications. CRTs are issued according to the quantity of verified reductions achieved during a reporting period, regardless of the period's length.

The Verification Statement, Verification Report and List of Findings must be submitted within 6 months of the end of the reporting period for which project activities are verified. For those projects that require annual verification at a minimum, Verification Statements, Reports and Lists of Findings may cover a maximum of 12 months of project activity. The only exception is for pre-existing projects undergoing their first verification; the first Verification Statement, Report and List of Findings for these projects may cover multiple years, back to the project's start date.

The verification process itself can take a substantial amount of time depending on various factors. The better organized the documentation and management systems of the project developer, the less time verification will take. Incorporating all of the steps and procedures involved in reporting, reviewing and verifying credible emissions data ensures credibility of the CRTs issued.

The following table provides an overview of the steps and necessary timeline of the verification process. This table is for informational purposes only and timelines can deviate from the below guidelines depending on specific projects.

Table 3.1: Verification Process Timeline

| ACTIVITY | TIMELINE |
|---|--|
| <i>Preparing for Verification</i> | |
| Project developer contacts verification body to submit proposal for services | Any time throughout the year (provided no COI exists) |
| Verification body is selected by project developer | After project is listed on the Reserve |
| Verification body assembles verification team and develops a draft verification plan | Prior to submittal of NOVA/COI |
| Verification body submits a notification of planned verification activities, scope and request for case-by-case determination to Reserve (NOVA/COI form) | Prior to contract finalization with the project developer |
| Reserve evaluates and issues COI determination | Within 10 business days of receipt of NOVA/COI |
| Verification body finalizes contract with project developer | Varies |
| <i>Project Verification Activities</i> | |
| Project developer enters project data into the Reserve | Maximum 2 years after project listing |
| Verification body begins core verification activities: Confirm eligibility criteria > Review reported data > Review management systems > Verify emissions estimates | After the end of the reporting period and entry of project data into the Reserve |

| ACTIVITY | TIMELINE |
|--|--|
| Completing the Verification Process | |
| Verification body issues List of Findings and corrective actions to project developer | Varies (Usually within 3 months of the beginning verification activities) |
| Verification body uploads Verification Report and Statement to the Reserve and submits to project developer for review | Varies |
| Project developer reviews Verification Report and Opinion and discusses findings with verification body | Typically within 2 weeks |
| Project developer finalizes submission of electronic Verification Report, Statement and List of Findings to the Reserve | No more than 6 months after the end of the reporting period |
| Reserve reviews Verification Report, Statement and List of Findings and request clarification or modifications to report, as necessary | Within 2 weeks of submission |
| Verification body responds to Reserve clarification requests, and re-submits. | Typically within one week |
| Reserve registers project and CRTs | Within 2 weeks of submission of satisfactory Verification Report, Statement and List of Findings |
| Project developer chooses a new verification body | Maximum of 6 years |

3.4.1 Desktop Reviews and Site Visits

Most project verification activities will consist of a desktop review and a site visit. A good portion of the verification activities are conducted during a desktop review to check calculations, emissions data, and supporting documentation. However, a site visit is also necessary to assess project operations, functionality, data control systems, confirm the project boundaries and assessment area, review measurement and monitoring techniques, and onsite record keeping practices. The depth and breadth of verification activities shall be guided by the project-specific risk assessment (see Section 3.2).

For projects that require annual verification, verification bodies must conduct a site visit annually (i.e. the verification body must be onsite at least every 365 days during the time period it is providing verification services to a project developer). It is recommended that the Lead Verifier is present at the site visit to direct verification activities.

If sub-annual verification occurs and the same verification body is conducting the verification and has been onsite in the last 12 months, site visits are only required if significant changes or fluctuations are discovered during the desk review; this is left to the professional judgment of the verification body. Otherwise, only one site visit every 12 months is required⁸.

The following activities are expected to occur during a desktop review and site visit verification. Please note these lists are not comprehensive. Requirements for some project types are different and the project protocols note the exact requirements.

Desktop review:

- Assessment of project eligibility criteria
- Review of required attestations
- Recalculation and review of the data calculations and information presented to verify their completeness

⁸ Note that in this scenario, a site visit verification may be required *prior* to the next upcoming verification to ensure that the annual site visit requirement is met, and no more than 365 days elapse between site visits.

- Review of the monitoring plan and monitoring methodology for conformance with protocol requirements
- Evaluation of data management, the quality assurance and quality control systems, and procedures in the context of their influence on the generation and reporting of reductions or removals

Site visit verification:

- Assessment of the implementation and operation of the project activity
- Review of information flows for generating, aggregating and reporting the monitoring parameters
- Interviews with relevant personnel to confirm that they are properly trained and qualified for the duties they perform
- Interviews with relevant personnel to confirm that the operational and data collection procedures are implemented in accordance with the monitoring plan and protocol requirements
- A cross-check between information provided in the monitoring report and data from other sources such as plant log books, inventories, purchase records or similar data sources
- A check of the monitoring equipment including calibration performance and observations of monitoring practices against the applicable protocol requirements
- Review of calculations and assumptions made in determining the GHG data and assertions
- Identification of quality control and quality assurance procedures in place to prevent or identify the possibility of misstatements

A verification body shall use its professional judgment in determining if the information presented during these activities is adequate to inform its opinion. The verification body shall only provide a reasonable assurance opinion to a project if that determination is based upon verifiable evidence.

Verifiable evidence must be provided by the project developer to substantiate CRTs reported to the Reserve. Evidence considered may be physical, documentary, or testimonial in nature. Examples of acceptable evidence are discussed in the following section.

3.5 Core Verification Activities

The core verification activities provide a framework for the verification process. To verify information is accurately reported, the verification body shall review, at a minimum, all of the documents, guidance and questions contained within the applicable project protocol, which will differ based on project type. The verification body shall review supporting evidence and documentation for any claims of information created, calculated, transmitted, processed, recorded and/or maintained electronically and supplied by the project developer. The verification body shall rely on this information to help them provide a reasonable level of assurance to the Reserve that the GHG assertion is true and materially correct.

The core verification activities encompass a risk assessment and data sampling effort aimed at ensuring that the project is eligible, that no material sources, sinks or reservoirs (SSRs) are excluded, that data was properly collected and calculated, and that the risk of error is low. Each of these issues shall be assessed and addressed through appropriate sampling, testing and review.

The core verification process is illustrated in the figure below. All verification activities shall include the following steps, at a minimum:

Figure 3.1: Core Verification Activities



3.5.1 Step 1: Confirm Eligibility Criteria

As discussed in Section 3.5.1, verification bodies are required to affirm the project's eligibility for each reporting period according to the rules defined in the relevant project protocol.

Every project must meet the eligibility criteria to qualify for project registration under the Reserve and there shall be no deviations in relation to these rules. The Reserve staff does a preliminary review of project information provided in the required project submittal form to assess eligibility. It is not a final determination of the eligibility of the project, nor does it guarantee CRT issuance or CRT ownership.

Upon initiation of verification activities it is the responsibility of the verification body to assess these claims, substantiate them with supporting evidence and confirm that a project meets the relevant eligibility criteria and remains in compliance with protocol rules for every reporting period verified. This includes, but is not limited to, reviewing required attestations in relation to confirming eligibility criteria described in the following sections.

While the structure of the eligibility criteria is shared amongst the Reserve protocols, the specific requirements do vary from protocol to protocol. Please refer to the relevant protocols and accompanying verification guidance for more guidance on the eligibility criteria and frequency of verification for each requirement. Whenever a new verification body has been approved and selected to conduct verification on a project, it is required to review all applicable eligibility criteria again and should not simply rely on the determination of the previous verification body.

The Verification Report submitted to the Reserve must explicitly state whether each eligibility requirement has been met, and summarize the evidence that was reviewed to reach this determination. Please note that areas of high risk may necessitate investigation beyond what is described below.

3.5.1.1 Location

Each project protocol is strictly limited to projects within an explicitly defined geographic boundary. Verification of project location shall be conducted through site visits, corroboration and review of appropriate documentation and/or geographic search confirming location and the project area.

3.5.1.2 Project Start Date

The Reserve has elaborated on its start date policy in the Reserve Program Manual, as well as in each individual project protocol. As defined in the applicable protocol, the start date initiates the project crediting period.

Verification bodies must verify:

1. That the exact project start date reported into the Reserve software is correct.
2. That the project start date is eligible per the applicable protocol and the policy laid out in the Reserve Program Manual.

Verification bodies shall review supporting documentation to ensure the start date claim is correct (e.g. design plans and installation dates, operational dates, commissioning reports, service invoices, log books, staff interviews, etc.) and may use their discretion as to the adequacy and sufficiency of the type of evidence provided. Supporting documentation provided should always be clear, traceable and directly correspond to the chronological timeline reported. The exact start date must be explicitly stated in the Verification Report.

3.5.1.3 Crediting Period

The Reserve defines a discrete crediting period for all projects in reference to the project start date. Verification bodies shall verify that the reporting period falls within the project's crediting period as defined in the applicable protocol. Verification bodies shall also confirm the accuracy of the reporting period reported into the Reserve software and that the underlying activity or source data supplied by the project developer directly corresponds to these dates.

It should be noted that all data must be contiguously reported and verified, even if no credits are being claimed for a given time within a particular reporting period.

Project transfers are allowed in accordance with the guidelines outlined in the Reserve Program Manual. Transfers from another GHG registry shall be reviewed by the verifier and must be clear, traceable and the verifier must ensure that no double-counting has occurred between reported crediting periods and registries.

3.5.1.4 Additionality

The Reserve employs a two-tiered test of additionality on all projects that must be confirmed by the verification body. The tests are:

1. The Legal Requirement Test
2. The Performance Standard Test

3.5.1.5 The Legal Requirement Test

Projects are very likely to be non-additional if their implementation is required by law. A Legal Requirement Test ensures that eligible projects (and/or the GHG reductions/removals they achieve) would not have occurred anyway in order to comply with federal, state or local regulations, or other legally binding mandates. A project passes the Legal Requirement Test when there are no laws, statutes, regulations, court orders, environmental mitigation agreements, permitting conditions or other legally binding mandates requiring its implementation, or requiring the implementation of similar measures that would achieve equivalent levels of GHG emission reductions/removals.

Verification of the Legal Requirement Test requires:

1. Review of the Attestation of Voluntary Implementation form. The Attestation of Voluntary Implementation requires that the project was implemented, established, operated, and conducted voluntarily and for the carbon benefit. Verifiers must confirm that this form has been properly executed by a qualified representative.
2. A risk-based review of relevant legal requirements which could require the project activity. Based on this risk based review the verification body must confirm with reasonable assurance that there are no specific local, state or federal regulations that require the project's installation.

In addition, most protocols specify that the project's Monitoring Plan must include procedures that the project developer will follow to ascertain and demonstrate that the project at all times passes the Legal Requirement Test. If the verification risk-assessment determines that there is a low-risk that the Legal Requirement Test is not passed, then review of the Attestation of Voluntary Implementation and review of applicable noted above evidence is sufficient.

However, if there is significant risk, verification bodies shall use their professional judgment to determine the depth and scope of the review required to confirm that the project meets the Legal Requirement Test. Project developers must provide evidence to the verifier to inform their assessment.

3.5.1.6 The Performance Standard Test

Projects that are not legally required may still be non-additional if they would have been implemented for other reasons, e.g., because they are attractive investments irrespective of carbon offset revenues. Performance standard tests are intended to screen out this potential set of projects. In developing performance standards, the Reserve considers financial, economic, social, and technological drivers that may affect decisions to undertake a particular project activity. Standards are specified such that the large majority of projects that meet the standard are unlikely to have been implemented due to these other drivers. In other words, incentives created by the carbon market are likely to have played a critical role in decisions to implement projects that meet the performance standard.

Verification bodies must verify that the project exceeds the applicable Performance Standard, as defined in the project protocol. This is not a subjective determination.

The Performance Standard Test is applied at the time the project commences. For most protocols, once a project is registered, it does not need to be evaluated against future versions of the protocol or the Performance Standard Test for the duration of its first crediting period.

3.5.1.7 Regulatory Compliance

Verification bodies shall confirm that all projects pass the Regulatory Compliance Test for all periods in which CRTs are verified; no CRTs may be issued for periods when a project was not in material compliance with all applicable laws (environmental, safety, etc.). The regulatory compliance requirement is limited to activities at the host site that are specifically related to the project activity, or which may be impacted by the presence of the project.

This requirement is verified through review of the Attestation of Regulatory Compliance and also a risk-based review of project documentation. Verification bodies shall conduct a review of site

documentation, permits, and any regulatory inspection notifications (violations, permits, notices, etc.) to determine with reasonable assurance that all non-compliance events either did not relate to the project itself or were immaterial or administrative in nature. Non-compliance events could be considered immaterial if in light of the surrounding circumstances, it does not appear to impact the integrity or quality of the project. Making this determination does involve a significant amount of professional judgment. The project may very well be achieving its reductions, but if there is an air quality concern or worker safety is at risk, then that could represent a significant problem. The project must not have any negative environmental or social impacts. If the verification body is uncertain about a violation or notice it encounters it may involve Reserve staff for assistance in making a determination relative to materiality.

Project developers are required to disclose in writing to the verifier all instances of non-compliance of the project with any law. If a verifier finds that a project is in a state of recurrent non-compliance or non-compliance that is the result of negligence or intent, then CRTs cannot be verified for GHG reductions that occurred during the period of non-compliance. Non-compliance solely due to administrative or reporting issues, or due to “acts of nature,” will not affect CRT crediting.

Depending on the risks identified and verifier professional judgment, verification may be limited to an initial review of compliance documentation or a more thorough and comprehensive review may be required.

3.5.1.8 Ownership

One of the fundamental principles of the Reserve’s program is the unambiguous ownership of GHG reductions/removals. Project developers must have exclusive ownership rights to the GHG reductions or removals associated with the project and for which the Reserve will issue CRTs. In addition, the project developer must agree that ownership to the GHG reductions or removals will not be sold or transferred except through the transfer of CRTs in accordance with the Reserve Terms of Use policies.

It is essential that the project developer is determined by the verification body to be the proper owner of a project’s CRTs early in the verification process. This requirement is verified through review of the Attestation of Title and an accompanying review of available ownership documentation. The owner of the CRTs must also be the account holder in the Reserve software. The account holder and the signatory to the Attestation of Title must be the same.

The verification body must confirm that the account holder has signed the Attestation of Title form, and is the owner of full, legal and beneficial title to the reductions or removals generated within the Reserve. Although there may be several parties involved in a single project, the party that signs the Attestation of Title is the party that the verification body should hold its contract with and has beneficial ownership rights in relation to the CRTs registered in the Reserve.

If after the ownership review is completed and a different organization is identified to be the owner, the verification body may proceed with verification activities as long as the rightful owner is clearly identified in the verification documentation and a COI evaluation on that party has been noted to the Reserve. The verification body must inform the organizations involved, and the project may need to be moved to a new account within the Reserve software.

In addition to reviewing the Attestation of Title to assess the project developer’s claim to title of all CRTs generated, verification bodies should also review relevant contracts, agreements

and/or supporting documentation between project developers, facility owners, utilities, and other parties that may have a claim to the CRTs generated. Verification bodies must review these contracts in a risk-based context and use their professional judgment to determine the depth and breadth of the review. In order to issue a positive Verification Statement, the verification body must conclude with reasonable assurance that the project developer has title of the reductions/removals.

In some instances, ownership will be straightforward and easy to identify (see Example 1). In other instances, particularly those involving multiple parties, more careful review, analysis, and thought will be required (see Example 2).

Example 1: A forest owner with complete title and beneficial rights in certain real property and its timber designs and implements an Improved Forest Management program to sequester carbon, without any outside assistance. It is clear in this situation who the owner of the CRTs will be, absent any further documentation or assertions to the contrary.

Discussion: In these instances, the verifier shall (in combination with a site visit, geographic search mapping the project boundary and a thorough review of the deed and/or title to the land within the project boundary) be able to establish CRT ownership.

Scenarios involving multiple parties require careful review, analysis, and thought.

Example 2: A private company (X Co) pays for the installation of GHG emissions capturing equipment at a landfill owned by the local county waste authority in exchange for rights to any GHG emission reduction credits derived from such activities.

Discussion: In this case, the proper owner and therefore project developer and account holder is not immediately clear without reviewing the underlying contractual arrangements between the two parties, since both are involved in the activities leading to the emission reductions.

Upon review of the underlying documents, the verification body should be able to reasonably conclude that X Co is the proper project developer and account holder to which any CRTs would be initially issued. Even though the waste authority could have potentially laid claim to such emission reductions, it contractually must have conceded such rights often noted as any “environmental attributes” to its partner in the activities prior to the creation of such reductions.

Although the above circumstances require some review of contractual terms, the parties with potential interest in the project are still fairly straightforward. However, in some cases X Co may try to open an account for an affiliate or under a different name and have the CRTs issued directly into that account. CRTs can only be issued to the account of the legal entity that owns the rights to those CRTs. Thus, the account holder must be the same legal entity as the project developer to be issued the CRTs.

Separate legal entities include other limited liability companies (LLCs), corporations, and other business organizations, regardless of whether they are 100% related (e.g., parent, subsidiary, affiliate, etc.). Thus, even if X Co is 100% owned by its parent company, unless they are the same legal entity (e.g., it is merely a division of the parent, within the parent LLC or corporation), its parent or any other related company cannot be considered the project developer and the account holder to which the CRTs are issued. This is true regardless of the reason why the

organizational structure of the larger corporate family was created, whether it be for tax purposes, administrative convenience, efficiency, or any other purpose.

If there is any question as to whether the project developer is the same legal entity as the rightful owner of CRTs, then the verifier may ask for the formation documents of each entity (e.g. LLC operating agreement, certificate of incorporation, etc.), and/or request each entity's tax identification number (TIN) issued by government authorities. If they have separate formation documents and the TIN is the same number for both, they are likely the same legal entity. If they both have formation documents and/or different TINs, then they are not the same legal entity.

Below are a few examples regarding legal entities, this is not an exhaustive list:

Table 3.2: Corporate Structure of Legal Entities

| Scenario | Possible Outcome |
|--|-------------------------------|
| Names of X Co and Other Named Entity each end in "LLC", "Inc.", "Corp." or other legal entity designation | Separate Entities |
| X Co is doing business as (DBA) Other Named Entity | Check formation docs and TINs |
| No clear relationship between X Co and Other Named Entity | Check formation docs and TINs |
| X Co is a division of Other Named Entity, not a separate LLC, corporation, or other legally formed entity and same TIN | Same Legal Entity |

The Reserve recognizes that its verification bodies are not legal experts. If contractual and title issues are deemed inconclusive following an exhaustive review, and are still considered an area of high risk for the verification body, the verification body should contact the Reserve staff for further assistance. In this circumstance, the Reserve will help to make an ownership determination.

3.5.2 Step 2: Review Reported Data and Identify Sources, Sinks and Reservoirs

Verification bodies shall review a project's reported emissions sources, sinks and reservoirs (SSRs) to ensure that all are identified properly and to confirm their completeness and relevance within the GHG Assessment Boundary as defined by the applicable protocol. It will review the reporting and monitoring parameters for the project.

The site visit shall be used to inform the confirmation of the GHG Assessment Boundary, examine project equipment, identify any associated SSRs resulting from the project, and assess the implementation and operation of the project activity.

As part of this process, verification bodies shall review the Monitoring Plan to verify that all required SSRs and project activities are measured, modeled or calculated appropriately and with the correct frequency. Verification bodies must also review the project's GHG assertions, data collection and storage methods and its quality assurance/quality control (QA/QC) measures.

Once all reporting parameters and SSRs have been identified and any issues have been addressed, the verification body may proceed to Step 2 to review the calculation methods used and the management systems employed.

3.5.3 Step 3: Reviewing Management Systems and Methodologies Used

After the scope and comprehensiveness of the project developer's emission sources has been confirmed, verification bodies should review the methodologies and management systems that the project developer used to generate, compile, transcribe, and store data. This is principally a risk assessment exercise, in which the verification body must weigh the relative complexity of the scope of the project's emissions operations and activities, the project developer's methodologies and management systems used to prepare the GHG emissions report, and the risk of calculation error as a result of reporting uncertainty or misstatement. The verification body must determine the presence and level of inherent and management type risks and focus its verification effort on the highest risk areas. This is an area where professional judgment and verifier discretion are noticeably applied and it is likely that qualitative material non-conformances with the protocol could be noted here.

Through these steps, the verification body shall determine the appropriateness of the management systems, IT systems, staff competency, internal audits, record keeping arrangements, and documentation processes to understand the risk of systemic errors as a result of reporting uncertainty or misstatement. A review of records and management systems on site helps to ascertain the management system's adequacy relative to protocol requirements.

A verification body's general review of a project's GHG management systems should document if methodologies/procedures are appropriate given the uncertainty/risk associated, whether the data is correctly aggregated, monitored, measured and that a qualified individual is responsible for managing and reporting GHG reductions or removals. The verification body shall also check that the correct metering equipment is used, inspected, cleaned and calibrated adequately in accordance with the applicable project protocol. They must ensure that all metered data and modeled data are accurate.

3.5.4 Step 4: Verify Emissions Estimates

Based on a projects identified SSRs, its management systems, and corresponding risk profile, verification bodies must ensure that the calculations of GHG reductions or removals are accurate within the applicable quantitative materiality threshold. This shall be done by recalculating all emission estimates based on underlying activity data. All emission or efficiency factors being inserted into the applicable protocol equations must be recalculated as well to ensure the total reported CRTs are correct. Crosschecking calculated emissions reductions and performing data reconciliation in line with the methodologies outlined in the applicable protocol is vital. Quantitative material misstatements may be noted by verification bodies when verifying emissions estimates.

Verification bodies shall also check activity data from spreadsheets or monitoring data back to their original sources, perform re-computing in accordance with an appropriate sampling plan and focus their effort on data that pose the highest risk of material misstatement. Verification bodies shall review all relevant physical and documentary evidence.

In order for verification bodies to verify the reductions or removals entered into the Reserve, a sample of data must be free of material misstatement. It is possible that during the verification process differences will arise between the emissions estimated by the project developer and those estimated by the verification body. Differences of this nature may be classified as either material or immaterial. A discrepancy is considered to be material if the overall reported emissions differ from the overall emissions estimated by the verifier by more than the materiality

threshold defined in Section 1.6.3. A difference is immaterial if it is less than the materiality threshold and is not required to be corrected.

If the reported data is not free of material misstatement, the verification body should include this information in its List of Findings and should complete its sampling effort of other sources. Once verification bodies have confirmed that a sample of data is free of material misstatements, they are ready to complete verification

Verification bodies reference directly monitored and measured data, supporting evidence could be in the form of:

- Flow meters and electricity meters, continuous emissions monitoring systems (CEMS) data
- Outputs from gas collection, destruction or abatement systems
- Electricity use or fossil fuel combustion records, invoices, purchases and sales orders, fuel in stock
- Data recording devices, portable equipment instruments
- Maintenance and calibration records, log books, system operations manuals
- Laboratory test results or third party reports
- Manufacturer specifications and reports
- Raw material inputs, production output or hours of operation
- Field check reports, sampling exercises and analysis reports
- Emission factors (if not default), combustion efficiency and oxidation factors
- Certificates of destruction, weight tickets and customs documents
- Calculation spreadsheets, electronic files, etc.
- And other types of records deemed valid by verifier professional judgment

It is a verification body's duty to identify errors during the verification process. Common errors include:

- Calculation errors: equations used do not match those specified in the protocol
- Incompleteness: incorrectly including or excluding SSRs within the GHG Assessment Boundary, excluding significant sources, leakage effects
- Inaccuracy: manual data transferring and transcription errors, double counting, using incorrect emission or efficiency factors

Any of these errors could result in the project developer potentially over crediting GHG reductions or removals.

3.6 List of Findings

The List of Findings identifies and details all material and immaterial findings identified by the verifier throughout the verification. These findings shall be identified according to whether they are material or immaterial and whether they were non-conformances or quantitative misstatements. This List of Findings should be delivered first to the project developer to allow them the opportunity to correct any issues found during the course of verification that might impact CRT registration. The List of Findings submitted to the Reserve should represent a summary of all findings and resolutions throughout the verification process. The document will remain private.

The List of Findings shall accompany the Verification Report upon its completion and gets submitted to the Reserve including corrections or corrective actions made to the issues

identified (if any) by the project developer. A correction made by the project developer resolves an error and fixes the identified problem, but a corrective action fixes the cause of the problem in order to prevent its reoccurrence in future verifications. This usually happens by the project developer performing a thorough root cause analysis to identify why the problem happened and how to keep it from happening again on a systematic level.

The List of Findings should include Opportunities for Improvement (OFIs) to help project developers streamline future verifications. OFIs can recommend improvements and can cite sections of the protocol or reference public documents, but may not provide advice on how to resolve issues noted. A verification body should enumerate any shortcomings in a project developer's GHG tracking and management systems. Often OFIs issued have led to faster and more efficient future verifications.

Findings shall detail and list issues identified, point to the relevant section of the protocol, but shall not provide any solutions or potential remedies for resolution. Resolutions would constitute consulting advice, and thus create a conflict of interest. This private document is shared only with the project developer and the Reserve.

Verifiers should always refer the project developer to Reserve staff for assistance when significant material problems are identified or if the project developer does not meet the eligibility criteria.

If there are no findings within the current reporting period, the List of Findings does not need to be submitted, but should be noted to the Reserve in an email for record keeping purposes. No standardized format for this document is currently required. These findings shall not be included in the report itself as that document is made public, and these will be provided in a stand-alone document for confidentiality reasons.

Table 3.3: Sample List of Findings

| Category | Verification Findings | Correction/Corrective Action |
|---|---|--|
| Material Non-Conformance | The landfill protocol requires the monitoring plan establishes a mechanism to demonstrate that they meet the Legal Requirement Test. Project Developer X (PDX) monitoring plan has no reference or application of this requirement. | Corrective action required. PDX updated its monitoring plan using its current procedures to demonstrate that the project is not required by federal, state, local regulations, or other legally binding mandates. PDX will contact regulatory agencies, keep records and information surrounding its LFG system and will engage a consultant to perform a bi-annual review of applicable statutes. |
| Material Misstatement and Non-Conformance | CRT calculations submitted to the Reserve do not apply the correct methane destruction efficiency. As prescribed by the Landfill Protocol for a lean-burn internal combustion engine the default is 0.936. The official source tested destruction efficiency was not available, so PDX used a factor of 0.995. This increases the total reported CRTs to the Reserve by 4%. This is above the allowable materiality threshold (2%) for total reported CRTs. | Correction required. The protocol clearly states that the default factor must be applied if source data is not available. PDX has now re-applied the appropriate factor. |

| Category | Verification Findings | Correction/Corrective Action |
|-----------------------------|---|--|
| Immaterial Misstatement | Indirect project emissions were calculated using electricity consumption billing history from LADWP. Minor differences found in the total kWh purchased as listed in the billing history show a slight difference of 3%. This decreases the overall reported reductions by less than 0.01%. | Correction not required. PDX chose not to fix the error for this reporting period; as it has a minor impact on the reported CRTs. PDX will ensure correct application of kWh consumed in future verifications. |
| Opportunity for Improvement | PDX could strengthen its management and record keeping systems. It could have weekly logs and maintenance plans automated to lessen the associated risk of manual transcription error. | No corrective action required. Current system acceptable, but could be improved for future verifications. |

3.7 Professional Judgment

By design, Reserve protocols are not entirely prescriptive and rely on verification bodies to use their best professional judgment while executing verification activities. Verification bodies must demonstrate, through their staff's professional qualifications and relevant GHG experience, their ability to render sound professional judgments in relation to GHG emissions reduction projects.

Application of professional judgment is expected particularly in the following areas:

- Implementation of verification activities with appropriate rigor for the size and complexity of the project and with regard to the uncertainty of calculations associated with the project emissions sources
- Review of the appropriateness of a project developer's GHG emissions tracking, monitoring, and management systems for providing information to the Reserve
- Determining how much data constitutes a representative sample
- Assessment of methods used for calculations where the protocol does not provide prescriptive guidance
- Appraisal of assumptions, estimation methods and emission factors that are selected as alternatives to protocol guidance, where allowed

Where the Reserve project protocols are prescriptive – as with monitoring or calibration frequency - verification bodies are not permitted to use professional judgment. Projects must follow the prescriptive requirements of the protocols, where available.

The Reserve maintains the right to question any and all decisions made by the verification body. However, in areas where the project protocols explicitly state that professional judgment can be used, the Reserve expects that the verification body has the competency and knowledge to make these decisions, will err on the side of conservativeness, and will follow industry best practice.

3.8 Variances

The Reserve may, at its discretion, grant limited variances with regard to the manner in which specific projects meter, measure or monitor GHG reductions or removals only where Reserve staff determines that such variances are acceptable. No variance request will be considered until the project in question has been formally submitted to the Reserve.

Only with explicit, written acceptance of the variance may a project developer apply alternate methods not contained in the Reserve's applicable protocol for their project. In most cases, a variance request will be granted only for a specified time period and verification bodies must ensure that application of the variance is correct.

Variances will not be granted for exceptions to project eligibility criteria or to the Reserve's methodological approaches to determining GHG emission reductions. The Reserve retains the right to reject outright any Request for Project Variance, request further documentation, or impose additional constraints and/or discount factors on the proposed monitoring, metering or measurement methods. Once a variance has been granted it will be made public in the Reserve software.

3.8.1 Verification Body Application of Variance Approvals

Verification bodies must adhere to any instructions laid out within the granted variance and ensure that all other relevant criteria in the protocol have been met. Like the listing process, receiving a variance approval does not guarantee that a project will be successfully verified, nor that a project complies with other aspects of a given project protocol; variance approvals do not qualify projects for registration prior to successfully undergoing the verification process.

Projects continue to be subject to verification body review after a variance has been granted. The burden remains on the project developer to provide supporting evidence to the verification body that all aspects of its project are in compliance with the relevant protocol. Variance approvals are decisions made by the Reserve to allow for minor alterations to the protocol, based on initial information presented. Verification bodies must confirm the underlying facts that were presented to the Reserve. Nothing in the variance precludes the project from any protocol requirements that are not specifically referenced within the variance.

A verification body shall not make specific recommendations to the project developer in relation to what should and should not be granted a variance by the Reserve. This would be considered consulting and is explicitly prohibited. Verification bodies shall not recommend that project developers seek variances from the Reserve, but can note sections or guidance of the protocol that the project is not in conformance with. The verification body can refer the project developer to seek assistance from the Reserve in determining best how to proceed with the project.

3.9 Errata and Clarifications

The Reserve utilizes Errata and Clarifications documents to correct and/or clarify issues in previously issued protocols. Errata are issued to correct typographical errors in text, equations or figures. Clarifications are issued to ensure consistent interpretation and application of the protocol.

Errata and Clarifications documents become effective on the date they are first posted on the Reserve website. All listed and registered projects must adhere to errata and clarifications issued for the applicable protocol version when they undergo verification. Thus, verification bodies must refer to and follow the corrections and guidance presented in Errata and Clarifications documents as soon as they are effective, even if they are issued during an ongoing verification.

The Reserve does not require verification bodies to attend trainings specific to the Errata and Clarifications. Rather, the Reserve expects that verification bodies refer to these documents

immediately prior to uploading any Verification Statement to assure all issues are properly addressed and incorporated into verification activities.

3.10 Joint Verification

Certain project protocols allow for “joint verification” when a project developer has multiple projects operating on a single site. In these instances, project developers have the option to hire a single verification body to assess the projects concurrently. This is intended to provide economies of scale for the project verifications and improve the efficiency of the verification process.

Under the joint project verification process, each project, as defined by the protocol and the project developer, must be submitted and registered separately in the Reserve system. However, the verification body may submit a single NOVA/COI Assessment form that details and applies to all of the projects at a site that it intends to verify.

Additionally, a verification body may conduct a single site visit and prepare a single Verification Report summarizing the findings from multiple projects undergoing joint verification. However, the verification body must develop an individualized verification process and Verification Statement for each project (i.e., each project is assessed by the verification body separately as if it were the only project at the site).

If, during joint project verification, the verification activities of one project are delaying the registration of other projects, the project developer may choose to forego joint project verification. There are no additional administrative requirements of the project developer or the verification body if a joint project verification is terminated.

At the time of publication, the following protocols have provisions allowing for joint project verification:

- Coal Mine Methane Project Protocol
- Nitric Acid Production Project Protocol
- U.S. and Article 5 Ozone Depleting Substances Project Protocols

Please refer to the individual protocols for more information on their specific processes and procedures for joint verification.

3.11 Aggregation

Only certain types of Reserve-recognized GHG projects may be aggregated for registration and reporting purposes. Some project protocols allow for smaller projects to register as part of a group to help reduce transaction costs for individual project developers. The requirements in relation to verification periods, desktop reviews and site-visit verifications may vary. See specific protocols for reporting and verification guidelines.

At the time of publication, the following protocols have provisions allowing for project aggregation:

- Forest Project Protocol
- Livestock Project Protocol

4 Documenting and Reporting Verification Activities

After a verification body has completed its review of a project developer's reductions or removals entered into the Reserve, it must do the following to complete the verification process:

1. Complete a detailed List of Findings containing both immaterial and material findings (if any), and deliver it to the project developer, allowing the opportunity for corrective actions (private document).
2. Complete a detailed Verification Report, and deliver it to the project developer (public document).
3. Prepare a concise Verification Statement detailing the vintage and the number of reductions or removals verified, and deliver it to the project developer (public document).
4. Conduct an exit meeting with the project developer to discuss the Verification Report, List of Findings and Verification Statement and determine if material misstatements (if any) can be corrected. If so, the verification body and project developer should schedule a second set of verification activities after the project developer has revised the project submission.
5. If a reasonable level of assurance opinion is successfully obtained, upload electronic copies of the Verification Report, List of Findings, Verification Statement into the Reserve.
6. Return important records and documents to the project developer for retention.

The Verification Report and Verification Statement shall be submitted at the conclusion of verification. These documents will be made public. If a project is deemed ineligible or non-compliant with a protocol to the extent that it can no longer move forward, verification bodies shall submit only their Verification Statement and List of Findings in the same manner noted above.

4.1 Verification Report

The Verification Report is a transparent, overarching document that is produced by the verification body for the project developer, and is also made available to the Reserve and the public. This document is a detailed summary and scope of verification activities undertaken. It is made public to uphold the integrity of the GHG program and to promote the transparency of the CRTs issued.

The Verification Report serves as the basis for the public and the Reserve to evaluate GHG projects registered on the Reserve. As such, a positive Verification Report must provide positive assertion that the project meets all eligibility requirements, followed all monitoring requirements, appropriately applied the calculation methodologies provided, and is free of material errors. In addition, the Verification Report must include a discussion of how the perceived areas of risk in the project were incorporated into verification activities and data review.

No standardized format for this document is currently required, but the recommended content is outlined in the sections below. Verification bodies should construct Verification Reports in a manner which best communicates the activities undertaken and results of verification. However, all Verification Reports must incorporate the elements discussed below or they can expect that the Reserve staff will require a resubmittal of the Verification Report. It is important to note that persistent spelling and grammatical errors could also require a report revision. These are public documents and should be treated as such.

The sections that follow are not intended as an outline for Verification Reports. These elements may be presented in any fashion deemed appropriate by the verification body within the report, but must include, at a minimum, the items indicated.

The Reserve expects all Verification Reports to make explicit, positive assertions of the conclusions drawn. It is insufficient, for example, for a Verification Report to indicate that no regulatory non-compliances were identified. The report must explicitly state that the verification body has concluded to a reasonable level of assurance that the project passes the Regulatory Compliance Test, and must identify the evidence examined to reach that determination.

4.1.1 Verification Report Content

The Verification Report must clearly specify a detailed scope of the verification process and procedures undertaken. The scope includes the physical and temporal boundaries of the verification, and the GHGs considered. The verification process must be fully documented, with particular focus on the risk-assessment and development of the verification plan. This shall include a description of the verification activities, based on the size and complexity of the project developer's operations. This section is expected to provide context to the remainder of the report.

The standard(s) and protocol version(s) used to verify GHG emissions reductions or removals, and the materiality threshold applied must also be clearly defined early in the Verification Report. For all projects, the standard must include, at a minimum, this document, the applicable project protocol version, relevant Errata and Clarifications, approved variances, and ISO 14064-3. The materiality threshold for verification must be included. Verification bodies must pay particular attention to version numbers of protocols issued and are required to adhere to all rules and guidelines relevant to the protocol version that it is verifying to.

4.1.2 Eligibility

For most project types, the Verification Report must individually verify each eligibility criteria of the relevant protocol (e.g., start date, location, Legal Requirements Test, Performance Standard Test, and Regulatory Compliance Test). The Verification Report must make an explicit and positive assertion as to whether each eligibility criteria has been met, and explain the basis of this determination. The documentation relied upon does not need to be attached to the verification report, but the basis of verifying each eligibility criteria must be explicitly stated.

The Verification Report must describe the project definition and scenario, and indicate any review conducted to verify the project's asserted baseline status as it affects eligibility determinations.

The report must indicate how the risk assessment was used to inform the project's conformance with eligibility criteria. While some criteria, such as project location, are relatively straight forward, others may require varying levels of review to positively verify. In particular, verifiers must indicate whether the risk assessment indicated that reliance on the Attestation of Voluntary Implementation, Attestation of Regulatory Compliance, and a risk-based regulatory review was sufficient, or whether additional work was conducted. Simple narrative of work performed or the project is insufficient; verification body conclusions must be explicitly stated (e.g., "Based on the aforementioned review, we conclude that the project satisfies the Legal Requirements Test").

4.1.3 Conformance with the Protocol

As prescribed by the applicable project protocol, all projects must be conducted in keeping with certain operational, record-keeping, and methodological requirements. The Verification Report must explicitly and positively assert whether the project meets these requirements, and provide the basis for the determination reached. Again, narrative of project activities is insufficient, and must be accompanied by verification body conclusions.

In particular, the following areas must be reviewed (as applicable), and the project's conformance or non-conformance positively asserted in the Verification Report in line with protocol requirements:

- Existence of an appropriate monitoring plan
- Data collection conducted in accordance with monitoring plan (frequency, if it was continuous, were discounts applied, etc.)
- Equipment operation and QA/QC meets protocol requirements
- Meter and analyzer cleaning, maintenance, and calibration meets protocol requirements
- Data transcription, management, QA/QC meets protocol requirements
- Calculations and equations applied in accordance with protocol requirements
- All individuals properly trained for the functions they perform
- Accuracy of calculated emission reductions

The Verification Report must contain explicit, conclusive, and unequivocal statements as to the project's conformance with relevant requirements.

4.1.4 Calculation Review and Sampling

The Verification Report must identify the SSRs contained within the project's GHG Assessment Boundary, and make an explicit determination as to whether all necessary and appropriate SSRs have been included. The verification team must note that it has recalculated and verified the total number of CRTs generated and reported to the Reserve within the given reporting period. It may utilize appropriate risk-based sampling techniques for underlying source data that factors into the final CRT calculation.

The Verification Report must summarize the sampling techniques used, the verification plan, and risk assessment methodologies employed for calculations made within the GHG Assessment Boundary. The report must contain a discussion of the risk assessment, and manner in which this assessment informed the data and calculation sampling techniques. Relevant input parameters (e.g., destruction efficiency) must also be disclosed, and the appropriateness of the chosen parameters asserted.

The Verification Report shall summarize the GHG reductions estimation in the following format:

| Vintage | Baseline Emissions | Project Emissions | GHG Reductions/ Removals (CRTs) |
|---------|--------------------|-------------------|------------------------------------|
| 20XX | A | B | A-B |

The report shall provide information regarding the comparison of the project's overall GHG removals or reductions with confirmation of the verifier's recalculation of GHG removals or reductions.

4.1.5 Findings and Basis of Opinion

The purpose of the Verification Report is to support the Verification Statement, and provide a general conclusion that forms the basis of the Verification Statement. A positive Verification Report must therefore contain, at a minimum, the following assertions:

- The project meets all eligibility requirements
- The project was conducted in accordance with all monitoring and record-keeping requirements
- There are no existing material non-conformances or misstatements in the reported data

4.2 Verification Statement

The Verification Statement is the official confirmation and final statement of findings during the verification process, detailing the number of CRTs issued, the vintages (if more than one) and the standard used to verify those CRTs. The Verification Statement confirms the verification activities and outcomes for all stakeholders (project developers, verifiers, the Reserve, and the public).

The Reserve relies on a Verification Statement provided by the verification body as the basis for issuing CRTs. A positive Verification Statement indicates that the project and reported emission reductions meet the Reserve Standards and that the project successfully meets the Verification Standards contained in this manual.

4.2.1 Preparing a Verification Statement

The Verification Statement must be signed by the designated Lead Verifier and Senior Internal Reviewer on file with the Reserve. No deviations are allowed. An electronic version of the Verification Statement template is available at <http://www.climateactionreserve.org/how/verification/verification-documents/>.

Verification Statements issued may be positive or negative. “Positive” statements provide the required reasonable assurance to the Reserve that the CRTs issued are materially correct and in compliance with the appropriate protocol. A positive verification statement may only be issued if the verification body determines, with a reasonable level of assurance that the stated emission reductions are materially correct.

4.2.2 Negative Verification Statement

If a project is unable to complete verification successfully a “negative” Verification Statement shall be issued. The verification body shall allow for a reasonable amount of time for corrective actions to occur prior to issuing any negative opinion. If after issuing the List of Findings and allowing a sufficient amount of time for corrective actions, a project remains unverifiable due to material misstatements or if it does not meet the relevant eligibility criteria, the verification body shall issue a negative Verification Statement to the Reserve. The issuance of a negative Verification Statement does not mean that the project is not eligible, nor that it cannot be successfully verified. A negative Verification Opinion represents that the engagement for which the verification body was hired by the project developer has concluded without being able to issue a positive statement.

Different types of issues may arise during the verification process that is unable to be resolved between the verification body and the project developer. Any time a significant issue arises of this nature, then the verification body shall notify the Reserve of such an issue and follow the process described below.

Depending on the nature of the problems identified, the process is such that:

- If a verification body is unable to confirm that the project meets the required eligibility criteria or if there are material non-conformances with the protocol that the project developer cannot or will not correct, then it must submit a negative Verification Statement and List of Findings to the Reserve electronically. The verification body must state in its Verification Statement that it is unable to verify and cannot meet the required level of reasonable assurance. It shall detail the issues noted in the List of Findings. Reserve staff will then conduct a review to make a determination in relation to the project. Both the verification body and project developer will be notified of the Reserve's determination.
 - If the Reserve determines that the project is ineligible, then the project would be de-listed. The verification documents and supporting information would be archived, but would not be made public.
 - If the Reserve determines that the project is eligible and that further actions could be taken to resolve the issues, then the project may remain listed on the Reserve and proceed with further verification activities and corrective actions if it chooses. The project remains subject to all deadlines and must be registered within 30 months of its submittal date. After that point it would be de-listed from the Reserve.
- If a verification body has found that a project has not remedied material issues identified and communicated to the project developer in its List of Findings after a reasonable amount of time, then it must notify the Reserve electronically of the inaction and submit its List of Findings to the Reserve. The Reserve staff will then contact the project developer and attempt to address issues noted.
 - Some verification activities are halted due to lack of knowledge on how to resolve non-conformances, funding, or simply inactivity on corrective actions identified. If issues still cannot be resolved with Reserve assistance, the verification body may be given permission by the Reserve to cease verification activities and issue a Verification Statement or Report as needed. The project remains subject to all Reserve deadlines and must get registered within 30 months of its submittal date. After that point it would be de-listed from the Reserve.

4.3 Project Verification Activity Log

In order to assist verification bodies to prioritize and undertake tasks relevant to each project type, verifiers may also complete a Project Verification Activity Log specific to the project type and upload a completed copy to the Reserve. This document is private and only available for the Reserve and the project developer to view. This step is currently optional – it was instituted at the request of verification bodies to help them better understand the minimum requirements that must be undertaken during verification activities. The logs are available for download on the website and may be uploaded into the Reserve when verification activities have been completed.

4.4 Verification Body Internal Review

As a quality assurance/quality control requirement, the Verification Report, Verification Statement and the List of Findings must be forwarded to an independent Senior Internal Reviewer within the verification body (who is also qualified as a Lead Verifier on the appropriate project type) for a quality assurance check. No Verification Report shall be forwarded to a

project developer until it has had an independent internal review. The Senior Internal Reviewer also must sign the Verification Statement.

4.5 Project Developer Review of Verification Report

Once a project developer receives a Verification Report from their verification body, they should have at least 30 days to review and comment on the Verification Report. At the end of that review, the Lead Verifier and the appropriate representative from the project developer's organization should hold an exit meeting to discuss the nature of any material or immaterial misstatements and review any corrective action taken place.

Verification bodies should prepare a brief summary presentation of their verification findings for the project developer's key personnel. At the exit meeting, verifiers and project developers might exchange lessons learned about the verification process and share thoughts for improving the verification process in the future. Verifiers and project developers may wish to consider joint feedback to the Reserve.

The goals of this meeting should be:

- Acceptance of the Verification Report, List of Findings, and Opinion (unless material misstatements still exist but can be remediated, in which case the verification contract may need to be revised and a second verification process scheduled. If the project developer does not wish to retain the verification body for the re-verification process, the verification body should turn over the project developer's relevant documentation to the project developer within 30 days and submit a negative Verification Statement).
- Authorization for the verification body to complete the verification and upload necessary documents to the Reserve.

If the verification body is under contract for verification activities in future years, the verification body and project developer may wish to establish a schedule for the next year's verification activities.

4.6 Submitting the Verification Statement, List of Findings & Verification Report to the Reserve

Once the Verification Statement, the List of Findings and the Verification Report are complete, the verification body must electronically submit these documents into the Reserve software. When all of the documents have been successfully uploaded, the Reserve staff will receive electronic notification and this will trigger a review of the documents by the Reserve.

Reserve staff will perform an internal review of the data contained within the Reserve and compare it to the Verification Report, the Verification Statement and the List of Findings to ensure that all proper procedures were undertaken by both the project developer and the verification body. It is the role of the Reserve to monitor the performance of the verification bodies and project developers on an ongoing basis.

In this review, Reserve staff will ensure consistency between projects, between verification bodies and compliance with its protocols, processes and procedures. This review will also ensure that the documentation meets the requirements defined in this document. It does this to maintain and uphold the integrity of the data contained within the Reserve. More often than not, Reserve staff may request corrections or clarifications from either the verification body or the project developer. It will first give the verification body the opportunity to explain any

inconsistencies or issues it finds, but also may go directly to the project developer if minor issues are found (i.e. incorrect form uploaded, no signature on Verification Statement, etc.). The Reserve staff aim to be as timely as possible with their requests and responses to verifiers or project developers.

Once any outstanding issues have been successfully resolved, the project will be registered, CRTs will be issued to the project developer and the Verification Report and Verification Statement will be made public.

Final Tips for a Successful Verification:

1. The more robust the data management system and controls, the less time the verification body will need to review data, reducing costs. All reviews must examine data, but it will take substantially less time when the information management systems and records are transparent and presented clearly.
2. A full data trail must be clearly established and transparent. The verification bodies must be able to follow the data through the operational, business and accounting system.
3. Data flow, from monitoring to measurement to reporting CRTs to the Reserve, should be documented and recorded adequately and be easily traceable through the project developers' management systems.
4. Personnel responsible for the handling of project data and management systems should be adequately trained and prepared for the verification process.
5. Ensure verification guidance in the applicable protocol is being followed exactly. This will guarantee expectations are met and give all parties a better understanding of what the Reserve staff will look for in their final project review.
6. Respond to requests for information in a timely manner and with as much detail as possible.
7. Contact the Reserve staff at any time with any questions or issues as they arise. Reserve staff provides support services to account holders, project developers and verifiers in an effort to ease the project registration and verification process. Feedback is always welcome to continually improve and enhance its program.

5 Administration and Reserve Intervention

5.1 Verification Oversight and Audits

Oversight is conducted by the Reserve to provide quality assurance and control when verification activities are being performed by accredited verification bodies. Such oversight activities enable the Reserve to directly observe the implementation to inform future improvements in the Reserve's processes and guidance. It is not intended to hold a project to a different level of scrutiny or to subject it to additional requirements or processes. This is an important element of the Reserve program and provides an extra level of assurance and transparency in the validity of the credits being issued under the Reserve.

Audits are also performed by the Reserve on occasion, and are used as a tool to undertake a comprehensive examination and evaluation of project verification activities. The Reserve uses its audit process to assess verification body performance and/or project developer data quality. The process is similar to oversight, but is performed upon the completion of verification. Verification bodies should be aware that any project verification could be subjected to an audit upon submission to the Reserve.

The Reserve maintains the right to conduct oversight activities or audits at any time, and such activities will be conducted by a Reserve staff member, partner or Reserve consultant. An entity or partner that may perform oversight or audit on behalf of the Reserve is a regulatory agency, the accrediting body (e.g. ANSI), an observer (for learning or educational purposes), or a contractor hired by the Reserve to perform that function. Additionally, where projects may be used for regulatory compliance, the relevant regulatory authority may also provide oversight. The Reserve staff or representative will make every effort to not impede the verification process.

Most instances of oversight will occur on a randomly selected basis, but could occur at any time and for any reason. However, a verification body can expect oversight to occur in the following instances:

- A first verification on a newly released project type
- A first verification within a specific sector for that verification body
- A first verification managed by a newly-approved Lead Verifier for that verification body
- When issues, warnings or complaints regarding the verification body or project developer arise

The oversight staff will require access to detailed business information and records, source and activity data, invoices or any other project related materials to enable it to recalculate the CRTs reported to the Reserve. This may involve requesting access to onsite locations that may have GHG emission sources or related activities and project developer information, personnel interviews, data, records, or copies of records; observing verifiers during any exchange of project developer data or data analyses; and/or asking the verifier to provide specific information related to their onsite and offsite data analyses and sampling records.

Information that is proprietary will be handled confidentially. The Reserve and its partners and consultants performing oversight are willing to enter into a Non-Disclosure Agreement (NDA) should the verification body or project developer require it.

Travel costs and expenses for staff time incurred to perform oversight will be at the expense of the Reserve. To minimize costs associated with reproduction or shipping, records should be shared electronically wherever possible. If this is not possible, the project developer may incur costs associated with providing relevant documentation.

A staff member, partner or consultant performing oversight for the Reserve will observe and evaluate:

- the performance of the verification body, reviewing its processes and procedures while conducting verification activities
- whether the project activities are consistent with the applicable protocol
- if quality assurance procedures inform the reasonableness of data reported to the Reserve

The Reserve representative performing oversight may discuss preliminary observations with the verification body and project developer before reporting this to the Reserve. The process shall conclude with a formal notification of its findings and the evaluation issued by the Reserve upon conclusion of verification activities.

The Reserve welcomes all feedback regarding the oversight process and will make an effort to clearly coordinate and communicate these activities to verification bodies and project developers, but reserves the right to adjust verification activities start dates to accommodate all relevant parties' schedules. It is vital that verification bodies provide the required 10 business days notice to the Reserve of all planned verification activities.

5.1.1 Warnings, Suspensions, Notices to Correct

If for any reason the Reserve finds that a verification body has failed to meet the standards of the Reserve, it may require the verification body to undertake specified corrective actions. The Reserve may at its own discretion issue warnings, temporary suspensions, notices to correct, or it may disqualify either verification bodies or individual verifiers from future verification activities.

There may be instances where verification bodies and project developers cannot agree on certain issues. In such instances, the project developer and verification body should attempt to reach a resolution, relying first on the verification body's internal dispute resolution process (as required by ISO 14065). Either party can contact the Reserve for assistance in resolving any issues that require guidance on the project protocols, COI determinations, or verification findings.

If a resolution cannot be reached in relation to project activities, the verification must be completed prior to any dispute resolution process is sought. The verification body must issue its List of Findings and/or its Verification Statement and Report to the project developer and submit it within the Reserve software. The Reserve staff will conduct its own internal review in accordance with its specified procedures. It will review any additional supporting documentation, claims and information to substantiate the findings of the verification body or assertions of the project developer. It will interview both parties and make a final determination in a staff committee of no less than three people, (two of which must be manager level or higher). This determination will be issued in writing to all parties.

5.1.2 Rescission of Approval

The Reserve maintains the right to rescind or suspend its recognition of an individual verifier or verification body for an appropriate period of time. The Reserve will make every effort to allow for corrective actions to occur prior to rescinding approval.

Suspensions could occur in the instance that a verification body or individual verifier is found to have intentionally violated the conflict of interest policies, committed willful misconduct, negligence, cannot uphold its obligations to the Reserve or has some other significant non-conformance with Reserve rules, protocols or procedures.

The Reserve will make public any suspensions of verification bodies on its website. However, suspensions of individual verifiers, including Lead Verifiers, will not be publicly noticed.

Verification bodies could also be subject to suspension of their ISO 14065 accreditation issued by the accrediting body and should adhere to the rules and procedures surrounding that process.

5.1.3 Dispute Resolution Process

Verification bodies and project developers have a right to appeal Reserve determinations using the Reserve's formal dispute resolution process. The Reserve will follow the same process for disputed COI determinations. An appeal to determination made shall be requested in writing electronically from the Reserve by submitting a detailed explanation and any supporting evidence. The Reserve will then convene a Dispute Resolution Committee to hear the appeal.

The Dispute Resolution Committee will consist of an odd number of individuals, including at least one Reserve staff member not directly involved in the case, one Reserve Board member, a representative from an appropriate oversight agency - potentially including representatives of an appropriate regulatory or government agency - that is knowledgeable of Reserve policies and procedures. The committee will be convened either in person or via conference call.

The Dispute Resolution Committee may consult outside experts for assistance, but any expert will not have a vote in the committee's final decision. All information heard and received will be kept confidential and should only be uploaded into the Reserve software as restricted, private documents by either the project developer or the verification body. Each member will have to declare his or her freedom from any conflict of interest and will have an equal vote. The Dispute Resolution Committee will consider the original finding, the detailed explanation, and provide a final answer based on a majority vote. Their decision will be binding and will be notified in writing to all parties. The Dispute Resolution Committee has the power to suspend a verification body for a period of up to five years.

5.2 Record Keeping and Retention

The verification body must retain sufficient records to enable an ex-post verification of the project's emissions. The Reserve requires that the following records be retained by the verification body in relation to Reserve projects in line with the time period specified in each relevant protocol or for a minimum of 7 years after the reporting period (whichever is longer).

This date is measured from the end of the reporting period recorded by the Reserve (and records retained shall include all relevant evidence to support that report); and that verification bodies retain their records for a matching period. It should be noted that some records may be subject to fiscal or other legal requirements that are longer than the Reserve's mandated period.

Verification bodies shall retain electronic copies, as applicable, of:

- The project's GHG emissions report entered into the Reserve software
- The project developer's Monitoring Plan
- The project developer's source and/or activity data and evidence cited
- The verification plan and risk-based assessment
- The Verification Report
- The List of Findings
- The Verification Statement

Each verification body should have an easily accessible record keeping system (preferably electronic) that contains and provides readily available access to records and other project-related information that facilitates their preservation and retrieval. Copies of the original activity and source data records shall be maintained within the verification body's record keeping system and are necessary to perform an ex-post verification and for the purposes of Reserve oversight. The Reserve may at any time request access to the record keeping system or supporting documentation for oversight, monitoring and auditing purposes.

6 Glossary

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| Accreditation body | Under ISO 14065, this is the authoritative body that assesses a verification body's competence to perform GHG verification activities. This role is currently performed by ANSI, but could in the future be performed by other organizations as well. |
| Aggregation | Where smaller projects can register as part of a group. |
| Climate Action Reserve | The national offsets program that establishes standards for quantifying and verifying GHG emission reduction projects, issues carbon credits generated from such projects, and tracks the transfer and retirement of credits in a publicly-accessible online system. |
| Climate Reserve Tonne or CRT | The unit of offset credits used by the Climate Action Reserve. One Climate Reserve Tonne is equal to one metric ton of CO ₂ e reduced/sequestered. |
| Conflict of interest | A situation in which, because of other activities or relationships with other persons or organizations, a person or firm is unable or potentially unable to render an impartial Verification Statement of a potential client's GHG emissions, or the person or firm's objectivity in performing verification activities is or might be otherwise compromised. |
| Continuous Emissions Monitoring System (CEMS) | The monitoring system required under the Nitric Acid Project Protocol for all projects for the direct measurements of the N ₂ O concentration in the stack gas and the flow rate of the stack gas. |
| Inherent uncertainty | The scientific uncertainty associated with measuring GHG emissions due to limitations on monitoring equipment, or measurement methodologies. |
| Joint verification | When a project developer has multiple projects operating on a single site. In these instances, project developers have the option to hire a single verification body to assess the projects concurrently. |
| Lead Verifier | A Lead Verifier is primarily responsible for directing, supervising and the quality of verification activities undertaken on behalf of the Reserve. Each Lead Verifier must be designated as such on the COI Form, the Verification Policies Acknowledgment and Agreement form and successfully complete sector-specific project verifier training. Each Verification body must have a minimum of two Lead Verifiers on staff or subcontracted. |
| Listed | A project is considered "listed" once the Reserve has satisfactorily reviewed all project submittal forms. The project will then appear in the public interface of the Reserve system. |
| Material misstatement | An error (for example from an oversight, omission or miscalculation) that results in the reported quantity or quality being significantly different from the true value to an extent |

that will influence performance or decisions.

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| Onsite assessment | The accreditation body will conduct a two to three day assessment at the site of the verification body's main office(s). The purpose of this assessment is to confirm whether the operational capability of the verification body conforms to ISO 14065, ISO 14064-3, IAF MD 6, and other accreditation requirements such as those for specific GHG programs/registries and for activities in specific sectors. This assessment is to provide assurance that the verification body has the capacity to perform the activities related to the scopes of accreditation for which it has applied. |
| Project | A project is a specific activity or set of activities intended to reduce GHG emissions, increase the storage of carbon or enhance GHG removals from the atmosphere. Each project and its accompanying project boundary are defined in the relevant Reserve project protocol. |
| Project developer | An organization or individual that registers projects for the purpose of generating emission reductions or removals. In the Reserve software system, project developers may be issued CRTs for the verified emission reductions/removals that their projects achieve. They can also transfer and manage CRTs. |
| Project protocol | A Reserve-developed document that contains the eligibility rules, GHG Assessment Boundary, quantification methodologies, monitoring and reporting parameters, etc. for a specific project type. Project protocols are akin to "methodologies" in other offset programs. |
| Reduction | A verified decrease in GHG emissions caused by a project, as measured against an appropriate forward-looking estimate of baseline emissions for the project. |
| Reporting uncertainty | The errors made in identifying emission sources and managing and calculating GHG emissions. This differs from inherent uncertainty due to incomplete understanding of climate science or a lack of ability to measure greenhouse gas emissions. |
| Registered | A project is considered "registered" when the project has been verified by an approved third-party verification body, submitted by the project developer to the Reserve for final approval, and accepted by the Reserve. |
| Removal | A verified increase in carbon stocks caused by a forest project, as measured against an appropriate forward-looking estimate of baseline carbon stocks for the project. |
| Retired | When CRTs transferred to a retirement account in the Reserve system, they are considered retired. Retirement accounts are permanent and locked, so that a retired CRT cannot be transferred again. CRTs are retired when they have been used to offset an equivalent tonne of emissions or have been removed from further transactions on behalf of the environment. |

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| Senior Internal Reviewer | The Senior Internal Reviewer must be an active Lead Verifier as designated on the COI Form, the form and has successfully completed sector-specific project verifier training. The Senior Internal Reviewer must remain independent of all verification activities and must perform a final quality assurance review on the data, the Verification Report, the List of Findings and must sign the Verification Statement attesting to the accuracy of reported data. The Senior Internal Reviewer must not participate in site visits as this would compromise their objectivity and independence in the final review. |
| Submitted | A project is considered “submitted” when all of the appropriate forms have been completed, uploaded and submitted to Reserve software. |
| Tax Identification Number (TIN) | Number used to assess ownership and the corporate structure of any legal entities involved in a given project. |
| Trader/Broker/Retailer | An organization or individual that transfers and manages CRTs in the Reserve system, but does not develop its own projects. Holds legal title and all beneficial ownership rights with respect to the account and the CRTs in the account or with respect to CRTs that will be retired in a Group Retirement Subaccount, the account holder has been authorized to act on behalf of the holder of the legal title and/or beneficial ownership rights in those CRTs. |
| Validation | The process by which an independent validation body assesses a project plan for GHG reductions or removals and deals with the assessment of potential future outcomes. Validation is typically required for projects that do not follow established protocols and occurs prior to project implementation to establish the methodology, scope and eligibility to create GHG reductions or removals. |
| Verification | The process used to ensure that a given project developer’s GHG emissions reductions or removals (either the baseline or annual result) has met a minimum quality standard and complied with the Reserve’s procedures and protocols. |
| Verification body | An organization or company that has been ISO-accredited and approved by the Reserve to perform GHG verification activities for specific project protocols. |
| Verified | A project is considered “verified” when the project verifier has submitted the project’s Verification Statement and the Verification Report in the Reserve system. |
| Verifier | An individual that is employed by or subcontracted to an ISO-accredited and Reserve-approved verification body and is qualified to provide verification services for specific project protocols. |

Witness assessment

The accrediting body will observe the verification body in the performance of tasks related to the verification process for the scope (or group of sectoral scopes) of accreditation for which it has applied. The purpose of the witness assessment is to assess whether verification activities are in line with its documented quality procedures and to assess the capability to conform to the applicable sectoral scope(s) for which accreditation has been granted or applied for.