

ZERO2NATURE™ project cycle

PROCEDURE

ZERO2NATURE™ project cycle procedure

Version 1.0

APPROVED PROCEDURE ZERO2NATURE™

Adapted from UNFCCC “Clean development mechanism project cycle procedure” version 03.I.



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O2NATURE Procedure



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I. OBJECTIVE

I. The objectives of “ZERO2NATURE™ project cycle procedure” (hereinafter referred to as this procedure) are to:

(a) Clarify the process of a ZERO2NATURE™ project activity regarding the submission of documents related to the registration of a proposed ZERO2NATURE™ project activity and resulting O2NC issuance;

(b) Enhance the overall efficiency and integrity of the ZERO2NATURE™ project development system.

2. SCOPE AND APPLICABILITY

2. This procedure describes the administrative steps to follow for project participants, Designated Environmental Certifiers (DECs) and stakeholders interested in the registration of a ZERO2NATURE™ and resulting O2NC issuance.

3. TERMS AND DEFINITIONS

3. In addition to the definitions in the “Glossary of ZERO2NATURE™ terms”, the following terms apply in this procedure:

(a) “Shall” is used to indicate requirements to be followed;

(b) “Should” is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;

(c) “May” is used to indicate what is permitted.

4. PRE-REGISTRATION ACTIVITIES

4.1 Prior consideration of the ZERO2NATURE™ project activity



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4. The ZERO2NATURE™ preservation project activities –can solely and exclusively- request O2NCs retroactively relative to a period prior of up to 24 months, from the date of registration, on the condition that objective evidence related to the implementation of the ZERO2NATURE™ project activity, prior to registration, is amply available. Moreover, project participants should provide information that demonstrates that resources originating from the sale of O2NCs are indispensable to the implementation and continuity of the ZERO2NATURE™ preservation project activity.

4.2. Publication of project design document

4.2.I. Submission of project design document

5. The project participants of a proposed ZERO2NATURE™ project activity shall complete a PDD in accordance with the “ZERO2NATURE™ Standard” and submit it/them together with supporting documentation, to the designated environmental certifier (DEC) contracted by the project participants, to perform validation of the ZERO2NATURE™ project activity.

6. The DEC shall make the PDD publicly available through a dedicated interface on the ZERO2NATURE™ website for global stakeholder consultation. The duration of the period for submission of comments for the global stakeholder consultation shall be 30 days.

7. When submitting the PDD, the DEC shall, through a dedicated interface on the ZERO2NATURE™ website, also submit the following information to be made publicly available:

- (a) The name of the proposed ZERO2NATURE™ project activity;
- (b) The host country and other countries (if applicable) involved in the ZERO2NATURE™ project activity;
- (c) The names of the project participants listed in the PDD with which the DOE has a contractual relationship for validation of the proposed ZERO2NATURE™ project activity;



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- (d) The estimated annual negative emission reductions or removal enhancements indicated in the PDD;
- (e) The approved baseline and monitoring methodology(ies) being applied to the proposed ZERO2NATURE™ project activity;
- (f) Reference to any previous publication of the PDD for public comments on the ZERO2NATURE™ website;
- (g) The proposed start date and length of the first crediting period.

8. When submitting a request for registration of the proposed ZERO2NATURE™ project activity all project participants with a contractual relationship with the DEC for validation of the proposed ZERO2NATURE™ project activity shall be listed in the PDD. The DEC may remove project participants that are listed in the PDD published for global stakeholder consultation but do not have a contractual relationship with the DEC for validation from the PDD at the time of the request for registration.

9. The DEC may recommence the validation activity through a new or revised contract with a different set of project participants or a different coordinating/managing entity by:

- (a) Indicating that the first validation contract has been terminated in accordance with paragraph 13(a) below; and
- (b) Republishing the PDD or a revised version thereof for global stakeholder consultation in accordance with paragraphs 8 and 9 above.

10. There are 17 sectoral scopes in the ZERO2NATURE™ STANDARD and these are used in the accreditation of DEC's. The list of sectoral scopes, the DEC's accredited in each scope as well as the approved baseline and monitoring methodologies linked with these sectoral scopes are given on the ZERO2NATURE website.

4.2.2. Submission and treatment of public comments



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11. Parties, stakeholders and ZERO2NATURE™ accredited observers may submit comments, in English, on the validation requirements for the proposed ZERO2NATURE™ project activity to the DEC through the secretariat via a dedicated interface on the ZERO2NATURE™ website. The submitters of the comments shall provide the name and contact details of the individual or organization on whose behalf the comments are submitted. The DEC shall check the authenticity of this information in case of doubt.

12. The secretariat shall make the comments publicly available on the ZERO2NATURE™ website where the PDD is displayed, and shall remove those that the DEC has determined to be unauthentic in accordance with paragraph 11 above.

4.3. Reporting of validation status

13. Within 120 days subsequent to the end of the period for submission of comments on the PDD, the DEC shall provide, through a dedicated interface on the ZERO2NATURE™ website, an update on the status of its validation activity, unless it has submitted a request for registration of the proposed ZERO2NATURE™ project activity. The DEC shall include one of the following statuses in the update:

- (a) The validation contract has been terminated. In this case the DEC shall also provide a reason for the termination to the Executive Committee through the secretariat on a confidential basis;
- (b) The DEC has issued a negative validation opinion;
- (c) The DEC has raised one or more corrective action requests or clarification requests, to which no response has been received from the project participants or the DEC is seeking further clarification to the responses received from the project. In this case the DEC shall also provide a summary of the issues raised and update or reconfirm the status of the validation activities at 45-day intervals thereafter.

4.4. Modalities of communication and technical responsibility

14.



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- (a) The project participants of a ZERO2NATURE™ project activity shall designate one or more focal point entities (hereinafter referred to as focal points) to communicate on their behalf with the Executive Committee and the secretariat. All communication shall be done through the form F-02N-MoC, available at the ZERO2NATURE™ website.
- (b) The project participants of a ZERO2NATURE™ project activity shall designate a technical responsible person to guarantee the execution of the monitoring plan.

5. REGISTRATION OF ZERO2NATURE™ PROJECT ACTIVITY

5.1. Request for registration

5.1.1. Submission of request for registration

15. The DEC, after determining that a proposed ZERO2NATURE™ project activity meets all relevant requirements in the “ZERO2NATURE™ standard” shall submit, through a dedicated interface on the ZERO2NATURE™ website, a request for registration of the proposed ZERO2NATURE™ project activity by using the “registration request form” F-02N-FSR and all the required documents listed in the “completeness checklist for requests for registration”.

16. The secretariat shall issue a unique reference number for the submission of the request for registration and a statement of the registration fee due based on US\$0.05 per credit.

5.1.2. Processing request for registration

17. The secretariat shall maintain a publicly available list of all submitted requests for registration for which the applicable registration fee has been received on ZERO2NATURE™ website.

18. The secretariat shall commence the completeness check stage in accordance with the schedule. Upon commencement of the completeness check stage, the secretariat shall, subject to the guidance of the Executive Committee, conduct within seven (7) days a



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completeness check to determine whether the request for registration submission is complete in accordance with the “completeness checklist for requests for registration”.

19. If the request submission is found incomplete, the secretariat will grant a deadline of 30 days so that project proponents can present their documents according to the ZERO2NATURE™ standard, procedures and guidelines.

20. If, even after the conceded extra 30 days, the document check continues to present flaws, the secretariat will issue a document informing of the incompleteness. In this case, the registration submission will be cancelled.

21. Even if the previous request has been cancelled, a proposed ZERO2NATURE™ project activity may apply for a new request of registration. In this case, the registration fee will have to be paid again and the document check will follow the same procedure as presented in the aforementioned paragraphs (18-20).

5.1.3. ZERO2NATURE™ project activity registration

22. In case the ZERO2NATURE™ Executive Committee opts for registration or rejection of the proposed ZERO2NATURE™ project activity, the decision will be announced to the project proponent within a maximum period of 60 days, from the date of the document completion check.

6. POST-REGISTRATION ACTIVITIES

6.1. Changes to a registered ZERO2NATURE™ project activity

6.1.1. Submission of request for approval of changes

23. A request for approval of changes may be submitted in respect of the following changes that have occurred or are expected to occur to a registered ZERO2NATURE™ project activity:

(a) Temporary deviation from the monitoring plan as described in the registered PDD or the monitoring methodology;



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(b) Permanent changes:

(i) Corrections;

(ii) Changes to the start date of the crediting period of the registered ZERO2NATURE™;

(iii) Permanent changes to the monitoring plan as described in the registered PDD or in the monitoring methodology;

(iv) Changes related to technical responsibility.

24. To obtain approval from the Executive Committee for the changes, the DEC (or project entity in some instances) shall submit a request for approval of changes to the secretariat through a dedicated interface on the ZERO2NATURE™ website. It is the function of the Technical Committee to assess whether or not the change will require an on-site assessment. In case an on-site assessment is required, such action should occur within a timeframe of 30 days. In such a case, the secretariat has 7 days to present the estimated costs associated with this process to the project proponent.

(i) All costs associated with an on-site assessment originating from a change in the project are the sole responsibility of the project proponent;

25. The request for approval of changes shall contain:

(a) A duly completed "Post-registration changes request form" (F-02N-PRC);

(b) An assessment opinion on the changes by the DEC;

(c) Revised PDD, as applicable;

(d) Supplemental documentation, as appropriate.

6.I.2. Processing request for approval of changes



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26. The secretariat shall maintain a publicly available list of all submitted requests for ZERO2NATURE™ project activities approval of changes on the ZERO2NATURE™ website;

27. The process of assessing a request for approval of changes will be carried out by the ZERO2NATURE™ Technical Committee. A final answer will be given in 45 days. Once a decision has been made by the Executive and/or Technical Committee, the secretariat shall inform the DEC of the decision and any guidance provided by the Executive and/or Technical Committee as applicable, and make the decision and guidance publicly available on the ZERO2NATURE™ website.

7. PRE-ISSUANCE ACTIVITIES

7.1. Publication of monitoring report

28. The project participants of a registered ZERO2NATURE™ project activity shall prepare (a) monitoring report(s) in accordance with the “ZERO2NATURE™ standard”, and submit it/them together with supporting documentation to the DEC contracted by the project participants to perform verification of the monitored negative emission reductions or removal enhancements.

29. The DEC shall make the monitoring report publicly available through a dedicated interface on the ZERO2NATURE™ website no later than 14 days before undertaking the site-visit for the verification.

30. When submitting the monitoring report through a dedicated interface of the ZERO2NATURE™ website, the DEC shall provide the following information:

- (a) The name and reference number of the registered ZERO2NATURE™ project activity;
- (b) A link to the monitoring report;
- (c) The name of the DEC contracted by the project participants for the verification;



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(d) The name of the DEC that performed the validation of the ZERO2NATURE™ project activity.

8. ISSUANCE OF ZERO2NATURE™ ECOCREDITS - 02NC

8.I. Request for issuance

8.I.I. Submission request for issuance

31. The DEC shall submit a request for issuance of the 02NCs by using the “Project activity issuance request form” (F-O2N-PIR), only after it verifies that the monitored negative emission reductions or removal enhancements meet the relevant requirements in the “ZERO2NATURE™ standard” and certifies the quantity of 02NCs claimed in the monitoring report.

32. The DEC shall submit the required documents listed in the completeness checklist for requests for issuance. The DEC shall submit the required documents through a dedicated interface on ZERO2NATURE™ website.

8.I.2. Processing request for issuance

33. The secretariat shall maintain a publicly available list of all submitted requests for issuance on the ZERO2NATURE™ website.

34. The secretariat shall commence the completeness check stage in accordance with the schedule. Upon commencement of the completeness check stage, the secretariat shall, subject to the guidance of the Executive Committee, conduct within seven (7) days a completeness check to determine whether the request for issuance submission is complete in accordance with the completeness checklist for requests for issuance.

35. Upon conclusion of the completeness check stage, the secretariat shall notify the project participants and the DEC, of the conclusion of the completeness check stage. If the request submission does not meet the requirements of the completeness check, the secretariat shall also communicate the underlying reasons to the project participants and the DEC, and make them publicly available on the ZERO2NATURE™ website. In this



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case, the DEC may resubmit the request for issuance with revised documentation. Upon submission of the revised documentation, the request shall be treated as a new submission of a request for issuance.

36. Upon conclusion of the completeness check stage, the secretariat shall, subject to the guidance of the Executive Committee, conduct within 20 days an information and reporting check in accordance with the information and reporting checklist for requests for issuance.

8.I.3. Finalizing request for issuance

37. In case of a positive ruling relative to the request for issuance, the registry administrator of the Technical Committee will issue the quantity of O2NCs requested to the ZERO2NATURE registry account in the name of the project proponent.

38. Project participants shall pay an issuance fee of US\$0.03 per O2NC before issuance takes place.

9. RENEWAL OF CREDITING PERIOD

9.I. Preparation of revised project

39. Project participants wishing to renew the crediting period of a registered ZERO2NATURE™ project activity shall update the PDD, in accordance with the "ZERO2NATURE™ standard".

9.2. Request for renewal of crediting period

9.2.I. Submission of request for renewal of crediting period

40. The project participants shall notify the secretariat, by e-mail or through a dedicated interface on the ZERO2NATURE™ website, of their intention to request a renewal of crediting period of the registered ZERO2NATURE™ project activity by submitting an updated PDD and informing the secretariat of their selection of a DEC to



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request the renewal of crediting within 270 to 180 days prior to the date of expiration of the current crediting period.

41. No fee is due for requests of a renewal of crediting period.

42. The DEC will request the renewal of the crediting period through the form F-02N-REN, together with an updated version of the PDD and an updated version of the validation report.

9.2.2. Processing of request for renewal of crediting period

43. For processing of the request for renewal of crediting period, the provisions in section 5.1.2 above shall apply mutatis mutandis.

9.2.3. Finalizing request for renewal of crediting period

44. The crediting period of the registered ZERO2NATURE™ project activity shall be deemed renewed 28 days after the publication of the request for renewal on the ZERO2NATURE™ website, unless at least three members of the Technical and or Executive Committee request a review of the request for renewal.

45. The start date of the renewed crediting period shall be the first day after the end date of the previous crediting period.

10. RECALL

46. In an extreme case, the Executive Committee may request the initiation of a recall. ZerO2Nature recall procedures is adapted from “Chapter 7 Recall Procedures of the United States Food and Drug Administration Regulatory Procedures Manual of October 2013”.

10.1.1 Responsibilities of the Technical Committee



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47. The Technical Committee (TC) is the standard's contact and focal point for information, advice and direction for project recall operations and remains involved with each recall throughout its process. If required, the TC may direct appropriate follow up actions by the projects under recall. The TC evaluates the overall effectiveness of recall activities and communicates trends, common causes etc., to projects having the need for this information.

10.1.2 Responsibilities of the Executive Committee

48. The Executive Committee (EC) develops, coordinates and reviews compliance policies and regulatory procedures that relate to recalls. The EC will review recall action memorandums if requested by TC, particularly when a policy issue has been identified.

10.2 Initiation of a recall

49. A project entity may voluntarily initiate a recall at any time. ZerO2Nature Technical Committee may conduct informal discussions with a project entity that include voluntary recall as an option. The ZerO2Nature Executive Committee may also request a recall, under certain conditions.

50. If a recall is entity-initiated, the ZerO2Nature Technical Committee will obtain and review the information provided by the recalling project entity. This includes reviewing and suggesting changes to the entity's recall strategy, to its recall communication, and to its press release (if necessary).

51. ZerO2Nature may inform an entity that a project is being revised due to violations of the O2N Standard. Under these circumstances, an entity may decide to recall the project(s) and/or O2N credits (relative to a certain vintage or all vintages), and the entity's action is considered an entity-initiated recall. Such discussions with an entity shall be conducted by the project's focal point with the local representative of the O2N Technical Committee. The discussions may occur during oral communications and should be documented in internal meeting minutes or notes.

52. If the project entity does not initiate a recall of O2N project(s)/credits from a violative project activity, the ZerO2Nature Executive Committee may consider further

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action such as public notification (eg. to local stakeholders, companies, governments etc.). As soon as applicable, the ZerO2Nature Technical Committee shall conduct an on-site assessment to determine the strategy for any potential follow-up.

53. A ZerO2Nature recall request is ordinarily reserved for urgent situations that demonstrate a serious breach to the observance of the ZerO2Nature Standard. The recall request is directed to the focal point of the project. Generally, before ZerO2Nature requests recall action, the EC will have ample evidence capable of supporting the project entity's violation of the standard.

10.3 Recall strategy

54. The Technical Committee (TC)

1. Initiates a project standard conformity evaluation;
2. Finalizes a recall strategy.

55. Each recall is unique and requires its own recall strategy. The TC will review the entity's recall strategy for voluntary recalls and develop a strategy for ZerO2Nature requested recalls. The recall strategy includes the type of notification and depth of the recall. It also contains the depth and level of audit checks and the need for stakeholder communication. Recall strategies are based on the individual recall circumstances.

10.4 Status reports

56. All recall actions should be referenced by a Recall Action Number (RAN). The TC will update the status of recall actions from "ongoing" to "completed" to "terminated".

57. Certain recall information may be posted on the ZerO2Nature's internet website.

10.5 Monitoring and Auditing of Recall Effectiveness



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58. It is the recalling entity's responsibility to determine whether its recall is progressing satisfactorily.

59. The TC will issue audit check assignments within 10 days of the entity's recall communication to a local TC representative or to an external auditor, in the absence of the latter.

60. The local TC representative or external auditor should submit audit check reports to the TC within 10 working days of receipt of the assignment. Onsite visits are preferable to telephone/internet calls. However, resource restraints may make it necessary to conduct the audit checks by telephone/internet calls. Ineffective telephone/internet call audit checks may need to be followed by an onsite visit to ensure effectiveness of the recall action.

10.6 Recall Termination

61. ZerO2Nature will terminate a recall when the Technical Committee determines that the recalling entity has completed all recall activity, including monitoring and proof of project conformity to the O2N standard. ZerO2Nature will not terminate a recall until the Technical Committee's representative or external auditor attest that the project is in compliance with the O2N standard. ZerO2Nature will notify the recalling entity firm by email that the recall action has been terminated.

62. ZerO2Nature may revoke project registration and cancel all O2N project(s)/credits resulting from the project activity if a recall action has not resolved violations of the O2N standard.

10.6 Recall Risks and Costs

63. The project entity assumes all risks and costs pertaining and resulting from a recall action, including responsibility towards O2NC owners and work conducted by the Executive Committee, Technical Committee and Local TC representative/external auditor.