# RESTART ENERGY DEMOCRACY CARBON STANDARD

## Certification Guide

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Version 1.0

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## ABOUT US

RED Carbon Standard stands for Restart Energy Democracy Carbon Standard and is an independent governance body for the voluntary carbon market, first of this kind, from Romania. Our carbon standard aims at empowering people and giving value to their sustainable work helping to mitigate the impact of climate change. In a world where global players take the lead over national governments, and governments would like to centralize the power in their hands, we promote decentralization by being part of communities, people, and local project developers, and provide them with value capture in the form of tokenized carbon credits.

We certify green projects such as renewables, agriculture, forestry, energy efficiency, hydrogen, enabling them to get tokenized carbon credits and sell these carbon units worldwide on the RED Platform Application, using blockchain technology, thus actively contributing to the attainment of net-zero carbon emissions.

## CORE VALUES

At RED, our core beliefs centre on the acknowledgment of God as the Creator of the Universe, Earth, and all life within it. At RED, we believe that God is the Creator of the Universe, the Earth, and its vegetation, and that God is the Source of all Life on Earth and in the Universe. We believe that we are all children of God, no matter what nationality, race, or gender. We also believe that God's Love for His children are so great that He sent His Son, Jesus Christ, to guide and save us.

It is, therefore, our responsibility to take care of the Earth and all living creatures on it, to preserve nature, flora, and fauna, and to act accordingly for mankind's perpetuity as we were empowered to do so: "So God created mankind in His image, in the image of God He created them, male and female....By the seventh day, God had finished the work He had been doing; so on the seventh day, He rested from all his work. Then God blessed the seventh day and made it holy because on it He rested from all the work of Creation that he had done."

It is important to understand our role on Earth and to remember that life is a blessing and a gift from God that we received from the beginning of the Earth. We believe that all scientific evidence and the Universe's order confess to the almightiness of God and His wonderful principles of life. Our values are based on maintaining the principles of life and its continuity: love, patience, humility, compassion, and happiness. We want to preserve these principles of life, protect our Earth, which is our home, and provide solutions for helping our neighbours using our advanced technology and science-based system.

We acknowledge that climate change affects us all, yet the rise of greenhouse gas emissions caused by human activities is not the only cause of it; there are other relevant causes, such as the sun's energy intensity, which is out of humanity's control. We decided to focus on what we have the power to impact within our capabilities. We use technology to our benefit, and do not let it take control over us. We were endowed in respect of God's principles and values, and we do not consider ourselves gods who can change the well-defined path of the Earth or save the world.

Aligned with the United Nations Sustainable Development Goals (SDGs), we actively pursue these principles, integrating environmental protection with social and economic considerations. While we acknowledge the widespread impact of climate change, we focus on addressing what is within our power to influence, leveraging technology responsibly without succumbing to its control. We humbly accept our limitations, understanding that we cannot alter the Earth's course or single-handedly save the world.

Our aim is to provide future generations with a thriving home by aligning environmental protection with the timeless principles of life and continuity. We view sustainability not merely as a scientific concept but as a holistic approach that integrates ethical, social, and environmental considerations, in line with the objectives outlined in the SDGs.

## DEFINITIONS

Definitions as set out in the **RED Terms and Definitions document**, ISO 14064-2, ISO 14064-3, and ISO 14065 and shall apply to all RED Standard documentation.

## ABBREVIATIONS

| | |
|---|---|
| AFOLU | Afforestation, Forestry, and Other Land-use |
| BAT | Best Available Technology |
| CA | Corresponding Adjustments |
| CBOs | Community Based Organisations |
| CC | Carbon Credits |
| CDM | Clean Development Mechanism |

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|---|---|
| $CO_2$ | Carbon Dioxide |
| $CO_2e$ | Carbon Dioxide Equivalent |
| ERC-20 Token | Ethereum Standard Token |
| FR | Franchisee |
| GHG | Greenhouse Gas |
| IA | Initial Assessment |
| ICVCM | Integrity Council for the Voluntary Carbon Market |
| ISO | International Organization for Standardization |
| IVVB | Independent Validation and Verification Body |
| NDC | Nationally Determined Contribution |
| NFT | Non-Fungible Token |
| NGOs | Non-Governmental Organisations |
| PD | Project Developer |
| PDD | Project Design Document |
| RED | Restart Energy Democracy |
| SDG | Sustainable Development Goals |

| UN | United Nations |
|---|---|
| UNDP | United Nations Development Programme |
| UNFCCC | United Nations Framework Convention for Climate Change |
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# 1.  RED CARBON STANDARD PRINCIPLES

The certification procedure is based on a number of fifteen principles aligned with the principles of the ICVCM Standard (Integrity Council for the Voluntary Carbon Market) which we list below, and which relate to the accuracy of the RED Carbon Standard and its applicability.

Therefore, we mention the "**Global Integrated System**" principle, that provides an easy use, publicly accessible at any time, for tracking and rewarding carbon credits $CO_2$ to companies and individuals.

We also mention another important principle, "**Accountability**", referring to environmental actions carried out on the RED Platform Application. Using the digital component, the RED Carbon Standard will increase the speed of the certification process. Projects have to be accountable and provide real outcomes.

"**Transparency**" and "**Cost-Effectiveness**" are two other core principles that give companies the opportunity to choose, select and decide their offset. Through cost-effectiveness, the RED Carbon Standard will be accessible to companies and individuals, implementing and promoting sustainable projects without any discrimination.

Project Developers, by respecting the general principles, will have at their disposal the RED Team who, by being "**Open to Dialogue**", will listen, guide, review, and grant exemptions to an analysis on a case-by-case basis.

We further list another important principle, namely that of "**Inclusion**", whereby we encourage developers of green projects to consider the inclusion of local communities in their description and implementation of their projects.

"**Additionality**" is a principle that has a significant importance, which through financial analysis and performance-based testing, shows to what extent the reductions or removal of greenhouse gas emissions would not have occurred in the absence of the carbon credit incentives.

Comprehensive and transparent "**Mitigation Activity Information**" of the lending program is also contained in a principle of the standard and will be publicly available in electronic format.

The certainty offered by another standard principle "**No double counting**" that reductions or elimination of greenhouse gas emissions will not be double counted.

"Examples of double-counting are where the same carbon credit is retired by two companies, or the same emission reduction is credited under two programmes, or if two countries claim the same emissions reduction towards their Nationally Determined Contributions under the Paris Agreement."[1]

The "**Permanence**" principle states that the greenhouse gas emission reductions or removals from the mitigation activity shall be permanent, or if they have a risk of reversal, any reversal shall be fully compensated. This principle is essential for reducing carbon emissions in line with the long-term goals of the Paris Agreement.

The administration of the carbon crediting scheme must be efficient and ensure transparency, accountability and quality of carbon credits. Documents, standards, methodologies, procedures and key information relevant to the public decision are made available to the public subject to a confidentiality clause. This is another principle, that of "**Program Governance**".

"**Robust Independent third-party Validation and Verification**" and "**Robust Quantification of Emission Reduction and Removals**" enables third-party validation and verification of mitigation activities in carbon crediting as well as quantification of emission reduction and removals.

"The carbon-crediting program shall have program-level requirements for robust independent third-party validation and verification of mitigation activities."[2] "The auditing requirements for the carbon-crediting programs need to include structure, management, resources, and process and information requirements for verification and validation bodies."[3]

Sustainable development and a positive net impact is essential to ensure social and environmental integrity in generating carbon credits.

Last but not least is the principle of "**Transition towards net-zero emissions**" by mid-century by avoiding blocking emission levels, technologies and other practices that could jeopardise the achievement of this goal.

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[1]https://www.nortonrosefulbright.com/zhhk/knowledge/publications/facd1a20/draft-core-carbon-principles-for-the-voluntary-carbon-market-released#4

[2] As above
[3] As above

## 2. LEGAL FRAMEWORK

By 2100, various measurements have concluded that global warming will increase by 2.6°C. The European Union is leading the fight against climate change and is setting global standards and determining climate targets around the world. In 2015, world leaders agreed on new targets to fight climate change. The Paris Agreement, signed on 2 April 2016 and ratified by the European Union on 5 October 2016, sets out an action plan to limit global warming. This is the first legally binding global agreement. We need every available tool that can help finance the transition to 1.5°C.

The establishment of a voluntary carbon market is an important instrument and underpins the functioning of the main elements of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC), which is the main international agreement on climate action.

## 3. SCOPE

The purpose of the "RED CERTIFICATION GUIDE" is to provide a formalised and clear process for all stakeholders. The "RED CERTIFICATION GUIDE" aims to assist project developers and franchisee by outlining the necessary steps, providing specific information for each project, and offering guidance on completing all the required documents throughout the process.

The objective of this document is to support project developers and franchisee in meeting the listing criteria for the RED Platform Application, and in achieving certification under the RED CARBON STANDARD for sustainable projects.

## 4. APPLICABILITY

This document is designed for "Project Developers" and "Franchisee". The procedure is applied within RED CARBON STANDARD to guide project developers and franchisee during the entire listing and certification process, following the "RED STANDARD" principles, criteria, and requirements, along with all the necessary documents.

## 5. LANGUAGE

The language in which uploaded and approved documents on the RED Platform Application will be English. Validation and verification reports provided by the auditors must be in English. Local auditors can check the documents in local languages, given they are from the same region as the project developer.

If documentation is provided in a language other than English, then project developers are required to provide certified translations (including by application recognised translation).

# 6. RED CARBON STANDARD

## 6.1 Program Documents

The documentation shall be uploaded in the latest version found on the RED Carbon Standard website. The rules and RED Carbon Standard requirements are established in the documents of the program.

The required documents will be uploaded to the RED Registry by the person authorised by the Project Developer, in this case, the Franchisee.

The following documents and information are necessary in the initiation of the certification process:

1.    The company owner or of the legal representative.
2.    Registration certificate.
3.    Certificate of establishment.
4.    Project Administration Empowerment.
5.    Legal Empowerment of the Franchisee to RED, mentioning requirements and limits within the certification process.
6.    Account statement of the Project Developer.
7.    Completing the "Know Your Customer" document.
8.    Information related to the project, mentioned in the PDD, which includes: "Initial Assessment", "Validation Report", "First Monitoring Indicators", "Verification Report".
9.    Proof of the information provided in the PDD, such as documents, images or videos of the project.
10.    Description of the positive environmental impact and sustainability of the project, listing and explaining the Sustainable Development Goals that apply to the project; see "SDG Tool" on the website.

*fig. 1 RED Carbon Standard Documentation Scheme*

## 6.2 Roles and Responsibilities

6.2.1 Project Developer

For any Project Developer that wants to certify their project as sustainable under the RED Carbon Standard, in order to issue tokenized carbon credits and sell them on the RED Platform Application, they shall pass the "Know Your Customer" requirements on the RED Platform Application and select a franchisee. They have to follow the general rules and principles of the standard.

The Project Developer must allow the Franchisee, RED Carbon Standard, and accredited auditors to visit and verify the project throughout the entire crediting period on the RED Platform Application, if necessary.

The Project Developer legally empowers the Franchisee to register and follow the standard procedure for obtaining credits and trading tokens. It is also necessary to organise a physical or online meeting with the stakeholders affected by the project implementation. The invitation should be sent at least 15 days before the meeting date and should contain the itinerary and the necessary chapters of the PDD. During this meeting the project developer will explain to the stakeholders the project activity and the reason for the project's eligibility for certification.

### 6.2.2 Franchisee

The franchisee represents a company, a verified user, which acquires the RED V-LEC franchise and the right to access and use certain functionalities of the RED application in order to guide the project developer in the certification process.

The Franchisee must receive a power of attorney from the project developer, who must then upload on the RED Platform Application all the documents necessary for certification.

The Franchiser empowered by the Project developer shall provide on the RED Platform Application all the elements of the projects (i.e. documentation, location, technology, how it contributes to SDGs, emissions reduction/removals documents, etc.) and the project shall be assessed by the RED Carbon Standard Team.

## 7. CRITERIA FOR ELIGIBILITY PROJECTS

Description and justification on how the project is eligible in compliance with the RED Carbon Standard, considering the following criteria:

A. Permanence of the project

The non-AFOLU[4] projects, which are called carbon reduction projects, must have a minimum lifetime of 15 years to meet the permanence principle. The project will go through the entire verification process every 5 years until the end of the crediting period.

In the case of AFOLU[5] projects, the permanence of the project is 50 years. The AFOLU projects which are also called carbon removal projects present non-permanence risks due to natural disasters, such as fire or floods or

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[4] Non-AFOLU - is defined as a greenhouse gas inventory sector that covers emissions and carbon reduction projects resulting from renewable energy, waste handling and disposal, etc.

[5] AFOLU - is defined as a greenhouse gas inventory sector that covers emissions and removals of greenhouse gases resulting from direct human-induced land use such as settlements and commercial uses, land-use change, and forestry activities. AFOLU projects fall under the following categories: Afforestation, Reforestation and Revegetation (ARR), Agricultural Land Management (ALM), Improved Forest Management (IFM), Reduced Emissions from Deforestation and Degradation (REDD), Avoided Conversion of Grasslands and Shrublands (ACoGS), Wetlands Restoration and Conservation (WRC).

even human activities related risks. Project developers of AFOLU projects will be required to set aside a percentage of their minted CCs in a buffer, which will be managed by RED. The buffer requirement intends to minimise the risk of the leakage of GHG emissions from such projects, and if any risky event occurs during the project timeframe, RED Carbon Standard will burn from the buffer the equivalent amount of CCs exposed to that risk. If in ten years of verification, there have not been found any non-permanence risks, the project developer will receive back the 10% CCs from the stock buffer.

B. Compliance with laws, statutes, or other regulatory frameworks.

With the assistance of the franchisee, the Project Developer will identify and demonstrate project compliance with all relevant local, regional and national laws, statutes and regulatory frameworks.

C. Corresponding Adjustments (CA)

At RED, we recognise the importance of the carbon market principle related to carbon reduction, double counting and claiming emissions and Carbon Credits. This is why appropriate adjustments will be considered on a case-by-case basis, considering the degree of implementation of regional, national, and local carbon certification mechanisms and schemes.

Each franchisee will complete and submit the "CA" verification document. The RED Carbon Standard Team reserves the right to request additional documentation and evidence on a case-by-case/project-by-project basis and will not issue RED Certificates, if a previous application for the same emission reductions or removals or for other forms of carbon credits has been found.

The "Corresponding Adjustments" document is needed to verify its accuracy, including the checklist on national or regional $CO_2$ emission commitments, targets and their implementation status, included but not limited to the following:

- Proof of ownership of the project's emission reduction or elimination when the project is listed in the RED Platform Application.

- Owner's declaration to confirm the above.

- Declaration of registration to other carbon standards.

Making an appropriate corresponding adjustment means that when parties/countries transfer an international corresponding result for consideration/calculation by another party/country, this mitigation result must be "unaccounted for" by the party that agreed to transfer/accepted to pay it.

D. Registration of projects from other international carbon standards

Transition of projects from other international carbon standards is allowed. In this case, the Project Developer provides all necessary information about the project related to another scheme and the project must comply with all principles and conditions of the RED standard.

In the case of projects rejected by other international carbon standards, the project developer shall provide relevant information, including the reason for the rejection, and shall justify the eligibility under the RED Carbon Standard. RED Carbon Standard team shall assess the application and eligibility of such projects providing its decision within 21 days from submission of all documentation.

For renewable energy projects, RED Carbon Standard team shall check whether the project has received guarantees of origin or other types[6] of credits from another certification body. If the project receives guarantees of origin or other types of credits for the same emission reductions or removals, the project is not eligible for the RED Standard.

## 7.1 Types of Projects

a) Regular or Retroactive

The RED Carbon Standard supports both regular and retroactive projects.

Regular projects are those that have a start date after the First Submission of the project.

Retroactive projects are those with a start date no more than one year prior to the date of project announcement for RED Standard Certification. The project start date is evidenced by the official signed project commissioning document. In the case of retroactive projects, which are more than one year from the commissioning date of the installation, the "Request for Exemptions" must be completed, explaining the reasons for requesting exemptions.

If the lifetime of the installation is less than 15 years from the time the project is registered on the RED Platform Application, the project is not eligible.

b) Project types in terms of the UN approved CDM Methodology for additionality are:

- Micro-scale (< 20,000 $tCO_2$)
- Small-scale (20,000 - 60,000 $tCO_2$)

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[6] I.e. renewable certificates.

- Large-scale (> 60,000 tCO$_2$)

c) Depending on the location of the project, they can be registered on the RED Platform Application:

- Projects that include a single location;
- Projects that include multiple locations, but are not developed as group projects;
- Projects that include multiple locations within a group project. A group project combines multiple activities of the same type of project into one, and has geographical boundaries established at the beginning by the Project Developer.

d) A project can use one or more methodologies accepted by the RED Carbon Standard.

# 8. STEPS FOR CERTIFICATION

In order to start the certification process of a project, the project owner called "Project Developer" selects a franchise from the list published on the RED Carbon Standard website in order to analyse the project with the eligibility criteria of the standard and find the applicable methodology for the project from the list of accepted methodologies of the RED Standard. The list of methodologies can be accessed at the following link: https://redcarbonstandard.com/.

If the methodology applied in the emission calculation of the project is not on the accepted list, the Project Developer with the help of Franchisee can apply for acceptance of the methodology to the standard by completing a request for analysis of the methodology and listing it on the list of accepted methodologies.

The franchise will represent the Project Developer in the certification process and in the RED Platform Application Registry only after signing the latest version of the "RED_Empowerment" document issued by the RED Standard available on the website.

The franchisee will ensure that the CO$_2$ reduction/removal project is eligible with the RED Carbon Standard criteria and that it follows all the certification steps listed below before uploading the documents to the RED Registry:

1. Verification of the Project Developer by requesting the following documents to be uploaded to the RED Platform Application Registry:

- "Know Your Customer"

- ID or Passport of company owners or stakeholders

- Project Administration Empowerment

- Company registration certificate

- Company fiscal certificate

- Standing certificate

- Bank statement

2. Analyse the project and find a methodology from the list of accepted RED Carbon Standard methodologies for calculating emission reduction/removal. Following this analysis, the "Emission Reduction Calculation" document is created, based on the calculation formulas in the applied methodology. If the Project Developer decides to proceed with the certification process, the franchise sends to RED Standard the intention to certify the project by an email to certification@redstandard.org with the subject "First submission_Nameoftheproject_data".

   To ensure the conservativeness and robust quantification of baseline scenarios for the project, the following approaches are implemented:

   - "The quantification methodology or applicable program documents ensure that the baseline scenario to be used is selected in a conservative manner, including by:
     - considering different scenarios, including the best available technology (BAT) or practice in the country/region of the mitigation activity or statistically relevant historical information;
     - considering uncertainties in choosing between different candidate baseline scenarios;
     - ensuring that existing government policies and legal requirements are considered in determining the baseline scenario (i.e., as long as their enforcement is widespread, except for high-income countries where government policies and legal requirements are considered enforced); and
     - ensuring that rebound effects (i.e., an increase in product use or service level as a result of the implementation of a mitigation activity, e.g., when introducing energy-efficient appliances) are accounted for;
   - The quantification methodology or applicable program documents ensure that the overall degree of conservativeness in the quantification of baseline emissions or removals is based on the level of the overall uncertainty, taking into account the choice of assumptions, models, parameters, data sources, measurements methods and other factors;
   - The quantification methodology or applicable program documents ensure that any potential perverse incentives for the mitigation activity proponent to inflate quantified baseline emissions (or depress baseline removals) are taken into account; and
   - The quantification methodology or applicable program documents ensure that the baseline scenario and quantification of baseline emissions or removals are updated or reviewed at a frequency that appropriately reflects changing circumstances.

These circumstances could include changes in government policies and legal requirements. "[7]

These measures are critical to maintaining the integrity and accuracy of our certification process, ensuring that the quantified reductions or removals are both conservative and robust.

3. The franchise assists the Project Developer in completing the first chapter "Initial Assessment" of the Project Design Document. This document together with the "Emission Reduction Calculation", "Corresponding Adjustments", and other documents (if applicable) will be completed and uploaded to the RED Registry for project listing.

4. In order to list the project, the Project Developer will pay the invoice issued by the RED Registry for the administration of the project in the registry and the invoice issued by RED Standard for the verification of the documents and the listing of the project in the RED Registry.

5. The RED Standard Team approves the listing of the project in the RED Registry, at which point a project ID is generated and the public consultation begins within the 30-day from the registration.

6. Depending on the amount of $CO_2$ emissions reduced/removed from the atmosphere the franchise sends the Project Developer the necessary information on public consultation or stakeholder meeting, depending on the category.

7. Complete the following chapter of the Project Design Document "Validation", which will contain information on:

● Public Consultation;

● Stakeholder Meeting;

● Methodology;

● Baseline Emissions and Project Emissions;

● Additionality;

● Data and parameters available at Validation;

● "Do No Harm" Assessment;

● SDG indicators;

● Leakage Emission;

This section is explained in detail below in Chapter 13.2 Validation.

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[7] https://icvcm.org/assessment-framework/

8. The first Monitoring and Verification of the Project Design Document is completed. The monitoring period is the timeframe for which carbon credits are issued after the approval of the verified emission reductions or removals, the Project Developer must complete the information in the Project Design Document in the section "Indicators of the first monitoring". In this section, fill in the necessary parameters of the methodology used to calculate the emission reductions/removals to be monitored throughout the monitoring period. In the same section the information about the monitoring of SDG indicators will also be entered.

9. The project is audited according to the requirements of the standard. The validation/verification of the project is done by a third-party independent body, accredited by the RED Carbon Standard. The list of independent validation and verification bodies can be found on the website.

10. After auditing the project according to the requirements of the RED Carbon Standard, the Independent Validation and Verification Body completes the Validation Report Template or Verification Report Template, depending on the stage of the project, and submits it to the Project Developer, Franchisee, and the RED Carbon Standard Team by email to: certification@redstandard.org,with the name "ValidationReport_Nameproject_Data" or "VerificationReport_Nameproject_Data".

11. Completed documents are uploaded to the RED Registry and reviewed. The RED Carbon Standard team verifies that the data in the validation/verification report is issued by an accredited verification and validation body.

12. After the implementation of sustainable projects, verified by IVVB and approved by the RED Standard, carbon credits are issued according to the documents uploaded and displayed in the RED Registry.

13. For each monitoring and verification process, the franchisee must update the project information in the RED Platform Application and upload the Monitoring Report and Verification Report from the independent validation and verification body or send them by email to certification@redstandard.org with the following title "MonitoringReport_Nameproject_Monitoringperiod_Data" and "VerificationReport_Nameproject_Data".

The monitoring and verification period process is usually done yearly, yet RED Standard accepts verifications less than a year, except the maximum monitoring and verification period accepted which is 3 years.

# 9. PROGRAM FEES

The fees for the RED certification can be paid in FIAT or through tokenized credits. The program fees can be checked on the website in the Fees section.

# 10. RED PLATFORM APPLICATION

The Restart Energy Democracy Platform Application is an online App that connects end customers and renewable energy producers, project developers and carbon credit buyers, facilitating the trading of renewable energy and climate responsible attributes and/or carbon credits. It also allows project developers to certify green projects and obtain tokenized carbon credits.

RED is an ERC-20 (Ethereum token) interchangeable token, used on the RED Platform Application, which certifies on the blockchain the amount of $CO_2$ reduced or removed from the atmosphere by "eco-friendly" actions through a project (such as renewable energy) and certified by the RED Carbon Standard.

> 1 RED token = 1 tonne of $CO_2$ reduced/removed from the atmosphere.

## 10.1 RED Carbon Standard Registry

Projects that achieve certification with the RED Carbon Standard will be included in our dedicated RED Carbon Standard Registry, where each project will be assigned a unique ID. This registry is developed using blockchain technology, ensuring transparency and traceability of data. Such implementation will prove beneficial for both project developers and buyers, providing a secure and reliable application.

RED Carbon Standard Registry (or Carbon Registry) is an electronic database or system for recording and monitoring greenhouse gas emissions and actions to reduce these emissions. It is used to track progress towards carbon reduction targets and to support reporting, verification and certification of emission reductions.

Through the RED Standard Carbon Registry, the RED Platform Application opens the way for other sustainability and Blockchain technology companies to access carbon credits issued under the RED Standard. The carbon credit management system will allow access to and from other blockchains, as well as allow other Certification Standards to sell carbon credits on their own websites, even without blockchain technology. We believe in cooperation, rather than competition.

Data such as project ID and name, project status, SDGs, number of tokenized carbon credits issued, retired and remaining will be accessible via the RED Registry explorer, which will automatically present a project's information or tokenized carbon credit status based on information recorded on the blockchain. All actions registered in the RED Registry, projects, purchases, etc., remain registered on the blockchain, with the information available for verification.

Smart contracts applied to tokenized carbon credits and validated RED projects are secured on the Ethereum blockchain. Carbon credits can be tracked and have only one owner at a time. Each NFT is unique and is compatible with other systems built on Ethereum blockchain platforms. NFTs can be sold anywhere, and owners have access to the global market.

## 11. STAKEHOLDERS

Depending on the amount of $CO_2$ emissions reduced or removed from the atmosphere, the Franchisee sends the Project Developer the necessary information on public consultation or stakeholder meeting, depending on the type of project.

Stakeholder refers to individuals, groups or institutions that have a stake, or an interest in the project activity – that may be affected by it (either positively or negatively) or they may have an interest in it and be in a position to influence its outcomes – such as local communities, Indigenous Peoples, civil society organisations, and private sector entities, etc. They can include, among others, relevant ministries, local governments, locally affected people, national and local NGOs, Community Based Organisations (CBOs), Indigenous Peoples organisations, women's groups, private sector companies, farmers, and research institutions.

- For projects with <20 000 $tCO_2$ (micro-scale projects), the public consultation starts automatically with the listing of the project in the RED Registry. On the project page of the RED Platform Application, in the Registry section, stakeholders can express their opinions, suggestions or objections through a form, which will be sent to the project developer, franchisee or certification@redstandard.org, with the title "Publicconsultationfeedback_Nameofstakeholder_Nameproject_Data", within 30 days from the publication date. Afterwards, the Project Developer enters all forms received and its responses to them in the "Public Consultation" section of the Project Design Document.
- For projects >20 000 $tCO_2$ both public consultation via RED Platform App and a physical or online meeting with stakeholders influenced by the project implementation are required. For regular projects, the meeting will take place before the start of the Validation process by the IVVB. For retroactive projects, the meeting will take place before the start of the Verification process by the IVVB.

The invitation must be sent at least 15 days before the meeting date and should contain the agenda and Project Design Document with the approved Initial Assessment, together with the following chapters: Eligibility, Project area, Baseline scenario, Emissions arising from project implementation, Leakage.

The project developer shall develop a grievance mechanism and present it in the meeting with the stakeholders to make it easy for them to address disputes that may arise during the project planning and implementation, including with regard to benefit sharing. The grievance mechanism presented in the physical/online meeting with stakeholders shall be made available throughout project planning and implementation.

## 12. INDEPENDENT VALIDATION AND VERIFICATION BODIES (IVVBS) PROCEDURES

Local independent validation and verification bodies have the possibility to check project documents in the local language if the project developer is also from the same region. Validation and verification Reports received must be uploaded in English.

An independent validation and verification body specialised in the project's applicability sector must validate the "Baseline Scenario", "Project Boundary", "Project Emissions", "Leakage" and "Emission reduction/removals" steps against the applied methodologies.

IVVB will receive permission from the Project Developer to view and verify the project throughout the certification period.

The RED Carbon Standard allows Validation and Verification at once for retroactive projects if the PDD is based on real data, and not estimated data, therefore, IVVB can complete the Validation and Verification report. For the regular project, the monitoring period shall be done after the project implementation.

## 13. PROJECT DESIGN DOCUMENT (PDD)

The Project Design Document or PDD is the main project document that details all elements of a Project, including technology, initiation date, accreditation period, methodology, calculations for emissions reduction/removals, public consultation, and SDG indicators, among other elements.

The designated individual authorized to act on behalf of the Project Developer, such as the Franchiser, will provide details about the Project in the Project Design Document and subsequently upload the document in the RED Platform Application.

## 13.1 Initial Assessment

In the first section of the PDD, called Initial Assessment, the Franchisee will complete the details of the Project such as: the official name of the project, location, the benefits, the technology used, the start date of the project, the estimated number of CCs, the estimated emission reduction calculation, methodology used, the additionality etc.

After compiling the project details in the PDD using the RED Carbon Standard template, the submission can be made to the RED Carbon Standard through the RED Platform Application or via email at certification@redstandard.org. The attached document should be named "InitialAssessmentPDD_Nameproject_data." Subsequently, the project will undergo an initial assessment by the RED Carbon Standard Team.

## 13.2 Validation

The Project Developer, assisted by the Franchisee, will complete the following section in the PDD, titled Validation. Below are detailed instructions for filling out this section:

- **Public Consultation** - From the date of listing the project on the RED Platform Registry, the public consultation shall start. On the project page from the RED Platform Registry the stakeholders have the possibility to give their feedback for 30-days. Any feedback shall be submitted through the project's page to the Project Developers email, Franchisee email and certification@redstandard.org (The document attached shall have the following name: Publicconsultationfeedback_Nameofstakeholder_Nameproject_Data). The Project Developer must answer at the feedback received and complete all the information in the PDD at this Section "Public Consultation".

- **Stakeholder Meeting** for projects with more than 20.000 tCO$_2$ emission reductions or removals - The objective of the stakeholder meeting and engagement process is:
  a) to identify, engage, and consult stakeholders in a meaningful manner to improve project design and its outcomes.
  b) to inform stakeholders about projects and discuss their likely impacts (both positive and negative) during the design, planning, and implementation stages and relevance to stakeholders.
  c) to establish an ongoing engagement process for stakeholders to provide input, feedback, and raise concerns throughout the project's lifespan.

- **Grievance Mechanism** - a grievance mechanism is a procedure that provides a clear and transparent framework to address complaints regarding a specific topic or sector (for example in recruitment and the workplace). It is typically an internal procedure for complaints followed by consideration, management response and feedback. The grievance mechanism has been developed as a tool for the project developers which shall be presented at the stakeholder meetings to facilitate addressing disputes that may arise during project planning and implementation, including benefit sharing. Each project shall have a Grievance Mechanism within a company website, including an e-mail address, telephone and an online/physical grievance mechanism book to register complaints and/or suggestions.

- **Methodology** - note the title and version of the methodology used to calculate the $CO_2$ reduction/removal. Also justify and demonstrate the applicability of the methodology used in the project developed.

- **Project Boundary** - a detailed description of the baseline scenario and the geographical boundary of the project must be provided in the PDD. A Project may have more than one location or land area, but each location or land area must have a unique geographic identification. For forestry and agricultural projects, project developers must provide maps, GPS identification or satellite files and other relevant information to define project boundaries. The independent validation and verification body assesses and verifies during the physical audit all assumptions of the baseline scenario and its boundary and does so during the validation process. Project boundaries shall be validated in accordance with applicable methodologies by an accredited IVVB specialised in the sector in which the project activity takes place. RED Carbon Standard accepts accredited CDM auditors depending on the type of project and encourages local auditors to apply for RED approval. RED Carbon Standard defines and publishes on its website the criteria and procedure for independent validation and verification bodies.

- **Diagram or map of the Project Boundary** - Create and insert the project boundary diagram/flowchart or map based on the description provided in the Project Activity Description and Technology Used in the Project Activity.
  For non-AFOLU projects, include equipment, systems, mass and energy flows, and identify GHG emissions.
  For AFOLU projects, include the locations where the measures are carried out, any reference areas and spill/loss areas.

- **Baseline Emissions and Project Emissions** - identify and note all sources that were needed to define Baseline Emissions and Project Emissions. Calculations are made in accordance with the methodology applied and used by the project.

- **Baseline Scenario** - Describe the baseline scenario for the project activity and explain how it is established in accordance with the applicable provisions for establishing and describing baseline scenarios in the applied methodologies, applied standardized baselines and other applied regulatory methodology documents.
  Explain and justify the main assumptions and reasoning, all data used to establish the baseline scenario (variables, parameters, data sources, etc.). All relevant documentation and/or references are provided. Provide a list of the facilities, systems and equipment in the baseline scenario and clearly explain how the same types and levels of services provided by the project activity would have been provided in the baseline scenario.

- **Additionality** - is described by the Project Developer, subsequently verified, and validated by the independent validation and verification body. The project can prove its additionality by applying the approved methodologies.

- **Demonstrate Additionality** – according to the CDM Methodological Tool for the demonstration and assessment of additionality, if the project activity does not use a technology from the latest version of the "Positive List of Technologies" (CDM TOOL32) to be additive automatically, the project developer should go through the following steps:
  1. First of its kind - if the project activity is "first of its kind", additionality is demonstrated, otherwise it goes to step 2.
  2. a) Investment analysis - Project developers are advised to apply the following investment analysis techniques:
     - a simple cost analysis, if the alternatives identified in Step 2 generate no new financial investment or economic benefits or generate identical benefits.
     - a comparative investment analysis, or - a benchmarking analysis.
     b) Barrier analysis

  These barriers may include:

  - barriers to investment, such as lack of available funding.
  - technology barriers, such as lack of infrastructure and/or skilled labour to operate and maintain new technologies.
  - other regional and country specific barriers.

c) Analysis of common practices

Additionality requires projects to demonstrate that GHG emissions after project implementation are lower than they would have been under baseline                                                                                       scenarios.
If activities similar to the proposed project are identified, project developers should explain how their project differs from the usual practice presented by similar activities in the region. Project developers also need to explain why similar activities were financially attractive while their project activity is not.

- **Deviations from Methodology** - If applicable, explain any request for deviation from the methodology and include evidence demonstrating the following:
  a) The requested derogations will not impact the conservativeness of the calculation of GHG emission reductions or removals.
  b) Describe how the waiver request affects the project and stakeholders.

- **Data and Parameters Available at Validation** - complete the Project Design Document with all data and parameters that are determined and available at Validation and that remain stable throughout the crediting period of the project. The Verification Report confirms the actual results/benefits of the project.

- "**Do No Harm" Assessment** - documents required by law or local, regional and national regulatory frameworks that apply to the project activity in accordance with the "No Net Harm" principles are provided. The Project Developer must demonstrate in the Project Design Document that the project activity results in a net positive impact on the social and economic environment. Sustainable indicators are explicitly highlighted in the Project Design Document and carefully verified by the independent validation and verification body.

- **SDG Indicators** - quantifiable project contributions to specific Sustainable Development Goal (SDG) indicators are provided. SDG indicators will be monitored throughout the crediting period. The Franchisee will have to list and describe at least three Sustainable Development Goals that apply to the Project.

- **Leakage Emission** - potential sources of leakage emission shall be described and calculated according to the applied methodology. The independent validation and verification body shall also verify these sources

and their calculation, if applicable. The PDD shall include and explain the equations used in the calculation of losses in the applied methodology.

## 13.3 Monitoring Periods

Every project has a time for monitoring and verification. The Monitoring Period refers to the duration for which the tokenized carbon credits in the form of RED (Reduced Emissions and Removals) are claimed and issued by the RED Carbon Standard Team after approval of the verified emission reductions or removals. The Project Developer is responsible for providing the necessary information in the Project Design Document (PDD) under the "First Monitoring Indicators" section. This section should include the parameters required by the methodology used to calculate the emission reduction/removals, which will be monitored throughout the entire crediting period. Additionally, the indicators related to the Sustainable Development Goals (SDGs) should also be monitored in this section.

All documents uploaded to the RED Platform Application will be publicly available for in the blockchain-based RED Carbon Registry.

RED Carbon Standard requires at least one monitoring period in three years and only ex-post carbon credits will be issued based on the independent validation and verification body.

The monitoring plan, the emission reduction/removals calculation, SDG Tool shall be verified by an Independent Validation and Verification Body accredited by RED Carbon Standard for the type of the project, who will check the actual emission reduction/removals (verification review), the monitored parameters required by the methodology and SDG indicators of the project. The IVVB will writes and sends to the Franchisee and at certification@redstandard.org the Verification Report (The document attached shall have the following name: VerificationReport_Nameproject_Data). The Franchisee will upload the final version of the PDD (The document attached shall have the following name: MonitoringPDD_Nameproject_Data), the Emission reduction/removals calculation document (The document attached shall have the following name: ER_Projectname_Data), the SDG Tool (The document attached shall have the following name: SDG_Nameproject_Data) and the Verification Report in the RED Platform Application and the necessary information to finalized the project certification process. The RED Carbon Standard Team will, then, verify the final documents of the project. After passing this review, RED Carbon Standard will issue the tokenized carbon credits in the form of RED tokens, according to the emissions reduction/removals calculated and verified.

The franchisee must update the project details on the RED Platform Application, including new pictures and videos, as part of each yearly monitoring and verification process.

Additionally, the Annual Monitoring Report and Verification Report from the Independent Verification Body must be uploaded on the platform. Alternatively, these reports can be sent via email to certification@redstandard.org, with the attached documents named as follows: MonitoringPeriod_Data and VerificationPeriod_Data.

The verification must include a physical visit at the project location. The PD shall try to choose the nearest independent verification body from the list published on the website.

At the same time, we recognize the potential benefits of digital verification, which offers a faster, more precise, and practical approach to project verification. The RED Carbon Standard actively encourages participants in the RED carbon community to seek recognition for technologies serving as digital instruments in the verification process. Applications for such recognition should be submitted to certification@redstandard.org, and the attached document should be named "Technologymeasure $CO_2$_typeofprojects_Data".
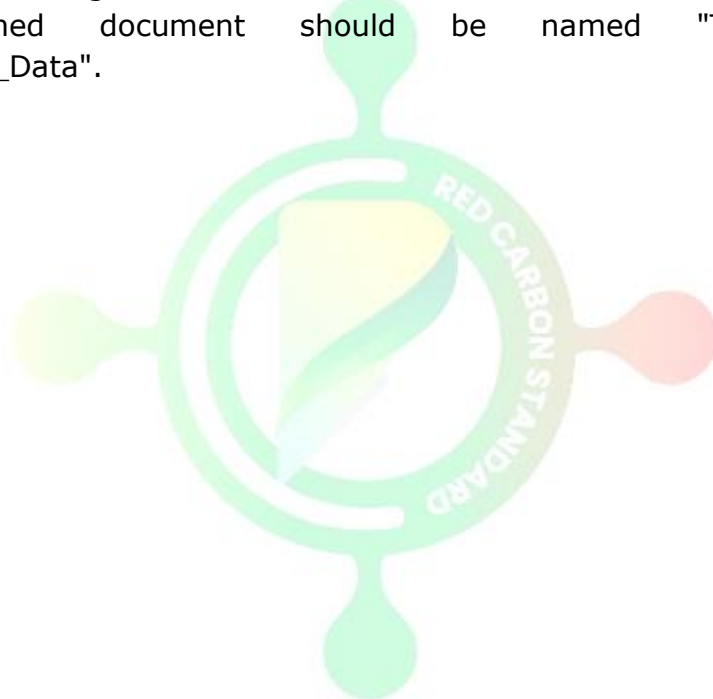
## 14. Document Update

| Version | Date | Comments or additional information |
|---------|------------|------------------------------------|
| 1 | 01.09.2023 | Initial version of the document. |