

**CLIMATE FORWARD** ►

**Climate Forward Confirmation  
Manual**

Version 1.0  
November 2018

## Table of Contents

<b>Abbreviations and Acronyms .....</b>	<b>1</b>
<b>1 Introduction.....</b>	<b>2</b>
1.1 Climate Action Reserve .....	3
1.2 Disclaimer.....	3
1.3 Organization of Confirmation Manual.....	3
1.4 Reserve GHG Accounting Principles .....	4
1.5 Overview of Confirmation Process .....	5
<b>2 Confirmation Criteria .....</b>	<b>7</b>
2.1 Standard of Confirmation .....	7
2.1.1 Confirmation Principles .....	7
2.1.2 Level of Assurance .....	8
2.1.3 Materiality Threshold.....	8
2.2 Confirmation Body Requirements .....	10
2.2.1 Accreditation.....	10
2.2.2 Training.....	10
2.2.3 Liability Insurance .....	11
2.2.4 Acknowledgment and Agreement Form .....	11
2.2.5 Confidentiality .....	12
<b>3 Confirmation Activities.....</b>	<b>13</b>
3.1 Risk-Based Approach .....	14
3.1.1 Confirmation Activity Planning .....	15
3.2 Core Confirmation Activities.....	18
3.2.1 Confirm Eligibility Criteria .....	18
3.2.2 Site Visit.....	20
3.2.3 Review Data, Identify SSRs, and Confirm Project Implementation.....	21
3.2.4 Review Management Systems.....	21
3.2.5 Confirm Emission Reduction or Removal Estimates .....	21
<b>4 Confirmation Documentation.....</b>	<b>23</b>
4.1 List of Findings.....	23
4.2 Confirmation Report.....	23
4.2.1 Confirmation Report Content .....	24
4.3 Confirmation Statement .....	26
<b>5 Administration.....</b>	<b>27</b>
5.1 Confirmation Oversight and Desktop Audits.....	27
5.2 Rescission of Confirmation Body Approval .....	28
5.3 Dispute Resolution Process .....	28
5.4 Record Keeping and Retention .....	29
<b>Glossary .....</b>	<b>30</b>

## Abbreviations and Acronyms

C	Carbon
CEQA	California Environmental Quality Act
CH <sub>4</sub>	Methane
CO <sub>2</sub>	Carbon dioxide
CRT	Climate Reserve Tonne
FMU	Forecasted Mitigation Unit
GHG	Greenhouse gas
lb.	Pound
N <sub>2</sub> O	Nitrous oxide
Reserve	Climate Action Reserve

# 1 Introduction

The Climate Action Reserve (Reserve) created this Confirmation Manual to detail the requirements of its confirmation program and provide approved confirmation bodies with a standardized approach to the independent and rigorous confirmation of project implementation and estimates of GHG emissions reductions and removals reported by project proponents into its Climate Forward program (Program). Confirmation refers to an independent third party (“Confirmation Body”) conducting a site visit and desk audit to confirm the mitigation project has been implemented as described in the relevant approved forecast methodology, the Climate Forward Program Manual, and this Confirmation Manual. Project Proponents may also use this document to help prepare them for the reporting and confirmation process.

This standardized approach to confirmation promotes the relevance, completeness, consistency, accuracy, transparency and conservativeness of emissions reductions data reported to the Reserve. This is an accompanying document to the Climate Forward Program Manual, which presents the Reserve’s policies, processes and procedures for registering projects and generating Forecasted Mitigation Units (FMUs) using the Climate Forward program.

Detailed information on Climate Forward’s general operating procedures and program can be found in the following documents:

- Climate Forward Program Manual  
<http://www.climateactionreserve.org/climate-forward/program/>
- Climate Forward User Guide  
<http://www.climateactionreserve.org/open-an-account/>
- Climate Forward Terms of Use  
<http://www.climateactionreserve.org/open-an-account/>

Confirmation is an integral part of the Program. The key objectives of the confirmation program and guidelines found in this manual are to:

- Ensure projects are real, additional, permanent, confirmable and enforceable (see Climate Forward Program Manual for definitions of these terms)
- Minimize the risk of erroneously crediting or double counting of Forecasted Mitigation Units (FMUs)
- Ensure projects meet eligibility requirements
- Support the transparency and integrity of the data contained within Climate Forward
- Maintain that confirmations are conducted in a consistent and comparable manner across projects
- Ensure project compliance with the Reserve approved methodologies and Climate Forward rules

The Reserve requires third-party confirmation of all GHG mitigation projects as specified in each forecast methodology. FMUs are issued only after a Confirmation Report and a Confirmation

Statement attesting to the accuracy of reported emission reductions have been submitted by the confirmation body and accepted by the Reserve. The Reserve relies upon these documents to attest to the legitimacy of the FMUs issued. The confirmation body is held accountable to the Reserve for the quality and independence of the report and statement submitted to the Reserve.

Guidance in this Confirmation Program Manual is limited to the Reserve's Climate Forward Program.

## 1.1 Climate Action Reserve

The Climate Action Reserve is an environmental nonprofit organization that promotes and fosters the reduction of greenhouse gas (GHG) emissions through credible market-based policies and solutions. Based in Los Angeles, the Reserve is the foremost carbon offset registry in North America with internationally recognized expertise in project-level GHG accounting.

Across its programs, the Reserve establishes regulatory-quality standards for the development and quantification of GHG emission reduction projects; issues GHG emission reduction credits for use in compliance and voluntary carbon markets; and tracks the transaction of credits over time in transparent, publicly-accessible systems. Adherence to the Reserve's standards ensures that emission reductions associated with projects are real, permanent, and additional, thereby instilling confidence in the environmental benefit, credibility, and efficiency of carbon markets.

## 1.2 Disclaimer

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

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

## 1.3 Organization of Confirmation Manual

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

**Part 1, Introduction** provides a brief overview of the Reserve, its principles and requirements of the confirmation process.

**Part 2, Standard of Confirmation** focuses on the Reserve's standards; describes the levels of assurance and materiality threshold required under the Reserve; and highlights important definitions.

**Part 3, Requirements to Perform Confirmation** focuses on how a confirmation body becomes accredited to perform confirmation under ISO 14065, outlines obligations and requirements of confirmation bodies under this program, provides specific and detailed training requirements, and details required administrative activities prior to beginning confirmation activities, which include: roles and responsibilities, conflict of interest, providing required notifications, and designing appropriate confirmation activities.

**Part 4, Project Confirmation Activities** provides guidance on conducting confirmation activities, such as: assessing eligibility criteria, identifying sources, reviewing management systems and methodologies, confirming project implementation and implementation of project resilience measures, and confirming emission reduction and removal estimates.

**Part 5, Documenting and Reporting Confirmation Activities** covers procedures for successfully completing the confirmation process including: preparing the Confirmation Report, List of Findings, and the Confirmation Statement, and submitting documentation.

**Part 6, Administration and Reserve Intervention** provides information on the Reserve's confirmation oversight and auditing process, its dispute resolution process and its record keeping requirements.

## 1.4 Reserve GHG Accounting Principles

Confirmation provides an independent third-party review of project data and information being submitted to the Reserve. This process ensures project eligibility per the relevant project protocol and that reported emission reductions or removals meet the materiality threshold.

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

- **Relevance:** Data, methods, criteria, assumptions, and accounting boundaries should be chosen based on their "intended use." For this program, this means forecast methodologies are designed around practical, conservative approaches that adhere to core accounting principles and support environmental integrity.
- **Completeness:** All relevant GHG emissions and removals should be accounted for and all relevant information should be considered. Forecast methodologies shall use all relevant information to comprehensively identify the GHG sources, sinks, and reservoirs affected by mitigation projects and account for all significant changes in GHG emissions or removals that may result from a mitigation project.
- **Consistency:** Data, methods, criteria, and assumptions should allow meaningful and valid comparisons of the GHG reductions achieved by different mitigation projects, forecast methodologies, and different activity types.
- **Transparency:** Sufficient information should be disclosed to allow reviewers and stakeholders to make decisions about the credibility and reliability of GHG reduction claims with reasonable confidence. Access to sufficient and appropriate GHG-related information is critical for assuring that a mitigation project's GHG reduction claims are

credible.

- **Accuracy:** Uncertainties and bias should be reduced as far as is practical. Greater accuracy in estimating GHG emissions and reductions will help ensure credibility of GHG reduction claims. Where accuracy is sacrificed, data and assumptions used to estimate GHG reductions should be conservative. Sampled data used to establish forecast methodology parameters or project inputs must achieve a minimum statistical confidence of +/- 5% at 1 Standard Error.
- **Conservativeness:** Conservative assumptions, values, and procedures should be used to ensure that GHG reductions are not over-estimated. Because the GHG reductions under this program will be estimated and credited at the point of activity implementation, approved forecast methodologies must employ conservative estimation methods. Where project benefits are based on projections of project activities, the projections of project benefits must be justified through scientific literature or defensible direct analysis.

Forecast methodologies must establish an empirical approach to demonstrating conservative forecasting or apply a methodology-specific discount to the total projected quantity of GHG emission reductions. This is required to account for potential performance uncertainties as well as the likelihood of project non-performance and project abandonment. An empirical approach can be applied where variation around the forecasted reductions can be discerned as a dataset. Each proposed forecast methodology must provide summary statistics around each default value or quantitative assumption that goes into the overall FMU issuance estimation.

## 1.5 Overview of Confirmation Process

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

1. **Confirmation body receives accreditation:** Confirmation body meets all accreditation requirements and two Project Experts successfully complete required project confirmation training (see Section 2.2.2).
2. **Project proponent selects approved confirmation body:** Project proponent contacts one or more approved confirmation bodies to discuss confirmation activities. Project proponent selects an organization to verify its GHG emissions reductions or removals and begins to negotiate contract terms (the contract may not be finalized until a determination has been issued by the Reserve).
3. **Confirmation body submits project-specific Notification of Confirmation Activities and Conflict of Interest (NOCA/COI) Form:** After a project proponent chooses a confirmation body, the confirmation body must submit a NOCA/COI Form to the Reserve outlining the proposed scope of the planned confirmation. This document provides insight into the likelihood of a conflict of interest between parties.
4. **Reserve sends approval to proceed to confirmation body:** The Reserve reviews the NOCA/COI Form and supporting information to determine the level of risk associated with the proposed project proponent/confirmation body relationship, then notifies the Team Lead of its determination.

5. **Confirmation body conducts confirmation activities:** Confirmation body develops a risk-based confirmation plan and conducts confirmation following the guidance in the Confirmation Program Manual and the applicable project confirmation guidance. The confirmation must evaluate a project's ongoing eligibility and the GHG emission reduction or removal estimates reported to the Reserve.
6. **Confirmation body shares List of Findings with the project proponent:** A confidential list of material and immaterial findings is sent to the project proponent. This gives the project proponent the opportunity to correct any errors found.
7. **Confirmation body prepares the confirmation documentation for project proponent:** Confirmation body prepares the final List of Findings, Confirmation Report, and Confirmation Statement for project proponent's review prior to uploading electronically to the Reserve software.
8. **Project proponent uploads documents to the Climate Forward registry:** Project proponent then submits all final documentation for Reserve review: the List of Findings, Confirmation Report, and Confirmation Statement.



## 2 Confirmation Criteria

The Climate Action Reserve's Climate Forward program (Program) is designed to include a rigorous third-party review to confirm that the mitigation project is eligible under the program, implemented according to the forecast methodology and that the GHG emission reductions have been calculated accordingly. This process is referred to as "confirmation" by a "Confirmation Body", as opposed to "validation" or "verification" by a "validation/verification body" (VVB), which are more familiar terms for third-party review in GHG project accounting. These differences in terminology are meant to signal important differences between confirmation under this program and validation or verification, including the ex ante nature of credit recognition under the Program, although many of the activities performed by the Confirmation Body align with traditional validation and verification activities performed by a VVB.

The independent third-party confirmation provides an independent review of data and information used to register FMUs. For every mitigation project registered, an accredited Confirmation Body reviews documentation, data, and procedures used to estimate GHG reductions or removals. The Confirmation Body submits a Confirmation Statement and Confirmation Report that provide the basis for determining the quantity of FMUs that can be issued to the mitigation project. The Reserve makes these documents publicly available. Individuals conducting confirmation activities for mitigation projects listed on the Climate Forward website are trained by the Reserve or its approved designees and employed by or subcontracted to an accredited Confirmation Body. A list of approved Confirmation Bodies is available at [www.climateactionreserve.org](http://www.climateactionreserve.org).

Confirmation Bodies follow guidelines set forth in the Climate Forward Program Manual, as well as requirements and procedures described in each approved forecast methodology.

### 2.1 Standard of Confirmation

#### 2.1.1 Confirmation Principles

Confirmation is the process through which a Confirmation Body assesses a project proponent's GHG assertion against defined confirmation criteria and the standard(s) laid out by the Climate Forward program. The Reserve requires that Confirmation Bodies use the following standards when conducting confirmation activities:

- The applicable approved forecast methodology
- The Climate Forward Program Manual and any relevant policy memos
- The Climate Forward Confirmation Manual
- ISO 14064-3:2006 Specification with guidance for the validation and verification of greenhouse gas assertions

An essential element of confirmation is to ensure that all Confirmation Bodies and confirmation teams conducting work under the Reserve uphold the basic principles laid out in ISO 14064-3:2006. Namely, Confirmation Bodies shall demonstrate independence from the activity being confirmed (interpreted in Section 3.1.1.2 under Conflict of Interest). Confirmation Bodies must also demonstrate ethical conduct and fair presentation of findings, conclusions, and reports throughout the confirmation process. All projects undergoing confirmation must be treated equally, with all appropriate procedures followed. Finally, Confirmation Bodies must conduct confirmation with due professional care, demonstrating the skill, diligence, and competence necessary to perform the confirmation (see Section 3).

## 2.1.2 Level of Assurance

The Reserve requires the Confirmation Body to provide a reasonable level of assurance. Under the ISO 14064 standards, the level of assurance determines the depth of detail and rigor that the Confirmation Body designs into the confirmation plan used to identify any material errors, omissions or misstatements. The level of assurance refers to the degree of confidence the Confirmation Body is able to provide regarding the accuracy of the asserted GHG removals or reductions. The Reserve requires reasonable, but not absolute, assurance. Absolute assurance is the highest form of assurance, but does not allow for professional judgment, sampling and inherent limitations. The concept of level of assurance is derived from financial auditing and corresponds to the likelihood that a material misstatement has gone undetected.

## 2.1.3 Materiality Threshold

The concept of materiality is fundamental in confirming GHG assertions. Information is considered material if its omission or misstatement could affect the GHG assertion and could influence the intended user's decisions. In order to reach a conclusion on the veracity of data used to support a GHG assertion, the Confirmation Body must form a view on the materiality of all identified errors or uncertainties.

Issues identified during confirmation activities must be classified by the Confirmation Body as either material (significant) or immaterial (insignificant). To be confirmed successfully, all reported emissions reductions or removals submitted to the Reserve must be free of material misstatements or discrepancies.

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

Materiality has both a quantitative and a qualitative aspect in relation to a mitigation project seeking registration under this program.

### 2.1.3.1 Quantitative Materiality Threshold

The quantitative materiality threshold sets a numeric cap on the magnitude of cumulative error in stated forecasted emission reductions or removals permissible under this program as a percent of the Confirmation Body's recalculated forecasted emission reductions or removals. Error leading to misstatement may be introduced through incorrect application of methodology calculations, transcription errors, or the use of incorrect default values, among other factors. Immaterial misstatements identified during confirmation may go uncorrected and the mitigation project may receive a positive Confirmation Statement from the Confirmation Body. All material errors must be corrected prior to a mitigation project receiving a positive Confirmation Statement.

The Confirmation Body must recalculate the total quantity of forecasted GHG emission reductions or removals reported to the Reserve for the relevant crediting period in order to determine if the mitigation project meets the quantitative materiality threshold.

In determining whether a material misstatement has occurred, the Confirmation Body must compare the aggregate total of misstatements against the materiality threshold for the total forecasted emission reductions or removals estimated by the project proponent. Finding several small reporting errors, each of which might be immaterial on their own, may lead to a material

misstatement when totaled against the final number of forecasted emission reductions or removals. The quantitative materiality threshold shall be used to inform the design of the Confirmation Body's sampling plan.

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

In an effort to maintain a balance of diligence, accuracy and conservativeness, this program defines the quantitative materiality threshold at a >95 percent level of accuracy (<5 percent error) relative to the Confirmation Body's forecasted emission reductions or removals.

The percent error is defined by the following:

$$\%Error = abs\left(\frac{Stated\ forecasted\ reductions - Confirmed\ forecasted\ reductions}{Confirmed\ forecasted\ reductions}\right) \times 100$$

The accuracy level is defined by the following:

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

This program allows for under-reporting of total FMUs as that is considered conservative. Under-reporting errors are not required to be corrected. The quantitative materiality threshold only applies to mistakes that result in over-reporting.

### **2.1.3.2 Qualitative Materiality Threshold**

A qualitative non-conformance occurs when a prescriptive forecast methodology requirement is not met. Every qualitative non-conformance identified by the Confirmation Body is considered material and must be corrected by the project proponent before a positive Confirmation Statement can be issued. A prescriptive requirement is defined as any specific guidance mandated by the forecast methodology that does not allow for deviation, variance, or Confirmation Body professional judgment.

Take for instance a project proponent who neglects to quantify a small source of project emissions. Leaving out that source does not result in a quantitative material misstatement, but the forecast methodology has an approved GHG Assessment Boundary that specifies the emission sources related to mitigation project that must be accounted for in the forecasted emissions calculations. The omission of this source would be considered a qualitative non-conformance because of the forecast methodology requirements and the forecasted emission reductions would therefore need to be recalculated.

Another example is the application of an incorrect emission factor – again, this would be considered material even if the difference in forecasted emission reductions does not exceed the quantitative materiality threshold. If the applicable forecast methodology prescribes that a specific emission factor be used and that emission factor is not correctly applied by the project proponent, the result is a qualitative misstatement because the non-conformance directly defies a forecast methodology requirement.

Any identified qualitative non-conformances must be documented by the Confirmation Body and presented to the project proponent in the List of Findings prior to issuance of the Confirmation

Statement and Confirmation Report. All qualitative non-conformances must be corrected for the Confirmation Body to be able to issue a positive Confirmation Statement.

## **2.2 Confirmation Body Requirements**

### **2.2.1 Accreditation**

Confirmation Bodies shall be accredited for project validation and confirmation in the sector of the applicable forecast methodology and shall meet the competence requirements as set out in ISO 14065:2007. All Confirmation Bodies must be approved by the Reserve and accredited under ISO 14065 by the American National Standards Institute (ANSI). If the project proponent can demonstrate that there are no Confirmation Bodies accredited through ANSI who are capable of conducting confirmation services, Confirmation Bodies accredited by an International Accreditation Forum (IAF) member body located in the project site country must be used. If none can be found, Confirmation Bodies accredited by the United Nations Framework on Climate Change Convention (UNFCCC) as Accredited Independent Entities approved under Joint Implementation or Designated Operational Entities approved under the Clean Development Mechanism may be used, subject to prior Reserve approval.

### **2.2.2 Training**

The Reserve recognizes the Confirmation Body as the responsible party under its program, rather than an individual. Confirmation Bodies are obligated to ensure that individual third parties are qualified with the proper training and skills to conduct implementation confirmation activities. For individual third parties to be recognized as Project Experts by the Reserve, they must have completed the training requirements as detailed below.

A Project Expert is any third-party from the accredited Confirmation Body who directs, supervises and leads confirmation services and has the authorization from the Confirmation Body to sign written reports or statements. A Project Expert is someone who has completed the Confirmation Body's internal training processes and procedures to achieve this designation and passed the Reserve training course(s) on the Climate Forward General Implementation Confirmation training.

Each Confirmation Body must employ a minimum of two Project Experts. This policy ensures that the confirmation team for every project includes at least two Project Experts, one to serve as the Project Expert and one to serve as the Senior Internal Reviewer. These Project Experts may be employees of the Confirmation Body or contracted personnel.

A Senior Internal Reviewer is any Project Expert from the accredited verification body selected to perform a final quality assurance and quality control (QA/QC) review on the project data and documentation. The Senior Internal Reviewer must also sign the Confirmation Statement attesting to the accuracy of reported data. The Senior Internal Reviewer shall remain independent of all confirmation activities and shall not participate in site visits, as this could compromise his or her objectivity and independence in the final review. The Senior Internal Reviewer must be designated as such on the NOCA/COI Form and also be designated as a Project Expert on the annually submitted Confirmation Staff Reporting form, which is an exhibit to the Confirmation Policies Acknowledgement and Agreement form.

#### **2.2.2.1 Internal Training**

Qualification as a Project Expert begins with the Confirmation Body's internal training procedures and programs that instruct staff on how to conduct confirmations and lead

confirmation activities. Confirmation Bodies must have a formal process in place for the initial qualification, training, and ongoing monitoring of all personnel confirming a Reserve project. The Confirmation Body is responsible for ensuring the confirmation team has the proper skills, competency and collective capability to conduct confirmation activities under the Reserve.

In order to be eligible to take the Reserve's trainings to qualify as a Project Expert, an interested individual must have a basic understanding of GHG accounting and have completed either internal training or taken a recommended external course on GHG accounting and basic verification methods.

### **2.2.2.2 Reserve Training**

In addition to internal training, Project Experts must successfully complete a Reserve-administered Climate Forward General Implementation Confirmation training course. This requirement ensures that the individuals leading confirmation activities under the program have a high level of program specific knowledge and training. Following the training, the Reserve provides the recognized independent third parties with a notification and a certificate that allows them to act as Project Experts under the Reserve's Climate Forward program.

An individual's recognition as a Project Expert is generally valid for three years after the date that the training certificate is issued, at which point the Project Expert must take and pass a re-certification exam to demonstrate that he or she has sufficiently maintained knowledge of the program and is well-versed in any relevant programmatic updates made in the interim.

### **2.2.3 Liability Insurance**

Confirmation Bodies are required to maintain professional liability insurance with a reputable insurer to the level of at least \$4 million for each claim and \$4 million annual aggregate. This professional liability insurance must be held separately from general or umbrella liability policies. The policy must provide coverage of damages and defense costs for any actual or alleged error, omission, neglect, misstatement or misleading statement, or breach of duty relating to confirmation activities undertaken by the Confirmation Body and have the Reserve named as an additional insured. The coverage territory for the insurance must include all geographic regions where the Confirmation Body operates and does business under this Climate Forward program. This insurance must be maintained for three years following the completion of confirmation services. Proof of insurance shall be provided to the Reserve within one month of the Confirmation Body's usual insurance renewal date, within three months of the Confirmation Body's initial application for accreditation into the Climate Forward program, and prior to the Confirmation Body beginning its first confirmation activities in the Program.

### **2.2.4 Acknowledgment and Agreement Form**

Confirmation Bodies must have a duly authorized representative of its organization sign and submit the legally binding Confirmation Policies Acknowledgment and Agreement form to the Reserve on an annual basis. This required agreement between the Reserve and Confirmation Bodies ensures that personnel performing confirmation activities are aware of their roles, responsibilities and obligations under the program. It asserts that the Confirmation Body will follow proper processes and procedures as laid out in the approved forecast methodologies and this Confirmation Manual. The agreement outlines requirements in relation to confidentiality provisions, insurance requirements, record-keeping requirements, liability, and conflict of interest. It also includes an authorization of potential oversight of confirmation activities.

The Confirmation Body must acknowledge that its duty of care is first and foremost to the Reserve. When a Confirmation Body is acting under the auspices of the Reserve's Climate Forward program, it is bound by this agreement to abide and adhere to the rules and procedures of the program itself. If, during confirmation activities, a Confirmation Body suspects the occurrence of fraud, double-counting, or any other significant issue that could impact the quantity or quality of FMUs to be issued, the Confirmation Body agrees to immediately report the issue to the Reserve.

The agreement states that personnel conducting confirmation activities shall be trained and knowledgeable on program procedures. It also asserts that the Confirmation Body will remain neutral and impartial. The Confirmation Body must acknowledge that potentially market-sensitive information may be encountered while conducting confirmation activities and agree to strict confidentiality in its findings prior to the release of the Confirmation Report.

Further, the agreement asserts that the Confirmation Body will not engage in any business activities that would amount to a conflict of interest in relation to its Reserve clients. Specifically, the purchasing, selling, trading, or retiring of any GHG credits between a Confirmation Body and a developer client in question is considered a high risk for conflict of interest and is strictly prohibited. Conflicting services of this type are addressed further in Section 3.1.1.2.

The agreement also requires that, in the instance where the Reserve determines an error made by the Confirmation Body resulted in the issuance of FMUs not in compliance with the applicable forecast methodology or program policy, the Confirmation Body deemed responsible will replace or replenish an equal value of FMUs up to the \$4 million required amount of annual professional liability insurance. The same is true if gross negligence, willful misconduct or fraudulent activity on the part of the Confirmation Body has occurred.

Failure to submit the Confirmation Policies Acknowledgment and Agreement form could result in suspension from the Climate Forward program.

### **2.2.5 Confidentiality**

Confirmation Bodies must keep sensitive information encountered while conducting confirmation activities confidential in order to uphold the integrity of reported data. Confirmation Bodies must not make use or take advantage of any confidential information and must take reasonable steps to protect the information from any unauthorized access. Because market-sensitive information may be encountered while conducting project confirmation activities, the Confirmation Body must agree to maintain strict confidentiality in its findings prior to the public availability of the Confirmation Report. Confidentiality arrangements and requirements should be addressed in the contract between the Activity proponent and the Confirmation Body.

The Reserve enters into confidentiality agreements with Confirmation Bodies and project proponents as necessary. The Reserve may also, on occasion, request supporting information to supplement reported data. The Reserve follows standardized security and confidentiality procedures to protect all confidential business information. Any organization that must provide confidential information to support the NOCA/COI assessment should clearly mark which information is considered confidential for it to be treated as such.

### 3 Confirmation Activities

The objective of confirmation under this program is to provide assurance that GHG reductions or removals being claimed meet the program's principles and criteria for FMU issuance (see Climate Forward Program Manual). To do this, Confirmation Bodies must develop a risk-based confirmation plan that considers the size and complexity of the mitigation project, the confirmation team's knowledge of the project, and the relevant sector, technology, and processes. The confirmation plan must identify areas of key risks to support a reasonable level of assurance that the claimed GHG reductions or removals are materially correct.

Confirmation Bodies must confirm a mitigation project's GHG reductions or removals by:

- Implementing a risk-based approach to confirmation
- Ensuring confirmations are conducted in a systematic and comparable way
- Ensuring Confirmation Reports, List of Findings, and Confirmation Statements are independent and robust

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

- Reserve notification of confirmation activities and case-by-case evaluation of conflict of interest
- Scoping and planning of project confirmation activities
- Desk review and site visit to conduct project confirmation activities:
  - Confirmation of eligibility criteria
  - Identifying SSRs and assessing risk of material misstatements
  - Reviewing methodologies and management systems
  - Confirming emission reduction or removal calculations
- Preparing a Confirmation Report, List of Findings and Confirmation Statement and submitting them to the Reserve

The following steps must be taken to ensure that the obligations and responsibilities of both the Confirmation Body and the project proponent are met.

1. **Project proponent selects approved Confirmation Body:** Project proponent contacts one or more approved Confirmation Bodies to discuss confirmation activities. Approved Confirmation Bodies and contact information will be publicly posted on the Reserve's website. Project proponent selects an organization to confirm its mitigation project and begins to negotiate contract terms. (The contract may not be finalized until a Conflict of Interest determination has been issued by the Reserve.)
2. **Confirmation Body submits project-specific Notification of Confirmation Activities and Conflict of Interest (NOCA/COI) Form:** After a project proponent chooses a Confirmation Body, the Confirmation Body must submit a NOCA/COI Form to the Reserve outlining the proposed scope of the planned confirmation. This document provides insight into the likelihood of a conflict of interest between parties (see Section 3.1.1.2).

3. **Reserve sends approval to proceed to Confirmation Body:** The Reserve reviews the NOCA/COI Form and supporting information to determine the level of risk associated with the proposed project proponent/Confirmation Body relationship, then notifies the Confirmation Body of its determination.
4. **Confirmation Body conducts confirmation activities:** Confirmation Body develops a risk-based confirmation plan and conducts confirmation following the guidance in this Confirmation Manual and the applicable forecast methodology. The confirmation must evaluate a project's eligibility, implementation and the reported GHG emissions reduction or removal calculations.
5. **Confirmation Body shares List of Findings with the project proponent:** A confidential list of material and immaterial findings is sent to the project proponent. This gives the project proponent the opportunity to correct any errors found (see Section 4.1).
6. **Confirmation Body prepares the confirmation documentation for project proponent:** Confirmation Body prepares the final List of Findings, Confirmation Report, and the Confirmation Statement for the project proponent's review (see Section 4.2).
7. **Project proponent submits documents to the Reserve:** Project proponent submits all final documentation to the Reserve: the List of Findings, Confirmation Report, and Confirmation Statement (see Section 4.3).

Upon completion of the above steps, Reserve staff review the relevant documents before registering the mitigation project and issuing FMUs. The Reserve relies upon the Confirmation Report to attest to the accuracy and legitimacy of the FMUs issued and the Confirmation Body is held accountable to the Reserve for the quality and independence of the Confirmation Report and Statement.

### 3.1 Risk-Based Approach

Under this program, confirmation is an iterative, risk-based activity in which the complexity of all project components is balanced and assessed in relation to one another using third-party professional judgment. Areas that display low complexity or have minimal bearing on the eligibility or quantification of emission reductions or removals should receive lower priority and attention relative to areas with high complexity and significant implications for project eligibility or emission reductions or removals.

During the planning phase (see Section 3.1.1.3) the confirmation team shall conduct a preliminary risk assessment to establish a confirmation approach based on areas of highest perceived risk. This assessment should include the project type, size, complexity, amount of data and documentation, and should not be considered final. Rather, an iterative approach must be used to re-assess risk and complexity in the context of the knowledge gained and information gathered during the confirmation process.

Identified areas of risk may include any aspect of the mitigation project. Where the confirmation team identifies significant risk, it shall review those project components with increased care exceeding the minimum requirements provided in this document and the relevant forecast methodology. Potential areas of risk may include, but are not limited to:

- Ownership of GHG rights



- Project conformance with the Legal Requirement Test
- Project conformance with the Performance Standard Test
- Maintenance and appropriate operation of project hardware
- Sampling and statistical design
- Adequacy and QA/QC of data collection processes
- Training of project personnel
- Data transcription and handling
- Data calculations

### **3.1.1 Confirmation Activity Planning**

Prior to entering into an engagement to provide confirmation services for a project proponent, the Reserve must review the composition of the confirmation team and the scope of confirmation activities. The Confirmation Body must also conduct a conflict of interest assessment between itself, the project proponent, and any other technical consultants involved in the mitigation project. This information is submitted to the Reserve for its approval in the Notice of Confirmation Activities and Conflict of Interest (NOCA/COI) form (see Section 3.1.1.2 below). These forms shall be submitted simultaneously to the Reserve before the contract with the project proponent is finalized and before confirmation activities commence.

#### **3.1.1.1 Confirmation Team**

The Confirmation Body is responsible for assembling a competent and qualified confirmation team to undertake confirmation activities before beginning any confirmation work. The confirmation team must have sector-specific competency in relation to the type of mitigation project being confirmed, and all team members and their respective roles must be disclosed on the NOCA/COI form. This includes specifying which individuals will serve as Team Lead and Senior Internal Reviewer. Both the Team Lead and the Senior Internal Reviewer must be accredited as a Project Expert.

The role of a Team Lead is to coordinate the confirmation team and all underlying confirmation activities. The Senior Internal Reviewer's role is to perform a final quality control on the data checks, the List of Findings, the Confirmation Statement, and Confirmation Report prior to its completion.

In order to perform an impartial evaluation of the confirmation process and results, the Senior Internal Reviewer must remain independent from decisions made by the rest of the confirmation team during confirmation activities. To that end, the Senior Internal Reviewer shall not participate in meetings, phone calls, or site visits between the confirmation team and the project proponent.

#### **3.1.1.2 Conflict of Interest Evaluation**

To ensure the credibility of the emissions data reported to the Reserve, it is critical that the confirmation process be independent from the influence of the project proponent. The Confirmation Body must act objectively and exercise professional skepticism while conducting confirmation activities. To help ensure this, the selected Confirmation Body must conduct a conflict of interest (COI) assessment that is reviewed by the Reserve on a project-by-project basis.

The COI assessment process gives the Confirmation Body the ability to demonstrate that its organization can identify and mitigate situations that would impair its ability to render an impartial confirmation statement. Any pre-existing relationship between the Confirmation Body

or its confirmation team and project proponent must be disclosed to the Reserve. The Reserve will then evaluate the potential for a real or perceived conflict of interest between the two entities. If the Reserve finds that there is low risk of COI, a determination is made in writing and sent to the Confirmation Body allowing confirmation services to proceed. After that point, the project proponent and Confirmation Body may finalize negotiations of their contract and begin confirmation activities.

The COI assessment form is available for download from the Reserve website. The completed form must be submitted to the Reserve a minimum of 10 business days prior to the beginning of confirmation activities and the finalization of the contract. This notification period is necessary to provide the Reserve time to assess the risk of COI, resolve, or mitigate issues, and allow itself, its partners, or its consultants the opportunity to conduct confirmation oversight. More information on the confirmation oversight process can be found in Section 5.1. If the Reserve approves confirmation activities to proceed without oversight, project confirmation may begin on the date that approval is received by the Confirmation Body. No confirmation activities may occur prior to COI approval. If a Confirmation Body violates these COI procedures, the Reserve at its discretion may disqualify an approved Confirmation Body from providing services under this program.

If the Reserve finds that there is a medium or high risk of COI, it may request further information or the development of a mitigation plan before a final determination is made. For these cases, the Reserve will convene a COI Committee comprised of three or more staff members (with a minimum of one management level staff member) to discuss the issue. Where a high risk of COI is determined to exist and mitigation is not possible, the Confirmation Body will not be approved to conduct the confirmation.

The following lists contain services that are considered potentially conflicting and therefore incompatible with the provision of confirmation activities. Services of this nature must be declared on the COI form. The Reserve recommends that if there is any doubt whether or not a potential or real COI exists, it should be disclosed to the Reserve on the COI form. Please note that this list is not exhaustive, as there are other services and conditions that could constitute a COI.

#### **High risks for COI:**

- Sharing senior management staff or Board of Director membership between the project proponent and the Confirmation Body, or previous employment of the senior management staff by the Confirmation Body or vice versa within the previous three years.
- Designing, developing, implementing, internal auditing, consulting, or maintaining a GHG emissions reduction or removal project
- Designing or developing GHG information systems for the project proponent in the same sector
- Owning, buying, selling, trading, or retiring shares, stocks or FMUs from the project in question
- Brokering in, advising on, or assisting in carbon or GHG-related markets
- Dealing in or being a promoter of credits on behalf of the project proponent

#### **Medium risks for COI:**

- Developing GHG emissions factors or other related engineering analyses for the project proponent

- Designing energy efficiency, renewable energy, or other projects for the project proponent that explicitly identify GHG reductions as a benefit
- Providing appraisal services of carbon or GHG liabilities or assets
- Preparing or producing GHG-related manuals, handbooks, or procedures for the project proponent
- Providing legal services
- Providing expert services for a legal purpose or advocating for the project proponent
- Providing other GHG-related fee-paying services to the project proponent during confirmation activities
- Members of proposed confirmation team have a close personal or familial relationship with the project proponent

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

- **Time of service:** Any services delivered between the project proponent and the Confirmation Body (past employee/employer or other relationships) that occurred more than three years before the date of the COI determination are viewed as a lower risk (the Reserve does recommend disclosure of any services delivered between the project proponent and the Confirmation Body, including any services provided earlier than the three year period). However, any services rendered related to the design, development, implementation, or maintenance of a GHG emissions project must be fully disclosed and are always considered conflicting, regardless of the time of delivery.
- **Location:** Services provided to a business unit, facility, or office of the project proponent located outside of country where the mitigation project is located are considered a lower risk for a conflict of interest.
- **Type of service:** Services that do not appear on the above lists of potentially conflicting services may be considered a lower risk.
- **Financial value of service:** The Confirmation Body's provision of other services with a small monetary value relative to the value of confirmation is viewed as a lower risk by the Reserve. Cases where the total value of services provided to the project proponent is a very small percentage of the Confirmation Body's revenue over the same period may be less cause for concern, as well.

### 3.1.1.3 Developing a Confirmation Plan

Prior to the kick-off meeting, the confirmation team shall develop an initial confirmation plan outlining the scope and nature of confirmation activities to be conducted for the specific project. The confirmation plan must include a review of any previously reported information to the Reserve, a preliminary assessment of areas of high risk, identification of potential systemic weaknesses, a draft sampling plan to recalculate the emission reductions or removals data, and a site visit itinerary. The data sampling plan should be created in line with the requirements of section 4.3.3 of ISO 14064-3, which stipulates the different types of sampling and the typical conditions that apply to each sampling type.

The confirmation plan should evolve as the confirmation progresses and the confirmation team obtains more information on potential areas of risk and supporting evidence to substantiate the GHG emission reductions/removals assertion. The confirmation plan must be submitted to the Reserve for review.

After the Reserve has been notified of planned confirmation activities and issued approval for confirmation to proceed, contract terms may be finalized and confirmation activities can commence.

## 3.2 Core Confirmation Activities

The core confirmation activities of the Climate Forward program encompass a risk assessment and data sampling effort used to determine that the project is eligible, the mitigation project was implemented according to the approved forecast methodology, no relevant SSRs are excluded, data was properly collected and calculated, and the risk of error is low. Each of these areas must be assessed and addressed through appropriate sampling, testing, and review.

All confirmation activities shall include the following core steps:

1. Confirm eligibility criteria
2. Site visit
3. Review data, identify SSRs, and confirm project implementation
4. Review management systems
5. Confirm emissions estimates

### 3.2.1 Confirm Eligibility Criteria

Every project must meet the eligibility criteria established in this manual and the relevant forecast methodology to qualify for project registration. There can be no deviation from these rules. The Reserve conducts a preliminary review of project information provided at project submittal to assess eligibility. This review is not a final determination of the eligibility of the project, nor does it guarantee FMU issuance or ownership. Upon initiation of confirmation activities, it is the responsibility of the Confirmation Body to assess these claims and confirm that a project meets the eligibility criteria.

The confirmation body must explicitly state in the Confirmation Report whether each eligibility requirement has been met and summarize the evidence that was reviewed to reach its determination. Please note that areas of high risk may necessitate investigation beyond the steps described below.

#### 3.2.1.1 Location

Each forecast methodology limits project activities to an explicitly defined geographic boundary. Confirmation of project location shall be conducted through site visits, corroboration and review of appropriate documentation, and/or geographic searches confirming location and the project area.

#### 3.2.1.2 Project Start Date

As defined in this document and each forecast methodology, the project start date initiates the project crediting period. Confirmation Bodies must confirm that:

- The stated project start date is correct
- The project start date is eligible per the relevant forecast methodology and the requirements laid out in the Climate Forward Program Manual

Confirmation bodies shall review supporting documentation to ensure the start date established by the project proponent is correct (e.g., design plans, installation dates, operational dates,

commissioning reports, service invoices, log books, staff interviews, etc.) and may use their discretion as to the adequacy and sufficiency of evidence provided. Supporting documentation should always be clear, traceable and directly correspond to the reported timeline. The exact start date must be explicitly stated in the Confirmation Report.

### 3.2.1.3 Additionality

All approved forecast methodologies incorporate standardized additionality tests. These tests generally have two components that must be confirmed by the Confirmation Body: a legal requirement test and a performance standard test.

#### The Legal Requirement Test

Confirmation of the legal requirement test requires:

1. **Review of the Attestation of Legal Additionality form:** The Attestation of Legal Additionality states that the mitigation project activity was not required by any law, statute, rule, regulation or other legally binding mandate by any national, regional, state, local or other governmental or regulatory agency having jurisdiction over the project. The project proponent attests that at no time was the mitigation project required to be enacted by the project proponent or any other party.
2. **Risk-based review of relevant legal requirements:** The Confirmation Body must conduct a review of applicable local, state, federal, or other applicable regulations in order to reach reasonable assurance that there are no specific mandates for the mitigation project's implementation.

#### The Performance Standard Test

Confirmation Bodies must confirm that the project meets or exceeds the performance standard specified in the relevant forecast methodology. This determination is not subjective. The applicable performance standard is applied by the project proponent at the time the project commences.

### 3.2.1.4 Regulatory Compliance

The Confirmation Body shall confirm that the project has identified all applicable laws and regulatory requirements related to initial and ongoing implementation of the project. The Confirmation Body must also confirm that measures enacted to comply with each regulatory requirement have been implemented, as specified in the applicable forecast methodology. The Confirmation Body must confirm that the project proponent has signed the Attestation of Regulatory Compliance. The Attestation of Regulatory Compliance states that the mitigation project has implemented measures to address the risks of regulatory non-compliance identified in the forecast methodology associated with initial and ongoing project implementation. In addition, the form attests that the project is and will be in material compliance with all applicable laws, including environmental regulations, during the crediting period.

### 3.2.1.5 Ownership

Project proponents must have exclusive ownership rights to the GHG reductions or removals associated with the mitigation project and for which the Reserve will issue FMUs. It is essential that the Confirmation Body determines the project proponent is the proper owner of a project's emission reductions or removals early in the verification process. The ownership requirement is confirmed through review of the Attestation of Title and an accompanying review of available

ownership documentation. The owner of the FMUs must be the account holder in the Climate Forward registry; the owner must also be the signatory to the Attestation of Title.

The Confirmation Body must confirm that the project proponent has signed the Attestation of Title and is the owner of full, legal and beneficial title to the GHG reductions or removals. Although several parties may be involved in a single mitigation project, the party that signs the Attestation of Title must be the party that has beneficial ownership rights in relation to the FMUs issued in the Climate Forward registry.

If the Confirmation Body determines a different organization has ownership of the FMUs, the Confirmation Body may proceed with confirmation activities if the rightful owner is clearly identified in the confirmation documentation, all involved organizations are informed, and a COI evaluation between that party and the Confirmation Body has been approved by the Reserve. The project could also be moved to a different account within the Climate Forward registry at this time, if relevant.

In addition to the Attestation of Title, Confirmation Bodies should review relevant contracts, agreements, and/or supporting documentation between project proponents, facility owners, utilities, and other parties that may have a claim to the FMUs generated by the project. Confirmation Bodies must review these contracts in a risk-based context and use professional judgment to determine the depth and breadth of the review. To issue a positive Confirmation Statement, the Confirmation Body must conclude with reasonable assurance that the project proponent has title of the GHG reductions/removals.

The Reserve recognizes that confirmation teams generally do not contain a legal expert. If any high-risk contractual and/or title issues remain unresolved following an exhaustive review, the Confirmation Body should contact the Reserve for further assistance. In these circumstances, the Reserve will help make an ownership determination.

### **3.2.2 Site Visit**

The following activities are expected to occur during a site visit confirmation. Please note that this list is not comprehensive. Requirements differ by project type, and the forecast methodologies will note exact requirements. The depth and breadth of confirmation activities shall also be guided by the project specific risk assessment (See Section 3.1).

A site visit must, at minimum, and in addition to core confirmation activities, consist of:

- Re-calculation and review of the data calculations and information presented in order to confirm completeness
- Review of the project implementation report for conformance with forecast methodology requirements
- Evaluation of data management, QA/QC systems, and general procedures in the context of their influence on the generation and quantification of estimated reductions or removals
- Assessment of the implementation and operation (to the extent possible) of the project activity
- Assessment of the implementation and operation of any required Project Resilience Measures (as specified in the relevant forecast methodology)
- Review of information flows for generating, aggregating and quantifying data parameters
- Interviews with relevant personnel to confirm that they are properly trained and qualified

for the duties they perform

- Interviews with relevant personnel to confirm that the operational and data collection procedures will be implemented in accordance with the project implementation report and forecast methodology requirements
- A cross-check between information provided in the project implementation report and data from other primary data sources to the extent available
- A check of any project related equipment including calibration performance and observations of ongoing maintenance practices against the applicable forecast methodology requirements

A site visit can be critical to properly assess project operations, functionality, and data control systems; confirm the project boundaries and assessment area (if applicable); and review measurement techniques, onsite record-keeping practices, and implementation of project resilience measures. The Confirmation Body must conduct a site visit at least once, with timing for the site visit specified by the relevant forecast methodology.

### **3.2.3 Review Data, Identify SSRs, and Confirm Project Implementation**

Confirmation Bodies shall review a project's reported SSRs to ensure that all are properly identified within the GHG Assessment Boundary as defined by the applicable forecast methodology. The review must also include the reporting parameters for the mitigation project. A site visit shall be used to confirm the GHG Assessment Boundary, examine project equipment, identify any associated SSRs resulting from the project, and assess the implementation and operation of the project activity.

Once all reporting parameters and SSRs have been identified and any issues addressed, the Confirmation Body may proceed to reviewing the project's calculation methodologies and management systems.

### **3.2.4 Review Management Systems**

After the project SSRs have been confirmed, the Confirmation Body shall review the methodologies and management systems used to generate and estimate project data. This is principally a risk assessment exercise in which the Confirmation Body must weigh the relative complexity of the scope of the project's emissions operations and activities, the Project Proponent's methodologies and management systems used to calculate GHG reductions or removals, and the likelihood of calculation error because of uncertainty or misstatement. The Confirmation Body must determine the presence and level of inherent and management type risks and focus its confirmation effort on the highest risk areas. This is an area which requires professional judgment, and it is likely that qualitative material non-conformances with the forecast methodology could be identified.

A Confirmation Body's general review of a project's GHG management systems should document whether methodologies/procedures are appropriate given the inherent uncertainty/risk. The Confirmation Body shall also check that the project is implemented in accordance with the applicable forecast methodology. The Confirmation Body is responsible for ensuring that all calculated data are accurate.

### **3.2.5 Confirm Emission Reduction or Removal Estimates**

Based on a project's SSRs, management systems, and corresponding risk profile, the Confirmation Body must ensure that the calculation estimates of GHG reductions or removals are accurate within the appropriate quantitative materiality threshold. This is achieved by re-

calculating all emission estimates based on project data and forecast methodology quantification methods. All emission or efficiency factors used in the equations must also be checked. Cross-checking calculated emissions reductions and performing data reconciliation in line with the methodologies outlined in the relevant forecast methodology is vital to ensure quantitative material misstatements are identified and resolved.

The Confirmation Body shall also trace activity data compiled by the project proponent back to the original source and perform re-calculations in accordance with a sampling plan that focuses on high-risk data. The Confirmation Body shall review all relevant physical and documentary evidence.

In order for the Confirmation Body to confirm the reductions or removal estimates, the sample of recalculated project calculations must be free of material misstatement. It is possible that the overall GHG reductions or removals calculated by the project proponent will differ from those estimated by the Confirmation Body. A discrepancy is considered material if the difference between the Project Proponent's calculated GHG reductions or removals and the Confirmation Team's estimate surpasses the materiality threshold defined in Section 2.1.3.1. Immaterial discrepancies are those that fall within the materiality threshold and are not required to be corrected.

Note that the Reserve allows for under-reporting as that is considered conservative. Under-reporting errors are not required to be corrected. The quantitative materiality threshold only applies to mistakes that result in over-reporting.

If the reported data is not free of material misstatement, the Confirmation Body shall include this information in the List of Findings and complete the sampling effort of other sources.



## 4 Confirmation Documentation

After the Confirmation Body has completed its confirmation activities, it must take the following steps to document the confirmation process:

1. Complete a detailed Implementation Confirmation Report. This report contains a summary of confirmation activities, including the review of project eligibility criteria, a list of the GHG emissions sources identified within the project boundary, a description of the sampling techniques, and a risk assessment of the processes and reported results. The risk assessment forms the basis of the Confirmation Statement (public document).
2. Complete a detailed List of Findings. This document accompanies the Implementation Confirmation Report and must contain all material and immaterial findings identified during confirmation activities, any recommended corrective actions, and resolutions to material issues (private document).
3. If a reasonable level of assurance is successfully obtained, complete a positive Confirmation Statement detailing the quantity of forecasted GHG emissions reductions or removals (public document, standard form). The Confirmation Statement form is available at: <http://www.climateactionreserve.org/climate-forward/program-and-project-forms/>.

If a mitigation project is deemed ineligible or non-compliant with a methodology to the extent that it cannot be registered, the Confirmation Body shall submit only the negative Confirmation Statement and List of Findings.

### 4.1 List of Findings

The List of Findings is a private document that details all material and immaterial findings identified by the confirmation team throughout the confirmation. These findings shall be distinguished by materiality and whether they were qualitative non-conformances or quantitative misstatements. The List of Findings submitted to the Reserve should provide a summary of all findings and resolutions that arose during the confirmation process.

The List of Findings must include a record of all corrections made by the project proponent to address the identified issues. Each finding shall detail and list the identified issue and refer to the relevant section of the forecast methodology but shall not provide any solutions or potential remedies for resolution. Resolutions constitute consulting advice and thus create a conflict of interest.

### 4.2 Confirmation Report

The Confirmation Report is a transparent, overarching document that is produced by the Confirmation Body for the project proponent and is also made available to the Reserve and the public. The Confirmation Report must contain a detailed summary and scope of confirmation activities undertaken. It is made public to uphold the integrity of the program and to establish the veracity of the FMUs issued. As such, the Confirmation Report must provide positive assertion that the mitigation project met all eligibility requirements, followed all forecast methodology and program requirements, applied the appropriate calculation methodologies, and is free of material errors. In addition, the Confirmation Report must include a discussion of how the perceived areas of risk were incorporated into confirmation activities.

The Reserve expects all Confirmation Reports to make explicit, positive assertions of the conclusions drawn. For example, it is insufficient for a Confirmation Report to simply indicate that no findings were identified. The report must explicitly state that the confirmation body has concluded to a reasonable level of assurance that the project met methodology and programmatic requirements and identify the evidence examined to reach that determination.

#### **4.2.1 Confirmation Report Content**

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

In addition, the standard used to verify GHG emissions reductions or removals must be specified in the Confirmation Report. For all projects, the standard must include, at a minimum, this document, the Climate Forward Program Manual, the applicable forecast methodology, any relevant Policy Memos, the latest relevant Errata & Clarifications, and ISO 14064-3. The quantitative materiality threshold for confirmation must also be included. Confirmation bodies are required to adhere to all rules and guidelines relevant to the forecast methodology under which the project is being confirmed.

##### **4.2.1.1 Eligibility**

The Confirmation Report must include a description of the eligibility criteria and must make an explicit and positive assertion as to whether each eligibility criterion has been met and explain the basis of this determination. The confirmation report should explicitly cite what supporting documentation and evidence has been used to confirm eligibility criteria.

The Confirmation Report must describe the project definition and scenario as well as indicate any review conducted to confirm the project's asserted baseline status, as this impacts eligibility.

The report must indicate how the Confirmation Body's risk assessment was used to inform the project's conformance with eligibility criteria. While some criteria, such as project location, are relatively straightforward, others may require varying levels of review in order to positively confirm. In particular, Confirmation Bodies must indicate whether the risk assessment indicated that reliance on the Attestation of Legal Additionality, Attestation of Regulatory Compliance, and a risk-based regulatory review was sufficient or whether additional work was conducted. A simple narrative of work performed on the project is insufficient; confirmation body conclusions must be explicitly stated, e.g., "Based on the aforementioned review, we conclude that the project satisfies the legal requirement test".

##### **4.2.1.2 Conformance with the Forecast Methodology**

As prescribed by the applicable forecast methodology, all projects must adhere to certain operational, record-keeping, and methodological requirements. The Confirmation Report must explicitly and positively assert whether the project meets these requirements and provide the basis for the determination reached. Again, narratives of project activities must be accompanied by confirmation body conclusions.

In particular, the following areas must be reviewed (if applicable) and the project's conformance or non-conformance explicitly stated in the Confirmation Report:

- Existence of an appropriate project implementation report
- Project resilience measures installed and operating in accordance with forecast methodology requirements
- Equipment installation, operation, and any QA/QC procedures meet forecast methodology requirements
- Calculations and equations applied in accordance with forecast methodology requirements
- All individuals properly trained for the functions performed
- Accuracy of forecasted GHG reductions

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

#### 4.2.1.3 Calculation Review and Sampling

The Confirmation Report must identify the SSRs contained within the project's GHG Assessment Boundary and make an explicit determination as to whether all necessary and appropriate SSRs have been included. The confirmation team must note the recalculation and confirmation of the total number of GHG reductions forecasted and reported to the Reserve. It may utilize appropriate risk-based sampling techniques for underlying source data that factor into the final GHG reduction calculation.

The Confirmation Report must summarize the sampling techniques used, the confirmation plan, and the risk assessment methodologies employed for project calculations. The report must contain a discussion of the risk assessment and the manner in which this assessment informed the project data and calculation sampling techniques. Relevant input parameters must also be disclosed, and the appropriateness of the chosen parameters must be asserted.

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

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

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

#### 4.2.1.4 Findings and Basis of Opinion

The Verification Report should support the Confirmation Statement by summarizing the results of the verification in a general conclusion. A positive Confirmation Report must contain, at a minimum, the following assertions:

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

### 4.3 Confirmation Statement

The Confirmation Statement confirms the confirmation activities and outcomes for all stakeholders: the project proponent, the Confirmation Body, the Reserve, and the public. The Confirmation Statement shall:

1. Describe the level of assurance of the confirmation;
2. Describe the objectives, scope and criteria of the confirmation;
3. Describe whether the data and information supporting the GHG assertion were hypothetical, projected, and/or historical in nature; and
4. Include the Confirmation Body's conclusion on the GHG assertion, including any qualifications or limitations

The Reserve relies on the Confirmation Statement as the basis for issuing FMUs. A positive Confirmation Statement indicates that the mitigation project and its estimates of emission reductions or removals meet the program standards and requirements.

The Confirmation Statement is a standardized, mandatory form that is available on the Reserve website. The Confirmation Statement must be signed by the Team Lead and Senior Internal Reviewer designated in the NOCA/COI form on file with the Reserve. No deviations are allowed.

Confirmation Statements may be positive or negative. Positive statements provide the required reasonable assurance to the Reserve that the amount of FMUs to be issued is materially correct and the mitigation project has been implemented in line with the relevant forecast methodology.

## 5 Administration

### 5.1 Confirmation Oversight and Desktop Audits

Oversight is conducted by the Reserve to provide quality assurance and control on confirmation activities performed by accredited Confirmation Bodies. Oversight consists of a comprehensive examination and evaluation of project confirmation activities to assess Confirmation Body performance, including attending the site visit. It also serves as an opportunity for the Reserve to identify potential improvements to the program's processes and guidance. Oversight is not intended to hold a project or project proponent to a different level of scrutiny or subject it to additional requirements. Oversight is an important element of the Reserve program and provides an extra level of assurance and transparency to bolster the validity of the credits issued.

The Reserve staff member or representative conducting oversight must be provided access to all project documentation and data reviewed by the Confirmation Body as well as participate in certain stages of the confirmation. The Confirmation Body will be notified that it has been selected for oversight upon the approval of the NOCA/COI form. Reserve attendance in the following activities must be accommodated:

- Kick-off meeting between the confirmation team and the project proponent – in-person or conference call
- Project site visit
- Closing meeting between the confirmation team and the project proponent – in-person or conference call

In addition, when conducting full confirmation oversight on a project, the Reserve must review or observe all issues and findings-related discussions between the Confirmation Body and project proponent during the confirmation.

Desktop audits are also conducted by the Reserve and may be initiated under similar circumstances as a full project oversight. Desktop audits are limited to a desktop review and are performed upon the completion of confirmation activities. While oversight covers the entirety of a Confirmation Body's processes and qualifications, a desktop audit consists solely of an investigative review of the project data and documentation, as well as the Confirmation Body's analysis. The Reserve auditor must be granted the same degree of access that would be afforded to staff conducting an oversight, but participation in confirmation milestones will not occur.

The Reserve maintains the right to conduct oversight or audits at any time, and such activities will be conducted by a Reserve staff member, partner or Reserve consultant. The Reserve staff or representative will make every effort to not impede the confirmation process. Proprietary information will be handled confidentially. The Reserve, as well as any partners or consultants, are willing to enter into a Non-Disclosure Agreement (NDA) should the Confirmation Body or project proponent require.

Travel and time costs for Reserve staff conducting oversight are covered by the Reserve.

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

- The overall performance of the Confirmation Body by reviewing its processes and procedures while conducting confirmation activities
- Whether the project activities meet the forecast methodology's requirements
- Whether the GHG reductions or removals claimed can be confirmed to a reasonable level of assurance

The Reserve representative performing oversight or conducting an audit may discuss preliminary observations with the Confirmation Body and project proponent before reporting the findings to the Reserve. Information requests should be addressed promptly. The oversight or audit process shall close with the issuance of a letter detailing the findings and overall evaluation to the Confirmation Body, usually upon conclusion of confirmation activities.

The Reserve will try to clearly coordinate and communicate planned oversight activities to Confirmation Bodies and project proponents, but it reserves the right to adjust confirmation activity dates to accommodate the schedules of all relevant parties.

## 5.2 Rescission of Confirmation Body Approval

If the Reserve finds that a Confirmation Body has failed to meet the Reserve's standards, it may require the Confirmation Body to undertake specified corrective actions. The Reserve may, at its own discretion, issue warnings, temporary suspensions, and notices to correct. The Reserve maintains the right to rescind or suspend its recognition of an individual confirmation team member or Confirmation Body for any period deemed appropriate. The Reserve will make every effort to accommodate the implementation of corrective actions prior to rescinding approval.

Suspensions could occur if the Reserve determines that a Confirmation Body or individual intentionally violated the COI policies, committed willful misconduct, displayed negligence, proved unable to uphold obligations to the Reserve, or was responsible for any other significant non-conformance with Reserve rules, protocols, or procedures.

The Reserve will make public any suspensions of Confirmation Bodies on its website. However, suspensions of individuals will not be publicly noticed.

## 5.3 Dispute Resolution Process

In instances where a Confirmation Body and a project proponent find themselves in disagreement, the two parties should attempt to reach a resolution, relying first on the Confirmation Body's internal dispute resolution process. Either party may contact the Reserve for assistance in resolving issues that require guidance on a forecast methodology, COI determinations, or confirmation findings.

If a resolution cannot be reached in a disagreement related to project activities, the confirmation must be completed prior to the initiation of any dispute resolution process detailed in this section. The Confirmation Body must issue the List of Findings, Confirmation Statement and Confirmation Report to the project proponent. The Reserve staff will conduct an internal review of the confirmation documentation as well as any additional supporting documentation, claims and information related to the disagreement that substantiate the opinions of the Confirmation Body or the assertions of the project proponent. The Reserve will interview both parties and make a final determination in a committee comprised of no less than three staff members, two of which will be manager level or higher. The Reserve's determination will be issued in writing to all relevant parties.

Confirmation Bodies and project proponents also have a right to appeal Reserve determinations, including COI determinations, through the Reserve's formal dispute resolution process. An appeal to a specific determination, including a detailed explanation of the issue and any supporting evidence, must be electronically submitted to the Reserve. The Reserve will then convene a Dispute Resolution Committee to review the appeal.

The Dispute Resolution Committee will consist of an odd number of individuals, including at least one Reserve staff member not directly involved in the case, and one Reserve Board member, all of whom are knowledgeable of Reserve policies and procedures. The committee will be convened either in person or via conference call.

The Dispute Resolution Committee may consult outside experts for assistance, but these experts will not have a vote in the committee's final decision. All information reviewed will be kept confidential and should be uploaded to the Reserve software as restricted, private documents by either the project proponent or the Confirmation Body. Each committee member must declare his or her freedom from any conflict of interest and will have an equal vote. The Dispute Resolution Committee will consider the original finding, the detailed explanation, and any supporting documents. The final determination will be based on a majority vote. The decision will be binding and will be notified to all parties in writing. The Dispute Resolution Committee has the power to suspend a Confirmation Body from conducting confirmation activities under the Reserve Program.

## 5.4 Record Keeping and Retention

The Reserve requires that the following project-related records be retained by the Confirmation Body for a minimum of seven years after completing confirmation activities. It should be noted that some records may be subject to fiscal or other legal requirements that are longer than the Reserve's mandated period.

Confirmation Bodies shall retain electronic copies, as applicable, of:

- The project's monitoring plan
- The project proponent's SSR and/or project activity data as well as evidence cited
- The confirmation plan
- The sampling plan
- The Confirmation Report
- The List of Findings
- The Confirmation Statement

Each Confirmation Body must have an easily accessible record-keeping system, preferably electronic, that provides readily available access to project information. Copies of the original activity and source data records shall be maintained within said record-keeping system. The Reserve may at any time request access to the record-keeping system or any supporting documentation for oversight or auditing purposes.

## Glossary

Accreditation body	Under ISO 14065, this is the authoritative body that assesses a confirmation body's competence to perform GHG confirmation activities.
Climate Reserve Tonne (CRT)	The unit of offset credits used by the Climate Action Reserve. One Climate Reserve Tonne is equal to one metric ton of CO <sub>2</sub> e reduced or sequestered.
Confirmation	The process used to ensure that a given project proponent's projected GHG emissions reductions have met a minimum quality standard and complied with the Reserve's procedures and approved forecast methodologies
Confirmation Body	An organization or company that has been ISO-accredited and approved by the Reserve to perform GHG confirmation activities for specific forecast methodologies.
Conflict of interest (COI)	A situation in which, due to other activities or relationships with other persons or organizations, a person or firm is unable to render an impartial Confirmation Statement of a potential client's GHG reductions or the person or firm's objectivity in performing confirmation activities is otherwise compromised.
Contracted Project Expert	Under ISO 14065, this is a Project Expert who is independently contracted to operate as part of a confirmation team under the supervision of a confirmation body on specific confirmation activities. The contracted project expert is not a full-time employee of said confirmation body, but acts as the confirmation body's agent and representative while under contract. The use of contracted project expert under such agreements does not constitute outsourcing.
Forecast methodology	A document that contains the eligibility rules, GHG assessment boundary, quantification methodologies, monitoring and reporting parameters, confirmation requirements, etc. for a specific mitigation project type.
Forecasted Mitigation Unit (FMU)	The unit of mitigation credits used by the Climate Action Reserve's Climate Forward program. One FMU represents one metric ton of carbon dioxide equivalent (CO <sub>2</sub> e) expected to be reduced or sequestered.
GHG emission reduction (Reduction)	A reduction of GHG emissions to the atmosphere or removal of carbon dioxide from the atmosphere that is used to compensate for an equivalent amount of emissions from another GHG emitting activity occurring elsewhere as the result of a mitigation project. For the purposes of the Reserve program, an FMU becomes a mitigation credit when it is retired.



Inherent uncertainty	Scientific uncertainty associated with measuring GHG emissions due to limitations on monitoring equipment or methodologies.
Joint confirmation	In cases where a project developer has multiple projects operating on a single site, the project developer has the option to hire a single confirmation body to assess the projects concurrently. Does not apply to all project types.
Listed	A mitigation project moves from “new” status to “listed” status once the Reserve has satisfactorily reviewed the project submittal form and any other required documentation. Listed projects appear in the public interface of the Reserve software.
Material misstatement	An error that results in a significant difference between the reported and the true quantity or quality of project information to an extent that will influence performance or decisions.
Mitigation project	A mitigation project is the undertaking or funding of activities that directly reduce or sequester GHG emissions at a location other than the site of a project with anticipated GHG emissions.
Onsite assessment	A two- to three- day assessment at the site of the confirmation body's main office(s) that is conducted by the accreditation body (ANSI). The purpose of the onsite assessment is to confirm whether the operational capability of the confirmation body conforms to ISO 14065, ISO 14064-3, IAF MD 6, and other accreditation requirements, including those for specific GHG programs/registries and/or activities in specific sectors. This assessment provides assurance that the confirmation body has the capacity to perform the activities related to the scopes of accreditation for which it has applied.
Outsourcing	Under ISO 14065, this is the practice of an organization setting a contract arrangement with another organization to provide services tasked to the original organization. The Reserve allows confirmation bodies to outsource confirmation services with the exception of the Lead Verifier and Senior Internal Reviewer roles.
Project	A specific activity or set of activities intended to reduce GHG emissions, increase the storage of carbon, or enhance GHG removals from the atmosphere. Each project and its accompanying project boundary are defined in the relevant Reserve project protocol.
Project Expert	Employee to a confirmation body who is primarily responsible for directing, supervising and the quality of confirmation activities undertaken on behalf of the Reserve. Each Project Expert must be designated as such on the COI Form and the Acknowledgment and Agreement form. Each confirmation body operating within the Climate Forward

---

	program must employ or have under contract a minimum of two Project Experts.
Project proponent	An organization or individual that registers projects for the purpose of generating GHG emission reductions or removals. Under the Climate Forward program, project proponents may be issued FMUs for the confirmed emission reductions/removals estimated to be achieved through project activities. They can also transfer and manage FMUs in the Reserve software.
Project Resilience Measure	A measure required to be implemented by the project to address the risks of project abandonment, underperformance, or failure.
Reporting uncertainty	Errors made in the identification of emission sources and the management and calculation of GHG emissions. This arises due to incomplete understanding of climate science or a lack of ability to measure greenhouse gas emissions.
Registered	A project is “registered” once the project has been confirmed by an approved third-party confirmation body, submitted by the project developer to the Reserve for final approval, and accepted by the Reserve.
Retired	When FMUs are transferred to a retirement account in the Reserve system, they are considered retired. Retirement accounts are permanent and locked, so that a retired FMU cannot be transferred again. FMUs are retired when they have been used to mitigate an equivalent tonne of emissions or have been removed from further transactions on behalf of the environment.
Senior Internal Reviewer (SIR)	The Senior Internal Reviewer must be an active Project Expert who is designated on the NOCA/COI Form, is listed in the Acknowledgement and Agreement form, and has successfully completed Project Expert training. The Senior Internal Reviewer must remain independent of all confirmation activities; perform a final quality assurance review on the project data, the Confirmation Report, and the List of Findings; and sign the Confirmation Statement attesting to the accuracy of reported data.
Submitted	A project has been “submitted” once the submittal form and any other required documentation have been completed and uploaded to the Reserve software.
Tax Identification Number (TIN)	Number used to assess ownership and the corporate structure of any legal entities involved in a given project.
Trader/Broker/Retailer	Organization or individual that transfers and manages FMUs in the Reserve software but does not develop its own projects. The trader/broker/retailer holds legal title and all beneficial ownership rights to the FMUs in its account or, with respect to FMUs that will be retired in a Group Retirement Subaccount, the trader/broker/retailer must be

---

	granted the authority to act on behalf of the holder of the legal title and/or the beneficial ownership rights of the FMUs.
Validation	The process by which an independent validation body assesses a project plan for GHG reductions or removals as well as potential future outcomes. Validation is typically required for projects that do not follow established protocols and occurs prior to project implementation in order to establish the project's methodologies, scope and eligibility to create GHG reductions or removals.
Confirmation Body	An ISO-accredited organization that has been approved by the Reserve to perform GHG confirmation activities for specific project protocols.
Witness assessment	Observation of the confirmation body by the accrediting body in the performance of tasks related to the confirmation process for the scope (or group of sectoral scopes) of accreditation for which the confirmation body has applied. The purpose of the witness assessment is to determine whether confirmation activities are in line with the confirmation body's documented quality procedures and to assess its capability to conform to the applicable sectoral scope(s).