



# THE RAINFOREST STANDARD

Integrating social, environmental and economic well-being

## **ADMINISTRATION**

**June, 2012**

**Version 2.0**

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# **THE RAINFOREST STANDARD**

## **Integrating Social, Environmental, and Economic Well-being**

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# THE RAINFOREST STANDARD

## Integrating Social, Environmental, and Economic Well-being

### STRUCTURE: REQUIREMENTS AND PROTOCOLS

[Methodologies]

**The Rainforest Standard** consists of *Requirements* and protocols organized into five subject Sections: *Initial Conditions* (IC1-3) requiring a description of the natural, social, and legal status of the project area at the outset; Socio-cultural and Socio-economic requirements (S1-3), biodiversity considerations (B1-7), emission reduction considerations (ER1-5), and administrative operations (A1-8). A Glossary follows the five subject sections. Exhibits, Schedules, Templates, and an Appendix (*RFS Interactive Permanence Tool* link) follow the Glossary.

Initial Conditions	Socio-Cultural Socio-Economic	Biodiversity	Emission Reductions	Administration	Glossary
IC1: <i>Project Area Initial Conditions</i>	S1: Identifying and respecting de facto rightsholders	B1-1 to B1-3: Benchmarks	ER1: <i>Project Additionality</i>	A1: <i>RFS Website and Project Webpage</i>	Exhibits
				A2: <i>Experts, Representative Organizations, Commentators and Referees</i>	Schedules
IC2: <i>Project Participants</i>	S2: Transparency	B1-4 to B1-6 Monitoring, Reporting, Verification	ER2: <i>Emission Reduction Additionality and Baselines</i>	A3: <i>Project Validation</i>	Templates
				A4: <i>Monitoring, Reporting, Verifying</i>	Appendix
IC3: <i>Legal Foundation</i>	S3: Sustainable Quality of Life Benefits	B1-7: Data	ER3: CO <sub>2</sub> e Emission Reduction Calculations	A5: <i>Crediting Period, Project Life, Permanence Period</i>	
				A6: <i>Credit Registration, Transfer, Retirement</i>	
			ER4: <i>Leakage</i>	A7: <i>Defaults and Remedies</i>	
			ER5: <i>Permanence</i>	A8: <i>Fees</i> A9: <i>Miscellaneous</i>	

# THE RAINFOREST STANDARD

## Integrating Social, Environmental, and Economic Well-being

### ADMINISTRATION

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## A1: THE RAINFOREST STANDARD WEBSITE AND PROJECT WEBPAGE

### OBJECTIVES:

To make **The Rainforest Standard** and the *Projects* to which it issues credits as transparent as possible in all respects: environmental, economic, and social.

### RATIONALE:

Credits issued for reduction of voluntary, human-induced removals of natural *Tree Biomass* must be real, additional, and permanent. In addition, credits must benefit those living on or using the lands that are the source of the credits – otherwise reductions will be short-lived and impermanent.

Transparency is critical to the trust required by markets, *Project Participants*, *Governmental Authorities*, and the public to sustain crediting of reduced removals.

**The Rainforest Standard** has opted to use the internet to maximize transparency of each stage of *Project* approval and every aspect of *Project* development and performance.

To implement maximum transparency **The Rainforest Standard** *RFSMU* will operate a website (*RFS Website*) that provides and updates general *RFS* information as detailed in Section A1-1 and each *Project* will have its own dedicated webpage (*Project Webpage*) on which is found all *Project* information from the inception of the *Project* submission process to its current status.

**REQUIREMENTS:**

## A1-1 Attributes of RFS Website

- A. **The Rainforest Standard**, as revised and updated
- B. Map of *Project* locations
- C. Master list of *Projects*, including their stages of development. Each *Project* shall be listed by *The RFSMU* within 10 business days of its filing its first *Initial Project Submission Document*.
- D. List of *Experts*
- E. List of *Referees*
- F. List of *Representative Organizations*
- G. *Data Policy*
  - 1. All original data and metadata necessary to interpret any data cited by a *Proponent Expert*, *Assigned Expert*, *Referee*, or *Commentator* shall be published on the *Project* webpage with no restrictions to access or use of the data.
  - 2. Metadata should meet the standards necessary for understanding and replication of the study by others.
  - 3. All data must have explicit geographic coordinates to within 4m, or be spatially defined by coordinates within plots to 0.1 m accuracy.
  - 4. Metadata structure should meet Ecological Metadata Language (EML) standards, and should include tables of metadata of standard format.

#### H. *Intellectual Property Policy*

1. For example: Detailed ownership of The *RFS*, *Initial* or *Final Project Submission Documents*, *Commentary*, *Assigned Expert* reports, including Rights Reserved and licensing options.
2. No copyright, intellectual property, or privacy law or regulation promulgated by a *Governmental Authority* shall be violated.

#### I. Record of Credit Registration, Transfer, and Retirement, including reported prices of each transfer.

#### J. Other TBD

### A1-2 Attributes of Project Webpage

A. The *Project Webpage* shall be created by *The RFSMU* within 10 business days of the *Project's* submission of the first of its *Initial Project Submission Documents*.

B. *Initial Project Submission Documents*: All required documents (see Exhibit A: *Project Submission Documents*) shall be posted in accordance with the timeframes required by the *Project Validation Protocol*.

C. *Final Project Submission Documents*: All required documents (see Exhibit A: *Project Submission Documents*) shall be posted in accordance with the timeframes required by the *Project Validation Protocol*.

#### D. *Commentators* and their *Public Commentary* on

1. *Initial Project Submission Documents*
2. *Final Project Submission Documents*
3. *Project activities*

4. *Verification Request*

E. *Validation Certificate*

F. *Verification Request*

G. *Verification Certificate*

H. Credit Account Information

1. Credits requested for verification (per request and in total)
2. Credits verified (per request and in total)
3. Credits suspended, if any (per request and in total)
4. Credits available for transfer
5. Credits transferred (per transfer and in total)
6. Credits retired (per retirement request and in total)

**A2: COMPLIANCE WITH REQUIREMENTS:  
EXPERTS, REPRESENTATIVE ORGANIZATIONS, COMMENTATORS, REFEREES**

**OBJECTIVES:**

Credible and practicable *RFS* validation and verification procedures.

Reducing validation and review timelines and uncertainty.

Lowering validation and verification costs.

**RATIONALE:**

To maximize the Credibility and Practicability, of determining compliance with *RFS Requirements*, *The RFS* relies on a systematic blend of *Project Proponent* and *Project Developer Representations*, *Project Proponent Experts*, independent *Experts*, *Public Commentary*, independent *Referees*, *Representative Organizations*, *Legal Opinions*, and *Governmental Authorities*.<sup>1</sup>

In general, the overall approach to assuring compliance with *RFS Requirements* is a standardized, time delimited, multi-step process that begins with the *Project Proponent* and any *Project Developer* it may have retained.<sup>2</sup>

With respect to any particular aspect of the *Requirements* (for example: maps; *Project Participants*; *De Facto Rightsholders*; CO<sub>2</sub>e quantities, projected and actual changes; *QOL Benchmarks* and changes; *Biodiversity Benchmarks* and changes; *Additionality*; and *Permanence*), the *Project Proponent* is responsible

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<sup>1</sup> Third-party “all-inclusive” expert firms, such as Designated Operational Entities (DOEs) used with CDM reviews, qualified across all *RFS* domains (socio-cultural; legal; economic; biodiversity; remote-sensing and carbon accounting) are often difficult to find and qualify.

<sup>2</sup> The general procedures for validating a *RFS* project are found in Sections A3. The general procedures for verifying *RFS* project credits are found in Section A4.

for developing the required information (normally in the form of a Report), including hiring experts to prepare that information. In addition to providing and substantiating information fulfilling the *Requirements*, the *Project Proponent*, the *Project Developer* and its experts are required to make written representations, (often including the personal representations of the top officials or individuals of the entities) that this information is complete and accurate.

The information produced by the *Project Proponent* (its *Initial* and *Final Project Submission Documents*) is posted on *The RFS Website* and a *Project Webpage*. Any individual or entity (*Commentator*) may then comment on any aspect of the *Initial* or *Final Project Submission Documents* (*Public Commentary*).

In the event the *Public Commentary* disputes the information provided in the *Initial* or *Final Project Submission Documents*, the *Project Proponent* may revise its information if it believes the *Public Commentary* is correct. If the *Project Proponent* decides not to revise, a *Referee* is appointed to settle the dispute.

In certain instances<sup>3</sup>, an *Assigned Expert* is appointed automatically to review the *Project Proponent's* information, regardless of *Public Commentary*.

The system of *Project Proponent* information reviewed by *Commentators*, *Referees*, and *Assigned Experts* is maintained throughout the *Project Period* including for each *Verification Request*.

The *Requirements* below detail the general procedures.

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<sup>3</sup> For example when the *Project Proponent* proposes an alternative permanence mechanism (ER5-9); or when a *Project Proponent* wants to use *Leakage* data other than the standard deduction (ER4-5).

**REQUIREMENTS:**

**A2-1 Commentators and Public Commentary.** As part of its systematic blend of *Project* information provided by *Project Proponents*, *Experts*, *Representative Organizations*, and *Governmental Authorities*, *The RFS* encourages *Public Commentary* for critical assessments of *Project* documents that have been submitted in compliance with *RFS Requirements*. *Commentators* may also provide commentary on *Project* activities at any time during *Project* and *Permanence Periods*, and in response to a *Verification Request* and its supporting documentation. The Commentary system is principally web-based inasmuch as *Project* information is provided on *The RFS Website* and *Project Webpage*.

A. *Commentators*:

1. Those who may provide *Public Commentary* (i.e. whose comments will be reproduced on the *Project Webpage*) include any individual or organization that fully identifies itself with a verifiable name, address, and method of contact (mail; phone; internet; personal delivery).
  - a. All *Project Participants* will be notified automatically whenever a required document is submitted and posted.
  - b. Any individual or organization that requests notification of document postings via a valid and verifiable internet address that submits a link for automatic posting or otherwise request notification via the internet will be automatically notified whenever a required document is submitted and posted.
2. Those who are not eligible to provide *Public Commentary* (i.e. whose comments will not be reproduced on the *Project Webpage* and whose comments are not deemed effective for initiating a *Commentary Dispute*) include any individual or organization:
  - a. Who has been ruled against in a *Commentary Dispute* three consecutive times;

- b. Who has violated any rule or regulation of a *Governmental Authority* with respect to the information transmitted;
- c. Whose *Commentary* is in violation of any confidentiality agreement;
- d. Who otherwise violates the rules of propriety established by *The RFSMU* from time to time and published on *The RFS Website*, including the requirement to make *Personal Representations* and to indemnify and hold harmless *The RFSMU* and its designees from any costs or expenses associated with the *Commentary*; or
- e. Whose *Commentary* is provided anonymously or without a verifiable identity and email address.

B. *Public Comment Period*:

- 1. If related to *Initial* or *Final Project Submission Documents*, 90 days from date of document posting.
- 2. If related to *Verification Requests*, 30 days from *Verification Request* posting.
- 3. If related to *Project* activity, no limit.

C. *Commentary Dispute* and *Commentary Concurrence* defined operationally

- 1. A *Commentary Dispute* arises when a *Commentator* disagrees with the *Project Proponent's* documentation provided in support of fulfilling any *Requirement* with respect to:
  - a. Adequacy of data in terms of its completeness or accuracy; or
  - b. Inferences from data.
- 2. All *Public Commentary* must specify what it is disputing in the spaces designated for that purpose on *The RFS Website*.



3. “*Commentary Concurrence*” is defined as the absence of a *Commentary Dispute* being noted in the spaces on *The RFS Website* designated for that purpose within the *Public Comment Period*.

**A2-2 Commentary Dispute Resolution.** Once a *Commentary Dispute* has been noted on *The RFS Website*, the following protocol is followed to resolve it.

A. Within 30 days of the filing of the *Commentary Dispute*, the *Project Proponent* (or its *Proponent Expert*, depending on the particular Requirement) shall respond to the *Commentator’s* disagreements in the space identified therefor on *The RFS Website* (*Project Response*). The length and scope of the *Project Response* is in the sole discretion of the *Project Proponent*.

1. In the event the *Project Response* is not filed within 30 days, the *Commentary Dispute* shall be deemed resolved in favor of the *Commentator* and the documents referenced therein shall be deemed to be noncompliant with *Project Requirements* and insufficient for validation or verification, as the case may be.

2. If the *Project Response* states that the *Commentator* is correct, and the *Project Proponent* modifies the relevant documents accordingly, the *Commentary Dispute* shall be deemed resolved, and closed.

B. Within 30 days of the filing of the *Project Response*, *Commentator* shall provide a *Commentator Response* in which it shall explicitly state either its agreement with the *Project Response*, or its disagreement with the *Project Response* and the basis therefore.

1. If the *Commentator Response* agrees with the *Project Response*, the disagreement shall be deemed closed and documents in compliance with respect to that matter.

2. If the *Commentator Response* disagrees with the *Project Response*, the disagreement shall be deemed open and the matter referred to a *Referee* in accordance with the *Referee Protocol*.
3. If the *Commentator Response* is not filed within 30 days of the filing of the *Project Response*, the disagreement shall be deemed closed and documents in compliance with *Project Requirements* with respect to that matter.

**A2-3 Referee Protocol.** When a *Commentator Dispute* remains open pursuant to A2-2B2, the disagreement shall be finally resolved by a *Referee* in accordance with the *Referee Protocol* described hereinafter.

A. The *Referee* is simply an *Expert* as defined as in A2-5 whose function is to act as a *Referee* under the *Referee Protocol*.

B. Within 10 business days of receiving a *Commentator Response* that disagrees with the *Project Response*, *The RFSMU* shall notify the *Expert* next due for assignment in accordance with the rules described in A2-5D of its assignment. If that *Expert* does not accept such assignment within 10 business days of the notice being given, the *Expert* shall be placed on the bottom of the *Expert List*, and the next *Expert* identified as *Referee*. The *Referee* is compensated the same as if she/he were acting as an *Expert*.

C. Within 30 days of accepting the assignment as *Referee*:

1. The *Referee* shall review only the documents and data pertaining to the *Commentary Dispute*: the *Initial* or *Final Project Submission Documents*, the *Commentary Dispute*, the *Project Response*, and the *Commentator Response*. The *Referee* may not request or require any additional data or information, being limited to what has been previously presented and available on *The RFS Website*.

2. The *Referee* shall issue its *Referee Decision* in favor of either the *Project Proponent* or the *Commentator*.

- a. The *Referee Decision* is limited to choosing between the *Project Proponent* and the *Commentator* and shall not offer compromises or other alternative resolutions.
- b. In the sole discretion of the *Referee*, the *Referee Decision* may or may not explain the basis of its ruling.

D. *Referee* Protocol outcomes

1. If the *Referee Decision* is in favor of the *Project Proponent*, the *Commentary Dispute* shall be deemed resolved, and closed.
2. If the *Referee Decision* is in favor of the *Commentator*, and the *Project Proponent* modifies the relevant documents accordingly, the *Commentary Dispute* shall be deemed resolved, and closed.
3. If the *Referee Decision* is in favor of the *Commentator*, and the *Project Proponent* does not modify the relevant documents accordingly within 30 days of the *Referee Decision*, the documents referenced therein shall be deemed to be noncompliant with *Project Requirements* and insufficient for validation or verification, as the case may be.

**A2-4 Automatic Review.** In certain cases (see section *Requirements* and Exhibit D titled “*Expert and Referee Task List*”), *Project Proponent* information will be automatically reviewed by an expert assigned (*Assigned Expert*) in accordance with the practices described below and in subsection A2-3, subject however to alternative timelines provided in specific *Requirements*. When *Automatic Reviews* are prescribed by any *RFS Requirements*:

- A. Within 10 business days of the end of the relevant *Public Comment Period*, all analyses and all comments posted shall be submitted to the *Assigned Expert*.

B. The *Assigned Expert* shall be the next expert on *The RFS Expert* List with the minimum *Requirements* cited in Exhibit E titled “*Expert and Referee Qualifications*.”

C. Within 30 days of submission to the *Assigned Expert*, the *Assigned Expert* shall issue its finding as to whether the evidence submitted by the *Project Proponent* is clear and convincing enough to justify the *Project Proponent’s* claim. The *Assigned Expert’s* finding shall be final, and the *Project Proponent* shall be bound by the *Assigned Expert’s* finding.

**A2-5 Expert List.** The *RFS Website* provides list of *Experts* consisting of those experts that have met the minimum qualifications associated with the task to which an *Expert* is required to be assigned (see Exhibit E titled “*Expert and Referee Qualifications*”).<sup>4</sup>

A. *Expert* Minimum Qualifications:

1. Education, experience, publications, position and other requisites as cited in Exhibit E or in specific section referencing the *Expert*.
2. Agreement with *RFS* to undertake the tasks for which the expert has met the minimum qualifications according to the timelines required by *The RFS* and at the standard *RFS* published compensation rates.

B. *Assigned Expert* compensation. *Assigned Expert* compensation for each task is specified and published on *The RFS Website*.

1. Rates are set by *RFSMU* and agreed to by *Assigned Experts*.
2. Rates may differ according to Minimum *Requirements* and may be modified from time to time (see *RFS Website* for current rates).

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<sup>4</sup> This section does not apply to *Proponent Experts* who are selected by *Project* Proponents according to the *Requirements* of the section for which the *Proponent Expert* is retained. (See Exhibit E titled “List of Experts and Credentials.”)

3. Compensation is paid by *Project Proponent* pursuant to a compensation agreement in the form set forth in Template A2-5.

C. *Rotational System Of Assigned Expert Selection.* This section is designed to avoid “expert shopping.”

1. Any *Expert* that has been qualified for a Task shall be placed on a list of qualified *Experts* for that Task. Upon qualification, new *Experts* are placed at the bottom of the list.
2. When an *Expert* must be selected from the *Expert* List to perform a function, the *Expert* at the top of the list is asked to handle the assignment.
3. Upon completion of the assignment, the *Expert* goes to the bottom of the *Expert* List.
4. If the *Assigned Expert* declines the assignment, the *Expert* goes to the bottom of the *Expert* List.
5. If the *Assigned Expert* fails to complete an accepted assignment in the allotted time, the *Assigned Expert* is removed from the assignment and placed at the bottom of the *Expert* List.
6. If the *Assigned Expert* fails to complete an accepted assignment in the allotted time for a second time, the *Assigned Expert* is removed from the assignment and removed from the *Expert* List for a period of five years.
7. Any *Expert* who has served as a *Project Proponent Expert* shall be ineligible for placement on the list of *Experts* for the 12 months immediately following its last action associated with its duties for the *Project Proponent* or *Project Developer*.
  - a. Before being placed (or placed again) on the *Expert* List, *Expert* shall represent to the *RFSMU* the date of its last action

associated with its duties for the *Project Proponent* or *Project Developer*.

b. Upon the expiration of the 12-month ineligibility period, the *Expert* shall be placed at the bottom of the *Expert* List.

#### **A2-6 Expert Reports**

A. *Project Expert* reports. Content of all reports is owned jointly by *Expert* and or *Project Proponent* (as per their separate agreement), subject to the right of *The RFSMU* to publish all content and supporting documents pursuant to a perpetual, free, and irrevocable license.

B. *Referee* and *Assigned Expert* reports.

1. *Referee* and *Assigned Expert* reports are owned by the *RFSMU* which shall publish all content and supporting documents on the *Project* Website.

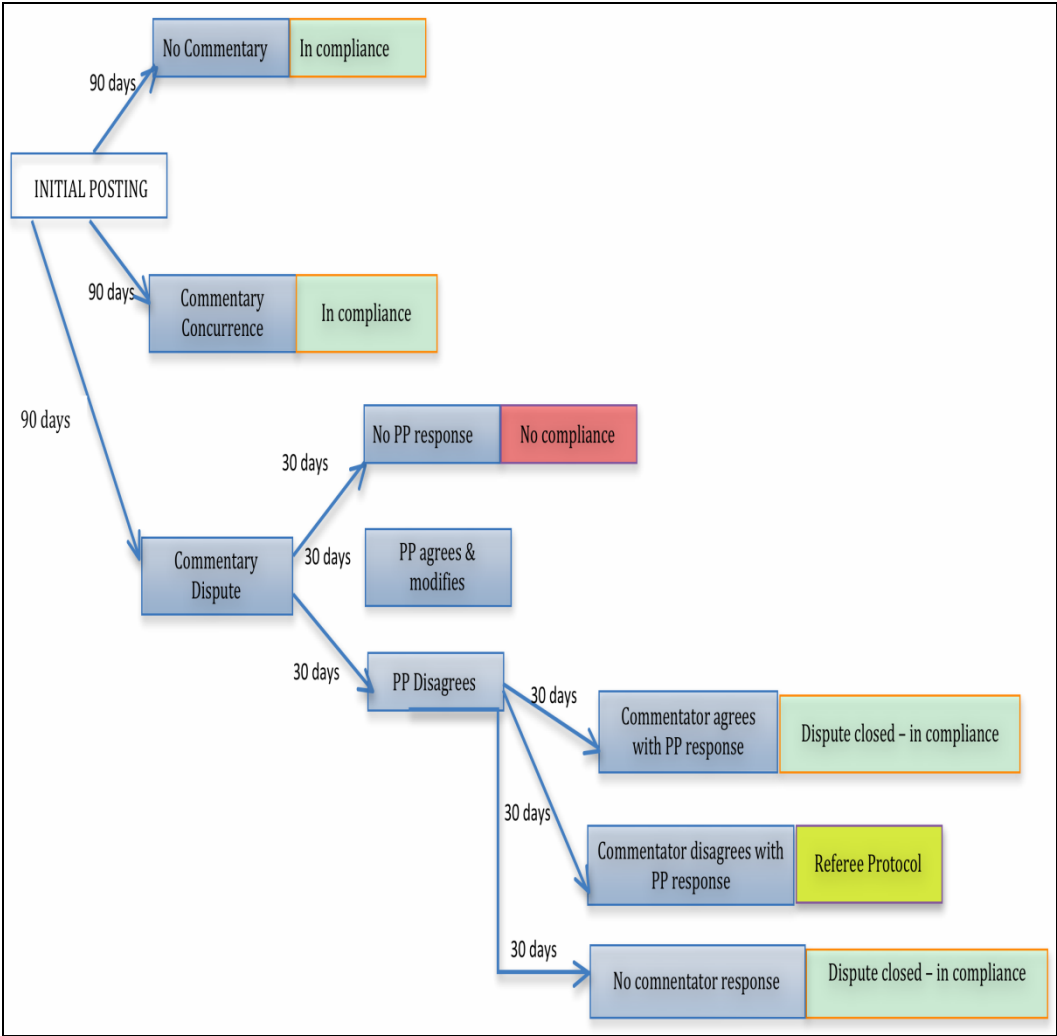
2. Timelines

a. Completion and delivery of *Referee* and *Assigned Expert* Reports must meet required timelines stated in the relevant *Requirement*, time being of the essence.

b. Failure to meet required timelines results in scheduled penalties (reductions in compensation) based on how late compliance occurs.

c. Generally, if the timeline for completion and delivery is exceeded by 100%, the *Expert* will be deemed to have failed to perform, and another *Expert* will be selected to complete the Task.

Box 4: Timeline for Commentary Dispute



### A3: PROJECT VALIDATION PROTOCOL

#### OBJECTIVES:

Provide a credible and cost-effective method for *Project Proponents* to document the compliance of their *Project* with *RFS Requirements*.

Adhere to strict timelines for responses to *Project Proponent*.

Assure compliance with *RFS Requirements*.

#### RATIONALE:

The *Requirements* of this Section are designed to both:

Assure *Rightsholders* and the general public that any *Project* receiving *RFS Credits* has complied with *RFS Requirements* and remains in compliance; and

Afford *Project Proponents* a cost-effective and time-delimited process for demonstrating compliance with *RFS Requirements*.

#### REQUIREMENTS:

##### A3-1 Initial Project Submission Documents

A. All *Initial Project Submission Documents* shall be filed with the *RFSMU*, accompanied by:

1. its dated notice that it is filing the *Initial Project Submission Documents*; and
2. all fees required in accordance with Section A8-B1.



B. Within 15 business days of its receipt of the *Initial Project Submission Document* filing, the *RFSMU* shall provide and post a checklist (see Exhibit F : “*Project Submission Checklist*”) showing which *Requirements* have been submitted and which have not. The *Project Submission Checklist* shall be updated at 30-day intervals.

### **A3-2 Final Project Submission Documents**

A. All *Final Project Submission Documents* shall be filed with *RFSMU*, accompanied by:

1. its dated notice that it is filing the *Final Project Submission Documents*; and
2. all fees required in accordance with Section A8-B2.

B. Within 20 business days of the filing of the *Final Project Submission Document*, the *RFSMU* shall provide and post a checklist (see Exhibit F: “*Project Submission Document Checklist*”) showing which *Requirements* have been met and which have not. The *Project Submission Document Checklist* shall be updated at 30-day intervals.

**A3-3 Validation Certificate.** Within 20 business days of completion of the *Final Project Submission Documents* in accordance with *RFS Requirements*, the *RFSMU* shall issue a *Validation Certificate*, which shall be posted on *The RFS Website*. The *Validation Certificate* shall state the *Validation Date* (i.e. the date on which the *Final Project Submission Documents* were completed).

### **A3-4 Site Visits**

A. *Assigned Experts, Referees.* Upon reasonable notice in advance to *Project Proponent*, any *Assigned Expert* or *Referee* may visit the site, if in its sole judgment, such a visit is necessary for the performance of its duties under *The*

*RFS*. By filing its *Initial* and *Final Project Submission Documents*, the *Project Proponent* agrees to fully cooperate with the *Expert* in affording her or him access to the *Project Area* as requested for the time required to complete its inquiry. The cost and expense of such a site visit shall be borne by the *Project Proponent*, paid in advance upon receiving a joint notice from the *Expert* and the *RFSMU* confirming the site visit, its duration, and its expense.

B. The *Project Proponent* may request that a site visit be conducted by an *Assigned Expert* or *Referee* at a mutually acceptable time. The cost and expense of such Proponent-initiated site visits shall be mutually agreed upon and borne by the *Project Proponent*, paid in advance.

**A4: MONITORING, REPORTING, and VERIFICATION (MRV)****OBJECTIVES:**

Provide a credible and cost-effective method for *Project Proponents* to verify their CO<sub>2</sub>e reductions and compliance with biodiversity and *QOL Requirements* entitling them to *RFS Credits*.

Adhere to strict timelines for *Project Proponent* verification review requests.

**RATIONALE:**

The *Requirements* of this Section are designed to both:

Assure *Rightsholders* and the general public that any *Project* that earns *RFS Credits* has complied with *RFS Requirements* with respect to its CO<sub>2</sub>e reductions, and compliance with biodiversity and *QOL* obligations.

Afford *Project Proponents* a cost-effective and time-delimited process for demonstrating compliance with *RFS Requirements*.

**REQUIREMENTS:**

**A4-1 Monitoring and Reporting protocols** are described in their respective *Requirement* sections and shall be complied prior to submission of any *Verification Request*.

**A4-2 Verification**

A. *Verification Request*.

1. *Project Proponent* shall file a *Verification Request* that includes all documents necessary for *Credit Verification* according to the *Requirements* of all Sections of *The RFS* (see Exhibit A, Project Submission Document List). The *Verification Request* shall not be considered filed until all necessary documents have been provided; partial submissions are not permitted.
2. The *Verification Request* shall state the *Verification Date*, which is the date identified by the *Project Proponent* as the date on which the *Credit Verification* shall be deemed to have occurred for purposes of calculating *RFS Credits*, *Quality of Life* compliance, *Biodiversity* compliance, and other related matters.

#### B. *Verification*

1. The *RFSMU* shall post the *Verification Request* within 15 business days of its receipt.
2. A 30-day *Public Comment Period* shall commence on the date the *Verification Request* is posted.
3. In the event of a *Commentary Dispute*, the provisions of A2-2 (*Commentary Dispute Resolution*) shall apply.
4. Within 10 business days of filing of the *Verification Request*, the *RFSMU* shall appoint the relevant *Assigned Experts* from the *Expert List* to authenticate the *Verification Request*.
5. Within 15 business days of her/his appointment, the *Assigned Expert* shall issue her/his *Verification Finding* which shall be posted within 10 business days.
6. *Project Proponent* shall have 15 business days to accept or dispute the *Verification Finding* in writing in whole or in part.
  - a. If the *Project Proponent* accepts the *Verification Finding* in whole, the number of *RFS Credits* described in the *Verification*

*Request* shall be issued in accordance with the provisions of Section A6.

b. If the *Project Proponent* disputes the *Verification Finding* in whole or in part, it shall specify its differences with the *Verification Finding* in a *Verification Finding Dispute Notice* filed within 10 business days of the posting of the *Verification Finding*.

c. Within 10 business days of the filing of a *Verification Finding Dispute Notice*, a *Referee* shall be appointed from the *Expert List*.

d. Within 15 business days of her/his appointment, the *Referee* shall review the *Verification Request* documents and the *Verification Finding* and render its decision in a *Verification Final Report* that shall choose between the *Verification Finding* or the amounts or positions in the *Verification Finding Dispute Notice*.

C. The *Verification Certificate* shall be issued within 10 business days of:

- a. the *Verification Finding* if it is accepted in whole by the *Project Proponent*; or
- b. *Verification Final Report* if a *Verification Finding Dispute Notice* had been filed.

#### **A4-3 Site Visits:**

A. *Assigned Experts, Referees.* Upon reasonable notice in advance to *Project Proponent*, any *Assigned Expert* or *Referee* may visit the site, if in its sole judgment, such a visit is necessary for the performance of its verification duties under *The RFS*. By filing its *Verification Request*, the *Project Proponent* agrees to fully cooperate with the *Expert* in affording her or him access to the *Project Area* as requested for the time required to complete its inquiry. The cost and expense of such a site visit shall be borne by the *Project Proponent*, paid in

advance upon receiving a joint notice from the *Expert* and the *RFSMU* confirming the site visit, its duration, and its expense.

B. The *Project Proponent* may request that a site visit be conducted by an *Assigned Expert* or *Referee* at a mutually acceptable time. The cost and expense of such Proponent-initiated site visits shall be mutually agreed upon and borne by the *Project Proponent*, paid in advance.

**A4-4 Suspended Verification (QOL; Biodiversity).** When *Suspended Verifications* arise pursuant to Sections S3-2E, B1-4E, or such other section as may provide therefore, *Verification Certificates* shall be issued that specify the number of verified credits that have been suspended.

**A5: CREDITING PERIOD, PROJECT PERIOD, PERMANENCE PERIOD****OBJECTIVES:**

Define *Crediting Periods*, *Project Periods*, and *Permanence Periods* and clarify the differences among them.

Create a standardized protocol for identifying when a *Project* shall be considered terminated.

**RATIONALE:**

*Crediting Periods*, *Project Periods*, and *Permanence Periods* can overlap in duration and in their meanings. The *Requirements* are designed to clarify these differences.

In order to apply *Post-Project Liability* mechanisms, it is essential to be able to objectively identify the date on which the *Project* has been terminated. Protocols have been established in the *Requirements* below to accomplish that goal.

**REQUIREMENTS:****A5-1 Crediting Period**

A. The *Crediting Period* is defined as the period between *Verification Dates*. It is the period for which *RFS Credits* have been issued pursuant to any given *Verification Request*. Thus, the duration of a *Crediting Period* can vary depending on the interval between *Verification Requests*.

B. There is no limit on the number of *Crediting Periods* that may occur during a *Project Period*.

**A5-2 Project Period:** A term of years beginning on the *Project Start Date* and ending on the *Project Termination Date*.

A. *Project Start Date*: The 61st day following the *Project Validation Date*.

B. *Project Termination*

1. *Project Termination Date*

a. The *Project Proponent*, in its sole discretion, shall designate the *Project Termination Date* in its *Final Project Submission Documents* by providing a *Termination Date Notice* therein. Such designation shall be binding unless and until modified pursuant to A5-2-B1b below.

b. *Revised Project Termination Date*: At any time during the *Project Period*, the *Project Proponent* may revise its original designation of the *Project Termination Date* by issuing a revised *Termination Date Notice*, provided the revision:

1. is in writing executed in the form required by this section;
2. proposes a *Revised Project Termination Date* that is more than 12 months after the date the notice is given;
3. is accompanied by documentary evidence that prior to the giving of the notice, all *Rightsholders* were notified of the *Revised Project Termination Date* in the manner that would be required by law if a written agreement had been entered into between *Project Proponent* and the *Rightsholder*; and
4. is accompanied by a *Representation* by *Project Proponent* that the change in the *Project Termination Date* does not violate any existing agreement to which it is a party or any law or regulations.



2. *Project Abandonment – Imputed Project Termination Date.* If the *Project* is abandoned prior to the *Project Termination Date*, the *Project Termination Date* shall be automatically revised to the date that is 12 months following *Project Abandonment (Imputed Project Termination Date)*. *Project Abandonment* shall be deemed to have occurred upon either of the following:

- a. no *Credit Verifications* for a continuous 5 year period;
- b. documentary evidence that for 12 continuous months the *Project* has not been actively managed or that management is not responsive to communications from the *RFSMU* regarding *Requirements* compliance; or fails to respond to properly issued communications;
- c. bankruptcy or dissolution (or death) of *Project Proponent* without lawfully appointed successor.

**A5-3 Permanence Period:** 100 years from the *Project Start Date*.

**A6: CREDIT REGISTRATION, TRANSFER, AND RETIREMENT****OBJECTIVES:**

Provide a reliable and transparent method for registering, transferring, and retiring *RFS Credits*.

**RATIONALE:**

Transparency, *The RFS Website* and its transfer and registration *Requirements* are the key ingredients in **The Rainforest Standard's** system for registering *RFS Credits*, monitoring their provenance (chain of custody), and verifying their retirement.

**REQUIREMENTS:**

**A6-1 Credit Registration** [This section is dependent in part on the method for credit registration that is adopted after study of registry options.]

A. [Each *Project* will have an account to which *RFS Credits* when earned and issued will be placed, i.e. "registered." The credits will be numbered, and posted on *The RFS Website* and the *Project Webpage*.]

B. [The system of credit accounting may vary with the type of *Full Replacement* mechanism the *Project Proponent* has elected to fulfill the *Requirements* of ER5; the calculations should identify the *Full Replacement* mechanism and the extent to which Verified Credits are transferable. For example, *Ton-Year Accounting* (ER5-5), the *Permanence Trust Fund* (ER5-6), and a *Qualified Buffer System* (ER5-7) will have verified credits that are not transferable.]

C. [Suspended Credits shall be noted, along with any changes in their status.]

**A6-2 Credit Transfer**

- A. No transfer of a *RFS Credit* is deemed valid unless certified by the *RFSMU* unit designated for regulating *Credit Transfers*.
- B. All verified credits will be numbered, even if suspended or not transferred.
- C. The *Project Webpage* shall identify the initial holder of every numbered *RFS Credit* and subsequently every Transferor and Transferee (or an *Offset Compliance Authority*) for the numbered *RFS Credit*.
- D. Any Transferee should verify that that the *Credit Transfer* is valid and that the Transferee is a bona fide purchaser for value by checking the Credit number on the *Project Webpage* and determining that its Transferor is the most recent Transferee shown on the Webpage.
- E. *Credit Transfer Report*. For a *RFS Credit Transfer* to be deemed effective, within 3 business days of the effective date of transfer, Transferor and Transferee must file a report with the designated *RFSMU* unit stating: the number of *RFS Credits* transferred, the date of transfer, and the full value in cash and kind of the transfer. The *Credit Transfer Report* shall be in the form provided in Template A6-2, signed by both Transferor and Transferee with the requisite *Representations*. The *Credit Transfer Report* shall be posted on the *Project Webpage* and noted on the *Project Website* within 10 business days of its receipt by the *RFSMU*. Alternatively, if the registry is electronic, the *Credit Transfer Report* may be generated instantaneously via the Registry.

**A6-3 Credit Retirement**

A. Voluntary markets. When a transferee wishes to claim that it has voluntarily offset CO<sub>2</sub>e emissions, energy use, or other environmental degradation of one sort or another, it may retire its credits accordingly by notifying the designated *RFSMU* unit of its intention via the *Credit Retirement Form*. This information shall be posted on the *Project Webpage*. No further transfer of those credits will be permitted. Alternatively, if the registry is electronic, an electronic equivalent of the *Credit Retirement Form* may be generated automatically via the Registry.

B. Compliance markets. When a transferee uses a *RFS Credit* to offset CO<sub>2</sub>e emissions in accordance with the regime of an *Offset Compliance Authority*, it shall also retire its credits accordingly by notifying the responsible *RFSMU* unit of its intention via the *Credit Retirement Form*. This information shall be posted on the Webpage. No further transfer of those credits shall be permitted. Alternatively, if the registry is electronic, an electronic equivalent of the *Credit Retirement Form* may be generated automatically via the Registry.

**A6-4** [The Business development models will determine to what extent *RFS Credits* can be made fungible with AAU, CER, ERU, RMU, TCER, ICER, or other tCO<sub>2</sub>e equivalent credits issued by an internationally recognized compliance market.]

## A7: DEFAULTS AND REMEDIES

### OBJECTIVES:

Prevent inaccurate or incomplete information being used as the basis for *Project* validation, verification, or the issuance of *RFS Credits*.

### RATIONALE:

The *RFS* distinguishes inadvertent or unintentional error in transmitting information necessary to fulfill *RFS Requirements* from either negligent or intentional misstatements or direct violations of commitments, agreements, or understandings set forth in the *Project* documents. While both are considered Defaults, different penalties and remedies are applied for those considered Minor vs. those considered Major.

### REQUIREMENTS:

#### A7-1 Minor Default

##### A. Defined as:

1. Substantiation for *Requirement* found to be unintentionally inaccurate. For example, there is a reference to published data and the data turn out to be inaccurate. Other examples include typographical errors and other inadvertent errors that are just as likely to disadvantage a *Project Proponent* as advantage it.
2. Failure to pay fees or other payments including penalties.

##### B. *Minor Default* Remedy

1. *Requirement* substantiation corrected
2. Fees and any penalty paid.

C. *Minor Default* Penalty. Administrative and *Assigned Expert* costs and expenses reimbursed.

## A7-2 Major Default

A. Defined as:

1. Negligent or intentional misrepresentations or misstatements;
2. Violations of commitments, agreements, or understandings set forth in the *Project* documents
3. Failure to correct a *Minor Default* within 30 days of notice thereof.

B. *Major Default* Remedy:

1. Misrepresentations or misstatements are corrected.
2. Payment of any Financial / Credit Penalty required under A7-2C.

C. *Major Default* Penalty:

1. *Verification Requests* will not be processed while a *Major Default* is outstanding and uncured.
2. Any benefits received by the *Project Proponent* from the *Major Default* must be paid over to the *RFSMU* within 90 days of assessment.
3. In the case of a *Major Default* for which there is no cure (for example, *De Facto Rightsholders* do not receive promised benefits and are no longer available), no *Verification Requests* can be made for a period of 3 years from the date the *Major Default* is discovered and noted on the *Project Webpage*.
4. In the event a second *Major Default* occurs:
  - a. the *Project* validation shall be cancelled,
  - b. any earned *RFS Credits* that have not been transferred will be transferred to the *RFSMU* as liquidated damages, and

c. the *Project* shall be deemed terminated as of the date of the discovery of the second *Major Default*.

5. All *Major Defaults* shall be posted on *The RFS Website* and the *Project Webpage*.

## A8: FEES

### OBJECTIVES:

Costs of *Project* development should be transparent and predictable costs for *Project Proponents*.

The *RFSMU* should be self-sustaining.

### RATIONALE:

Operating expenses of the *RFSMU* must be covered by operating income.

### REQUIREMENTS:

#### A8-1 Fees [To be determined.]

A. Review of *Initial Project Submission Documents*

B. Review of *Final Project Submission Documents*

C. *Referees and Assigned Experts*

D. *Validation Certificate*

E. Verification Review

F. *Verification Certificate*

G. *Project Website Maintenance*



H. Credit Issuance

I. *Credit Transfer*

J. *Credit Retirement*

K. Credit Account Maintenance

**A8-2 Method of Payment** [To be determined. Under consideration: cash or cash equivalents, credits held in accounts, future credits, etc.]

## A9: MISCELLANEOUS

### REQUIREMENTS:

**A9-1.** Any institution authorized to hold any assets to be distributed under a *Rightsholder Benefit Plan* or *Master Rightsholder Benefit Plan* pursuant to Section S2-7 shall meet the following minimum financial *Requirements*:

A. [To be determined]