



natureplus[®]

NaturePlus[®] Guide

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Acknowledgment of Country

GreenCollar acknowledges the Traditional Owners of the land on which we are privileged to walk and conduct our work. We acknowledge and pay our respects to Elders past and present.

We also pay our respects to First Nations people across Australia and internationally and acknowledge the critical role they play in finding solutions to our biodiversity crisis

This Guide highlights key components of the NaturePlus® Standard but does not cover all elements of the Standard. It should be read in conjunction with the Standard and other key NaturePlus® Scheme Documents. Where there is an inconsistency between this Guide and the NaturePlus® Standard, the terms of the NaturePlus® Standard will prevail.

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1. Why have we created NaturePlus®?

According to the Organisation for Economic Co-operation and Development (OECD) (2019, *Biodiversity: Finance and the Economic and Business Case for Action*);

- Biodiversity loss is among the top global risks to society, and there is broad recognition that action to halt and subsequently reverse biodiversity loss must be scaled up dramatically and urgently.
- Biodiversity protection is fundamental to achieving food security, poverty reduction and more inclusive and equitable development.

While other environmental initiatives have sought to protect and restore biodiversity, targeted investment that drives change at the scale required needs mechanisms that can directly support the land, sea and resource managers who are interfacing day to day with nature for the benefit of all. There is an urgent need to restore nature in degraded landscapes and to protect what remains of our intact ecosystems. By applying lessons learnt from first generation environmental markets products, GreenCollar has produced the NaturePlus® Scheme as a tool for positive impact.

The primary objective of the NaturePlus® Scheme is to inform and incentivise evidence based decision-making to help achieve net gains for nature by generating net gains in the Condition of native ecosystems. By providing a means to account for and monetise changes in environmental condition (represented by the generation of transferable NaturePlus® Credits), restoration and conservation of the condition of environmental assets will help build value and put nature on the balance sheet.



NaturePlus®: Helping put nature on the balance sheet

- Facilitates projects that achieve a net gain in the Condition of native species and/or ecosystems
- Provides a long term market mechanism for Projects that demonstrate both **Restoration and Conservation** outcomes to generate transferable Credits

2. What is NaturePlus®?

The NaturePlus® Standard provides the rules that all projects must comply with in order to be validated as NaturePlus® Projects and generate NaturePlus® Credits. It also sets out the requirements for the Registry in which NaturePlus® Projects will be listed and NaturePlus® Credits will be issued and retired.



To fall within the scope of the NaturePlus® Scheme, a project must involve activities in the project area that seek to achieve Restoration and then Conservation of the Condition of an Environmental Asset. Condition of the Environmental Asset must be measured across a spatially explicit Project Area, and this area must be quantifiable in hectares.



NaturePlus® Projects can generate credits under both the **Restoration** phase AND the **Conservation** phase of the relevant Environmental Asset, with no time limit on the crediting period so long as the Conservation outcome is demonstrated via Independently Audited Certified Environmental Accounts in accordance with Accounting for Nature® Framework. A project must first restore the Condition of an Environmental Asset and once it has reached a restoration threshold defined by the NaturePlus® Standard, it can begin generating Conservation Credits. ***A lower proportion of credits is generated in the Conservation phase of a Project compared to the Restoration phase (see 'Unitisation' section below for further information.)***

Projects must be implemented in accordance with the NaturePlus® Standard foundational principles of:

- Responsible stewardship
- Accuracy and completeness
- Conservativeness
- Respect for local communities and Traditional Owners
- Information sharing
- Practical
- Additional environmental outcomes
- Verifiable
- Maximisation of positive outcomes
- Transparency
- Significance

The Accounting for Nature® Framework



NaturePlus® Projects must be the subject of an **Environmental Account** Certified by Independent Audit, under the **Accounting for Nature® (AfN) Framework**. All NaturePlus® Project Proponents must adhere to the AfN Standard and AfN documents relating to the certification of Environmental Accounts, and are responsible for accessing the most up-to-date versions of these documents through the AfN website. Once a project has a Certified Environmental Account under AfN, it can seek validation under NaturePlus® by applying the NaturePlus® Standard.

What is the AfN Framework?

The AfN Framework is the culmination of 15 years of development work by the Wentworth Group of Concerned Scientists to produce a trusted and transparent certification standard for natural capital accounting.

AfN is independent of the NaturePlus® Standard Administrator and has no responsibility for or claim to the production of NaturePlus® Credits.

The AfN Framework provides a monitoring, reporting and verification (via a third-party audit process) service for the determination of certified Environmental Accounts including the Environmental Asset Condition Score, but is not responsible for the production or loss of NaturePlus® Credits.

What is Environmental Condition?

When we talk about environmental condition we are describing the biophysical Condition of Environmental Assets measured using indicators that represent physical characteristics or ecosystem processes. The use of the AfN Framework is required under the NaturePlus® Standard to independently assess Condition at a point in time by measuring the Econd@ Condition Score of the Environmental Asset.

www.accountingfornature.org

What is an Environmental Account?

AfN has created Environmental Accounts. Environmental Accounts measure and track the condition of six different environmental asset classes - soil, native vegetation, native fauna, freshwater, marine and carbon - using an environmental condition index known as an Econd@

What is an Econd@?

The Environmental Condition Index, or 'Econd@', is a scientifically robust metric to communicate changes in environmental condition over time.

An Econd@ is an index between 0 and 100, where 100 describes the reference condition of an environmental asset. The reference condition reflects the condition of the environmental asset in its un-degraded (natural or pre industrial) state.

AfN Methods

AfN accredited Methods contain detailed measurement and reporting requirements for specific environmental assets in specific regions, ecosystems, or sub-regions. In preparing an Environmental Account, users must select a Method to follow for each Environmental Asset.

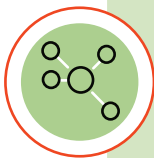
To have an Environmental Account certified by Accounting for Nature® a number of options in selecting Methods is available, depending on the measurement and monitoring requirements of the project and what the Environmental Account will be used for.

Accuracy Level

Methods that are accredited for use under the AfN Framework are developed at a particular 'Accuracy Level'. The Accuracy Level reflects the robustness of a Methods' approach to measuring the Condition of the Environmental Asset. As a rule, the higher the Accuracy (95% being the highest), the greater the accuracy of the Condition assessment and the higher the Methods ability to detect change.

The below table outlines what key elements of the Scheme are addressed through which Framework.

Technical/Integrity Element	NaturePlus® Standard	AfN Framework
Methodology conservatism		✓
Method application		✓
Method accreditation		✓
Method conservatism		✓
Metrics approach		✓
Reference Environmental Condition		✓
Certification of Environmental Condition		✓
Uncertainty / Accuracy Level		✓
Site context		✓
Permanence	✓	
Additionality	✓	
Leakage	✓	
Credit unitisation	✓	
Project Validation & Verification	✓	
Project eligibility criteria	✓	
Crediting Period & Monitoring Period dates and lengths	✓	



Under the current Version 1.2 of the Standard, NaturePlus® Credits can only be issued for a **single environmental asset** for any given spatial area (i.e. Project Areas cannot overlap), with provisions to protect from perverse negative outcomes. It is envisaged that the scope of the Standard will evolve over time with potential inclusion of rules to allow NaturePlus® Credits to be issued for multiple, overlapping Environmental Assets to create additional incentives for projects that can deliver demonstrated outcomes across multiple ecosystem components.

Why a single Environmental Asset Approach?

While it is desirable for project outcomes to be quantified for all components of ecosystems, (e.g. native vegetation, fauna, water and soils) the complexity of natural ecosystems pose a difficult trade-off between seeking representation of all components of an ecosystem (i.e. completeness) and the number of essential characteristics that must be ignored due to practical considerations (i.e. accuracy).

These gaps in information are important because they can:

- i. decrease certainty that outcomes have been delivered (i.e. uncertainty), and
- ii. increase the risk that outcomes are overstated (i.e. conservatism), and
- iii. reduce capacity for learning & adapting management practices to improve ongoing outcomes (i.e. adaptive management).

The NaturePlus® Scheme's approach to these challenges is to require projects to demonstrate outcomes at the level of environmental assets (e.g. native vegetation, fauna) and to use an appropriately comprehensive set of indicators as set out in an AfN accredited method to measure the condition of that environmental asset. This approach is also compatible with global initiatives to standardise reporting of environmental condition information through environmental accounts e.g. the UN System of Environmental Economic Accounting (UN SEEA) and the Accounting for Nature® Framework that provides a mechanism to operationalise environmental accounts.



The intended jurisdictional coverage of the NaturePlus® Standard is global, however under the current Beta Phase of the Scheme, all projects that have been validated under the NaturePlus® Standard – or are undergoing validation – are Australian. It is recognised that some further development work within the Standard is required for the Scheme to be fully operational at the global scale.

3. What are the components of the NaturePlus® Scheme?

The below components collectively comprise the NaturePlus® Scheme.

Component	Specific Item	Description
NaturePlus® Scheme Documents	NaturePlus® Scheme Guide [this document]	An overview of the NaturePlus® Scheme
	NaturePlus® Standard (hereby referred to as 'the Standard') <ul style="list-style-type: none"> Schedule 1 – NaturePlus® Standard Definitions Schedule 2 – Evidence Requirements of Standard Schedule 3 – Standard Schematic 	Provides the rules that all NaturePlus® Projects must adhere to in order to generate NaturePlus® Credits. It also sets out the requirements for the Registry in which NaturePlus® Projects are listed and NaturePlus® Credits are issued, transferred & retired.
	NaturePlus® Claims Guidance	Designed to provide buyers with guidance on making clear and accurate claims in relation to NaturePlus® Credits
	NaturePlus® Project Application Template	Template to be used to apply for Project Validation
	NaturePlus® Project and Regulatory Additionality Representations Template	Template to be used to demonstrate satisfaction of ongoing regulatory additionality
	Application for Verification and Issuance	Template to be used by Project Proponent once a Monitoring Report has been Verified. This form requests the issuance of Credits into the Registry.
	Transfer or Retirement Request Form	Form used to request the transfer or retirement of NaturePlus® Credits
	NaturePlus® Environmental Significance Classification Guidance	Guidance outlining how to classify the Environmental Significance of each Credit
	NaturePlus® Monitoring Report Template	Template to be used to respond to reporting requirements for each Monitoring Period
	Environmental Asset Adaptive Management Strategy (EAAMS) Template	Template to be used to document the required EAAMS.
	NaturePlus® Registry Operations Manual	Details each step involved in managing the NaturePlus® Registry in accordance with the NaturePlus® Standard, and provides further requirements and guidance for specific elements within the process, including the associated forms, templates and checklists that facilitate the Quality Control framework of the Registry.
Accounting for Nature@ Framework (hereby referred to as 'AfN')		The Accounting for Nature@ Framework, including the AfN Standard, AfN Methods, AfN Audit & Verification Rules and other related documents including the forthcoming AfN Claims Guidance, provide the accounting framework for certifying Environmental Accounts, and therefore form part of the NaturePlus® Scheme. These documents are published on the AfN website at: https://www.accountingfornature.org/key-documents
	NaturePlus® Standard Administrator (hereby referred to as 'the Standard Administrator')	Oversight of the NaturePlus® Standard, NaturePlus® Projects & NaturePlus® Registry
	NaturePlus® Projects (hereby referred to as 'Projects')	Projects demonstrating verified Restoration or Conservation outcomes in accordance with the NaturePlus® Standard
	NaturePlus® Registry (hereby referred to as 'the Registry')	Ledger that tracks NaturePlus® Credit issuance, transfers and retirement.

4. Who manages NaturePlus®?

Through the NaturePlus® Standard, the **Standard Administrator** is empowered to:

- Administer the NaturePlus® Scheme
- Issue, approve and/or update all NaturePlus® documentation
- Manage or oversee all Project development processes and procedures in accordance with the Standard
- Identify and resolve compliance matters
- Manage dispute resolution
- Operate and manage the Registry including the issuance of credits
- Provide expertise on third party assurance framework and methodology approval

Who is Administering the Scheme?

The Scheme is currently in the proprietary Beta Phase of development, as such, GreenCollar currently acts as the Standard Administrator.

Can Beta Phase pilot Projects be backdated?

Transitional arrangements in place under Version 1.2 of the Standard to acknowledge GreenCollar partners who are early movers and joined the pilot NaturePlus® Scheme prior to the release of Version 1.2 of the Standard.

For these projects the start date may be up to 12 months prior to validation only.

It is intended for the NaturePlus® Scheme to continue to evolve over time with at least two additional phases to follow the current first proprietary **Beta Phase**.

A Beta Phase Review will be undertaken to transition the NaturePlus® Standard from Beta Phase to a fully operational, public and independently administered Phase Two.

Key recommendations and proposed revisions including the outcomes of a formal peer review process will be submitted to the Standard Administrator for incorporation into Version 2.0 of the Standard.

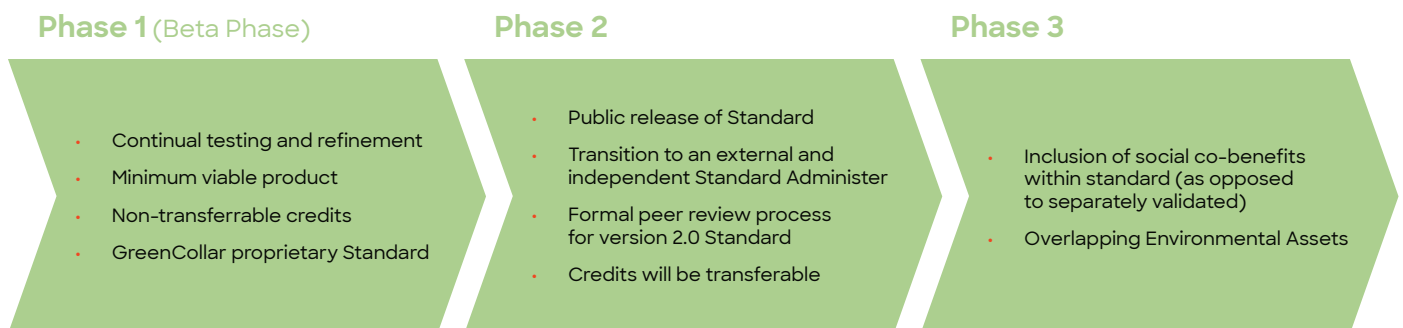


Figure 1. Illustration of intended phased development of the NaturePlus® Standard.

5. What is the process to create NaturePlus® Projects?

One of the first steps of developing a NaturePlus® Project is to develop and maintain an Environmental Account Certified by Independent Audit via the application of an AfN Accredited Method with an Accuracy Level of 95% or 90%.

The illustration below is designed to help potential project proponents to understand the requirements of developing an Environmental Account certified by AfN, however, it is important to always refer to the AfN Standard for these requirements which may change from time to time.

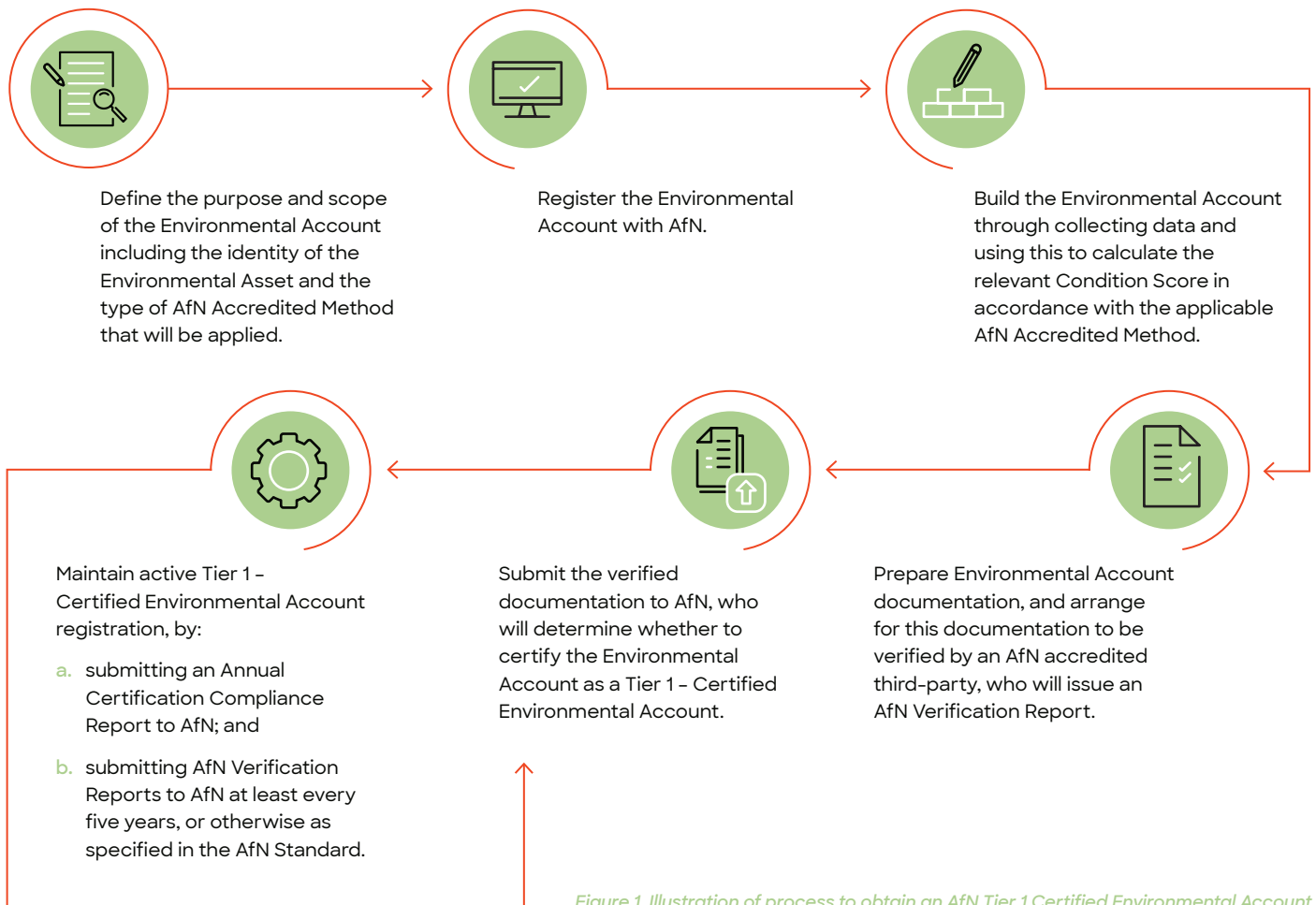
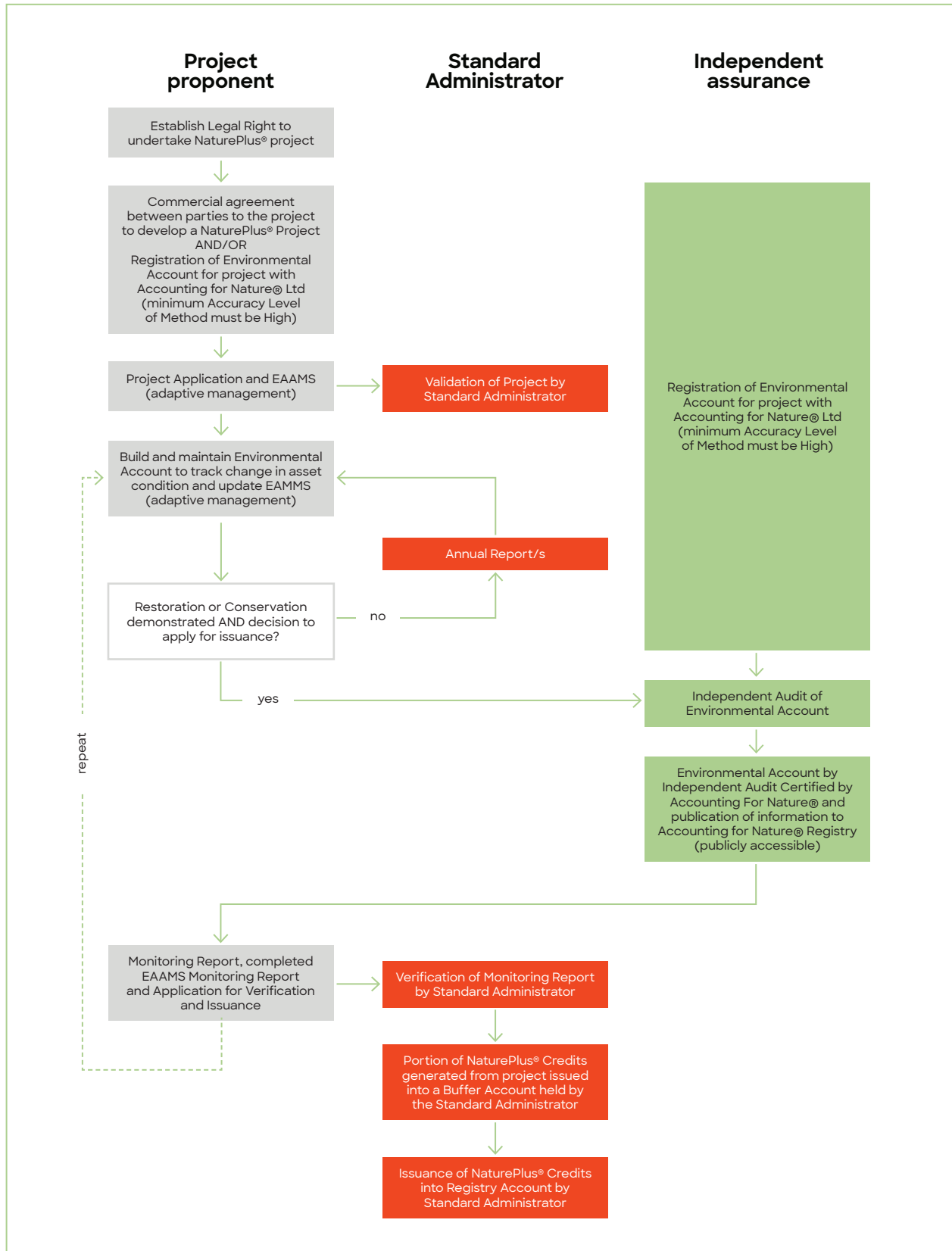


Figure 1. Illustration of process to obtain an AfN Tier 1 Certified Environmental Account

Once a project has a Certified Environmental Account through AfN, it can progress with Validation through the NaturePlus® Standard. The diagram below shows the pathway through to Validation and then Verification which enables issuance of Credits.



Environmental Asset Adaptive Management Strategy (EAAMS)

As part of the Project Application, Proponents must submit an Environmental Asset Adaptive Management Strategy (EAAMS). The EAAMS must be in the template published by the Standard Administrator and must comply with any guidance on the EAAMS published by the Standard Administrator.

The EAAMS is intended to be a 'live' document which will be updated periodically to respond to the Proponent's understanding of the impact of Management Strategies as they are implemented and associated changes to the **risk profile** of the Project. As part of the process of remeasuring the Condition of an Environmental Asset at the end of a Monitoring period), Proponents gather detailed information about the condition of the asset and can reassess what impact their actions are having. The EAAMS therefore allows for adaptation through time to help achieve the best outcomes for nature.

The Project Proponent must implement the EAAMS throughout each Monitoring Period, and provide a completed **EAAMS Reporting Framework** and updated EAAMS as part of the Monitoring Period Report.

Annual reports

Once a Project is Validated under the Standard, the Proponents must provide an Annual Report to the Standard Administrator for each calendar year during the Crediting Period (except for calendar years for which the Proponent submits a Monitoring Report).

The Annual Report must include information on any activities undertaken to meet the management objectives and triggers set out in the EAAMS, and any events identified in the risk assessment within the EAAMS that require remediation.

EAAMS Reporting Framework

- a. evaluation of changes in Condition of the Environmental Asset;
- b. evaluation of progress toward adoption of Project and Management Zone level Management Strategies;
- c. identification of triggers reached and triggered responses / corrective actions;
- d. identification of where triggers and/or triggered responses/ corrective actions need adjustment for Restoration or Conservation (as applicable) in the subsequent Monitoring Period.
- e. where the Monitoring Period is not the final Monitoring Period for the Project, any updates to framework EAAMS Report for the subsequent Monitoring Period.

Risk Assessment

The EAAMS must set out an assessment of risks that may impact on the ability of the Project to achieve the project outcomes and risks of possible adverse social and environmental outcomes of the Project.

The Risk Assessment must specify for each identified risk, the potential consequences of the risk, the likelihood of the risk eventuating, and measures that the Project Proponent will implement to manage that risk.

Following project Validation, the Project Proponent must update this Risk Assessment following each Monitoring Period.

Monitoring Period Reports

In order to obtain Positive Verification for a **Monitoring Period** and be issued Credits, a Monitoring Report must be prepared by the Project Proponent for each Monitoring Period, and submitted to the Standard Administrator within 12 months of the End Date of the relevant Monitoring Period.

Audit Assurance

To be eligible for validation as a NaturePlus® Project, a project must meet the requirements for Environmental Account certification under the AfN Standard. In accordance with the AfN Standard, obtaining a Limited or Reasonable Assurance Verification Report through a third party AfN Accredited Auditor is a prerequisite to obtaining a Certified Environmental Account. Following the Certification of an Environmental Account, AfN Verification Reports must also be submitted periodically (at minimum five years or as otherwise specified in the applicable AfN Accredited Method and AfN Standard) in order to maintain Certification.

Under the NaturePlus® Standard, for validated NaturePlus® Projects, the NaturePlus® Standard Administrator may also request, as a prerequisite to Verification of a Monitoring Report, that the Proponent undertake a **further independent Assurance Engagement** through an approved third party NaturePlus® Auditor.

Monitoring Period Dates

Projects may have multiple consecutive Monitoring Periods (MPs), with no limit to the number of MPs a Project may have. The first MP start date must be between 10 years before and 2 years after the Project Start Date. The first MP end date must be after (but no more than 5 years after) the Project Start date, and no less 12 months after the MP start date. Each MP must be a maximum of 5 years in length unless extended through an approved Crediting Pause and subsequent MPs must have a start date one day after the end date of the previous MP.

6. How is a Credit calculated?

A NaturePlus® Credit represents (over the length of the Monitoring Period being credited) measured, validated and independently verified;

- i. improvement in the condition of an environmental asset (Restoration) across one hectare of a NaturePlus® Project, or
- ii. maintenance of an improved environmental asset (Conservation) across one hectare of a NaturePlus® Project.

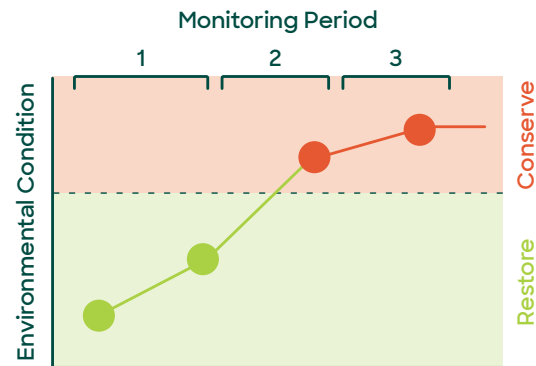
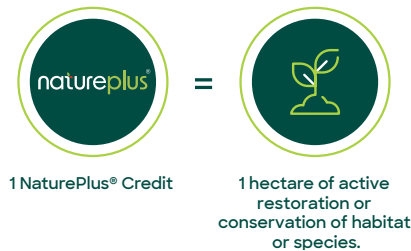


Illustration of Monitoring Periods (MPs) that meet criteria for generating Conservation and Restoration NaturePlus® Credits

Restoration

To earn Credits via Restoration of the Environmental Asset, the Project must;

- i. at the Monitoring Period End Date, have a measured Condition of the Environmental Asset of **greater than 10** under the AfN® Framework, and
- ii. exceed the Condition at the Monitoring Period Start Date

Minimum Starting Condition

If the baseline Condition score under the AfN Framework was less than 10, only the improvement beyond 10 is included in the calculation of Credits.

Example:

Farmer X has a 6,000 hectare Native Vegetation Project Area (A). At the end of the Monitoring period, the 6,000 hectares of Project Area increased from Condition score 20.1 to 23.1, i.e the increase (I) in certified Condition was 3.0, and the calculated Leakage Deduction (LD) factor was 0.935.

As such, the number of Credits (NC) generated at the end of the Monitoring Period through Restoration is

$$NC = I * A * LD$$

$$NC = 3.0 * 6,000 * 0.935$$

$$NC = 16,830$$

Calculation of the Non-permanence Deduction factor and allocation of Credits to the Buffer Account is conducted after the calculation of the number of Credits generated at the end of a Monitoring Period.

Conservation

To earn Credits via Conservation of the Environmental Asset, the Project must;

- i. have been previously issued with NaturePlus® Credits from demonstrated Restoration, and
- ii. at the Monitoring Period Start Date, have a measured Condition of the Environmental Asset of greater than the **Conservation Threshold** specified for the Project, and
- iii. at the Monitoring Period End Date, have a measured Condition of the Environmental Asset of greater than the Conservation Threshold specified for the Project.

Conservation Threshold

The Conservation Threshold is set relative to the measured Condition of the Environmental Asset at the first Monitoring Period Start Date. i.e. the baseline Condition. Threshold values are set out in the Standard.

Example:

Conservation Management Group X has a 6,000 hectare Marine Project Area (**A**). At the start of the first Monitoring Period the baseline Condition score was 15. This dictates a Conservation Threshold of 60. At the start of the most recent Monitoring Period, the Condition score 61.3. The Monitoring Period is 2 years (**r**) in length. At the end of the Monitoring Period, the Condition score was 62.1 and the calculated Leakage Deduction (**LD**) factor was 0.935.

As such, the number of Credits (NC) generated at the end of the Monitoring Period through Conservation is

$$NC = (0.2 * r) * A * LD$$

$$NC = (0.2 * 2) * 6,000 * 0.935$$

$$NC = 2,244$$

Calculation of the Non-permanence Deduction factor and allocation of Credits to the Buffer Account is conducted after the calculation of the number of Credits generated at the end of a Monitoring Period.

Crediting Pause

Where at the end of a 5 year Monitoring Period, the Proponent is unable to demonstrate either Restoration (through improvement in the Condition score of the Project), or Conservation (the Condition score has fallen below the Conservation Threshold for the Project) they must apply to the Standard Administrator for approval of a Crediting Pause in order to be eligible for future issuance of Credits.

Approval of a Crediting Pause is at the discretion of the Standard Administrator and may include any additional constraints, such as limitations on the duration of the Crediting Pause.

If a Project requires a Crediting Pause during a Monitoring Period for a Project where the Conservation Threshold has been reached previously, the maximum Monitoring Period length that can be used for the calculation of Credits is five years.

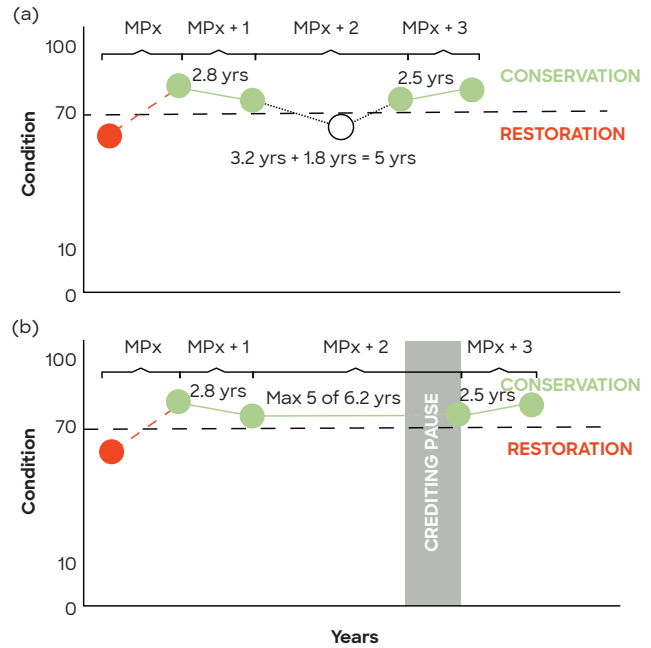


Figure 3. Illustration of Monitoring Periods (MPs) that meet criteria for generating Conservation NaturePlus® Credits (a) without a Crediting Pause and (b) with a Crediting Pause

Example:

Protected Area Manager X has a 6,000 hectare Project Area (A). At the start of the first Monitoring Period the baseline Condition score was 15. This dictates a Conservation Threshold (CT) of 60. At the start of the most recent Monitoring Period, the Condition score was 61.3. The Monitoring Period is 5 years (r) in length.

At the end of the Monitoring Period, the Condition score was 58.7. The Proponent applied for a Crediting Pause which was approved by the Standard Administrator.

It took a further 3 years to implement the activities in an updated EAAMS and achieve a measured improvement in condition to return above the Conservation Threshold.

At the end of the Crediting Pause, which extended the Monitoring Period (r) to 8 years, the Condition score was 62.1 and the calculated Leakage Deduction (LD) factor was 0.935.

As such, the number of Credits (NC) generated at the end of the Monitoring Period is equal to $(0.2 * 5) * A * LD$

$$NC = (0.2 * 5) * 6,000 * 0.935$$

$$NC = 5,610$$

Calculation of the Non-permanence Deduction factor and allocation of Credits to the Buffer Account is conducted after the calculation of the number of Credits generated at the end of a Monitoring Period.

7. How do you incentivise nature restoration and conservation where it is most needed?

The calculation of NaturePlus® Credits set out in each Monitoring Report must specify the Environmental Significance for each unit, as per the Standard and NaturePlus® Environmental Significance Classification (ESC) Guidance.

The ESC consists of a three tier grading system across community and species level for both native vegetation and native fauna assets. Classification of each tier is determined by the overlap of Project Area with an external environmental interest status e.g. Key Biodiversity Area listing, Threatened Species listing etc, evidenced by geospatial files.

Example:

Project Proponent X has a 6,000 hectare Project. At the end of the Monitoring Period, 4,000 hectares of the project overlap with a Key Biodiversity Area, 1,000 hectares of the project overlaps with an area that, in its preclearing meets the criteria of a state listed threatened ecological community, and 1,000 hectares does not overlap with any attributes listed in the Standard.

At the end of the Monitoring period, the 6,000 hectares of Project Area increased from Condition score 20.1 to 23.1.

In the absence of Deduction factors for Leakage and Non-permanence, of the 18,000 Credits calculated for the Project Area;

**12,000 Credits are classified as Tier 1 Credits,
3,000 Credits are classified as Tier 2 Credits, and
3,000 Credits are classified as Tier 3 Credits.**

The ESC of each NaturePlus® Credit is listed in the Registry.

8. How is the Registry holding the Credits managed?

While GreenCollar remains the Standard Administrator under the **Beta Phase**, a NaturePlus® Registry will be operated by GreenCollar. The Registry is subject to a third party audit at least every two years. An independent Registry will be established in the transition to the Phase 2 of the Standard.

Once a NaturePlus® Project has had a Monitoring Report successfully verified by the Standard Administrator (which may also involve an Assurance engagement of a third party auditor if one is requested by the Standard Administrator), each Credit from the relevant Monitoring Period is assigned a unique serial number and issued to the Proponent's NaturePlus® Registry Account, with the appropriate allocation of Credits calculated as per the Non-permanence deduction factor issued to the Buffer Account by the Standard Administrator.

A NaturePlus® Registry Account is different from an account held in the AfN registry for Environmental Accounts. Under Version 1.2 of the Standard, NaturePlus® Credits cannot be transferred between Registry Accounts, only retired on behalf of the buyer. Transition to Phase 2 of the Scheme may permit Credit Transfers between Registry Accounts if the market develops in this way and trading can occur with high integrity.

Beta phase Registry integrity

GreenCollar has engaged ERM to run third party audits of the Registry and to ensure credits are managed in line with the **NaturePlus® Registry Operations Manual**.

ERM will conduct regular audits and provide publicly available audit reports of their findings for the period that the Registry remains GreenCollar-operated.

9. How can we make sure Credits are high integrity?

Leakage

Project Leakage is the displacement of activities that negatively impact Environmental Asset Condition from one location to another. NaturePlus® Project Leakage is accounted for through the application of a Leakage Deduction Factor that reduces the volume of NaturePlus® Credits issued. The deduction factor is calculated at the end of each monitoring period and is scaled relative to two risk factors:

- i. risk of clearing (clearing rate derived from the previous 10 years for bioregion); and
- ii. the proportion of the Environmental Asset that is potentially subject to Leakage

Example:

Farmer X owns a 10,000 hectare property (**LDA**), with 6,000 hectares comprising a NaturePlus® Project Area (**A**). Of the 4,000 remaining hectares owned by the landholder, 3,000 hectares is part of an Human Induced Regeneration project under the Emission Reduction Fund ACCU Scheme with a nominated Permanence Period of 25 years. The estimated clearing rate for the bioregion over the preceding 10 years expressed as a proportion of land cleared by decade is 0.39 (**CR**).

As such the Leakage Deduction (LD) Factor for the Project is equal to $(1 - (LDA / A)) * CR$

$$LD = (1 - ((4,000 - 3,000) / 6,000)) * 0.39$$

$$LD = 0.935.$$

If the calculated credit volume for the Monitoring Period before discount factors was 18,000 units, then the volume of credits after applying the Leakage Deduction Factor is equal to 16,830 units (18,000 * 0.935).

Additionality

NaturePlus® Projects must demonstrate that in the 5 years preceding the earliest of either; project start date or monitoring start date, that there was no material negative change in the condition of the Environmental Asset. This aims to ensure that Projects were not subject to deliberate degradation ahead of the establishment of the baseline Environmental Account.

Project Proponents must also demonstrate ongoing Regulatory Additionality and Management Additionality throughout the crediting period. Each Monitoring Report must contain:

- i. Evidence that the Condition of the Environmental Asset prescribed by the Project is not required to be carried out by or under any law or regulation of the National or Provincial government or government authority; and
- ii. A completed EAAMS Reporting Framework for the reporting Monitoring Period; and
- iii. An updated EAAMS to be applied to the subsequent Monitoring Period

Permanence

Experience has shown that there are practical limitations to effectiveness of permanence periods as an instrument without complex legal mechanisms and resourcing to penalise non-compliance.

In the NaturePlus® Standard, the permanence of Project outcomes is incentivised through a continuous crediting period with no limit to the crediting opportunity so long as restoration and/or conservation outcomes can continue to be demonstrated. This incentive-based approach embodies the concept of market driven outcomes and aims to ensure that environmental outcomes achieved are maintained beyond a minimum period.

To manage the risk that these benefits will be reversed or diminished over the long-term, a portion of the total number of Credits for a Project over a given Monitoring Period are not issued to the Proponent. Instead, these Credits are issued into a Buffer Account held by the Standard Administrator.

The portion of Credits that are issued into the Buffer Account for a Project for a given Monitoring Period is calculated by a Non-permanence Deduction Factor. The deduction factor depends on;

- i. the risk of clearing (clearing rate for bioregion); and
- ii. the level of mitigation (protection from clearing).

The Buffer Account, which is diversified across project type, size, and geography, acts as an insurance pool against losses or reversals. NaturePlus® Credits held in the Buffer Account will be cancelled by the Standard Administrator to help maintain the integrity of the NaturePlus® Scheme upon the occurrence of a reversal event (referred to as a 'Non-permanence Event' under the Standard).

Example:

Farmer X owns a 10,000 hectare property, with 6,000 hectares comprising a NaturePlus® Project Area (**A**). 3,000 hectares of the Project Area is classed as Protected Area* (**PA**). The estimated clearing rate for the bioregion over the preceding 10 years expressed as a proportion of land cleared by decade is 0.39 (**CR**).

As such the Non-permanence Deduction (**NPD**) Factor for the Project is equal to $(1 - (PA / A)) * CR$

$$NPD = (1 - (3,000 / 6,000)) * 0.39$$

$$NPD = 0.0195$$

If the calculated credit volume for the Monitoring Period before discount factors was 18,000 units, then the volume of credits issued to the Buffer Account for the Monitoring Period is 351 credits (18,000 * 0.0195).

*the same treatment applies if the 3,000 hectares was part of an Human Induced Regeneration (HIR) project under the Emission Reduction Fund ACCU Scheme with a nominated Permanence Period of 25 years.

If all 6,000 hectares of the Project Area was classed as Protected Area (or equivalent), the Non-permanence Deduction Factor would be equal to 0 with no credits issued to the Buffer Account.

Equity & Inclusion

The engagement and meaningful participation of resource managers (those who implement the Projects) is not and should not be a check box exercise. The Standard requires the risk assessment component of the EAAMS to be updated every Monitoring Period in relation to risks of possible social and environmental outcomes of the project and measures to manage these risks.

Where the Project has triggered additional verification actions relating to Indigenous Peoples & Local Communities (IPLCs), project monitoring reports also need to provide an update on progress, monitoring and reporting against social equity and social safeguards impacts in relation to the project.

Under the NaturePlus® Standard, without input and delivery of actions by [local stakeholders including local resources managers] – and the verified measurement of change in condition of the relevant environmental asset, the Project cannot achieve condition improvement and therefore cannot be issued with credits.

Under the Standard, all proponents of NaturePlus® Projects must be members of the People's Forest Partnership (PFP), committing to the PFP Principles and Criteria for membership for meaningful partnership with IPLCs on projects on their lands and/or territories. As a matter of good practice, project proponents should involve those who live in and around the Project Area in project activities, and make efforts to ensure effective engagement and equitable benefit sharing.

GreenCollar has Social Impact and Consultation Guidelines it uses to help guide our project development teams in engaging with IPLCs. Given that Free, Prior & Informed Consent (FPIC) and IPLC engagement can be prescribed by national regulation in certain jurisdictions, there cannot be a single approach applied to all geographies. Adherence to values of best practice, however, are a critical element to ensuring equitable and inclusive projects are implemented.

Under the NaturePlus® Standard, obtaining Free, Prior and Informed Consent is required where projects impact the rights of Indigenous Peoples and Local Communities (IPLCs).

IPLC Engagement

Formal approaches to Free, Prior and Informed Consent (FPIC) are an important starting point to provide evidence of meaningful partnerships between project proponents and Indigenous Peoples and Local Communities (IPLC).

During the Beta Phase of NaturePlus® where GreenCollar is the Project Proponent for NaturePlus® Projects, GreenCollar uses internal guidelines to facilitate its own effective engagement of IPLC.

People's Forest Partnership

The People's Forest Partnership is an equitable partnership between forest communities and organisations across all sectors of the economy, civil society and government committed to driving climate finance directly to Indigenous Peoples, Traditional Owners and local communities (IPLCs). Members must commit to a set of criteria relating to best practice partnership with IPLC groups. GreenCollar believes these criteria can be broadly applied to engagement with IPLC groups on environmental market projects; not just in relation to forest-dependent groups and carbon offset projects. As a result, the NaturePlus® Standard requires Project Proponents to be members of the People's Forest Partnership.

People's Forest Partnership Membership Criteria

The membership criteria respond to the PFP Principles and can be found at www.peoplesforestspartnership.org/principles

1. **Respect for the rights, lands and resources of Indigenous Peoples and Local Communities (IPLCs):** All Members of the Peoples Forests Partnership will respect and uphold the rights of Indigenous Peoples and Local Communities. IPLC rights are listed in the United Nations Declaration on the Rights of Indigenous People and the ILO Convention 169 on Indigenous and Tribal People. IPLC rights include the right:

- To enjoy the full range of human rights without any discrimination
- To life and livelihood
- To actively participate in all activities and decision-making processes that impact their land, resources or people
- To dignity, equity and equality
- To preserve and strengthen social, cultural, political, religious and spiritual values and institutions
- To not be displaced
- To seek redress
- Other rights as enumerated in the Declaration and the Convention

Where there is a conflict or lack of clarity in local and regional laws, all Members of the Peoples Forests Partnership will respect traditional rights and traditional methods to resolve conflicts. All Members of the Peoples Forests Partnership will respect and, where feasible, will strengthen IPLC rights to land and efforts to maintain their traditional knowledge, customs and practices. Land rights can include the right to ownership or stewardship, the right to strengthen territorial governance, and the right to manage their lands and their resources.

2. **Free, prior and informed consent (FPIC) and IPLC terms and perspectives:** All Members of the Peoples Forests Partnership will accommodate reasonable IPLC terms, conditions, perspectives and requirements in contracts and in project and program activities. They will achieve this through comprehensive and meaningful community engagement before and during the process of obtaining FPIC for each project and activity.
3. **IPLC participation and grievance mechanism:** All Members of the Peoples Forests Partnership will afford IPLCs full, meaningful and effective opportunities to participate in the decision-making, implementation, monitoring and other processes associated with the projects and programs of the Peoples Forests Partnership. Meaningful involvement of IPLCs requires transparency and free access to information throughout the full project and program cycle, including development, investment and implementation. It also requires access to a robust and effective grievance and redressal mechanism through which IPLCs can resolve their concerns and impacts arising from projects and programs.

4. **Fair and equitable revenue sharing:** All Members of the Peoples Forests Partnership will ensure that revenue resulting from climate finance projects or programs involving IPLCs is directly accessible to IPLCs for self-determined investments in their social, environmental, cultural and spiritual projects in their territories as established by their governance instruments. The share of revenue directed by projects and programs to IPLCs is fair and transparent; aims for an inclusive and equitable flow of benefits to women, youth and other marginalized groups; and is responsive to IPLC aspirations, priorities and expectations.
5. **Good governance:** All IPLC Members of the Peoples Forests Partnership will demonstrate transparent and effective forms of governance. They will define how their territories are managed, and how they respect the rights of and meet their obligations to their community members. IPLCs will aim to demonstrate inclusive governance mechanisms that enable the meaningful participation of women, youth and other marginalized groups in all decision-making processes.
6. **Positive impact on livelihood and biodiversity:** All Members of the Peoples Forests Partnership commit to designing projects and programs under the Peoples Forests Partnership that deliver positive impacts on livelihoods, employment, food security, biodiversity protection and conservation, resilience and socioeconomic development of IPLCs, as suggested by the United Nations' Sustainable Development Goals.
7. **High-quality practices:** All Members of the Peoples Forests Partnership commit to meeting the climate targets, using the highest-quality credible standards and accreditation programs, using science-based methods for estimating carbon credits and best practices for project management. In the design of projects and programs, they work together to prevent conservation reversion risks, leakage, displacement of environmental and social negative impacts during the project and program and its design and implementation.
8. **Spirit of collaboration:** All Members of the Peoples Forests Partnership will cultivate a spirit of collaboration and share information and knowledge. They will facilitate the effective implementation of projects and programs by learning about and engaging with each other's policies, practices, cultures and traditions.
9. **International and local obligations:** Members of the Peoples Forests Partnership will adhere to their different responsibilities under international, national, regional and local laws, and to different voluntary commitments. They commit to meeting their respective obligations towards IPLCs, climate targets and other commitments to conserving and protecting forests.