

***The Global Biocredit Standard –
Definitions, Scope and Integrity Requirements
Version 1.0***

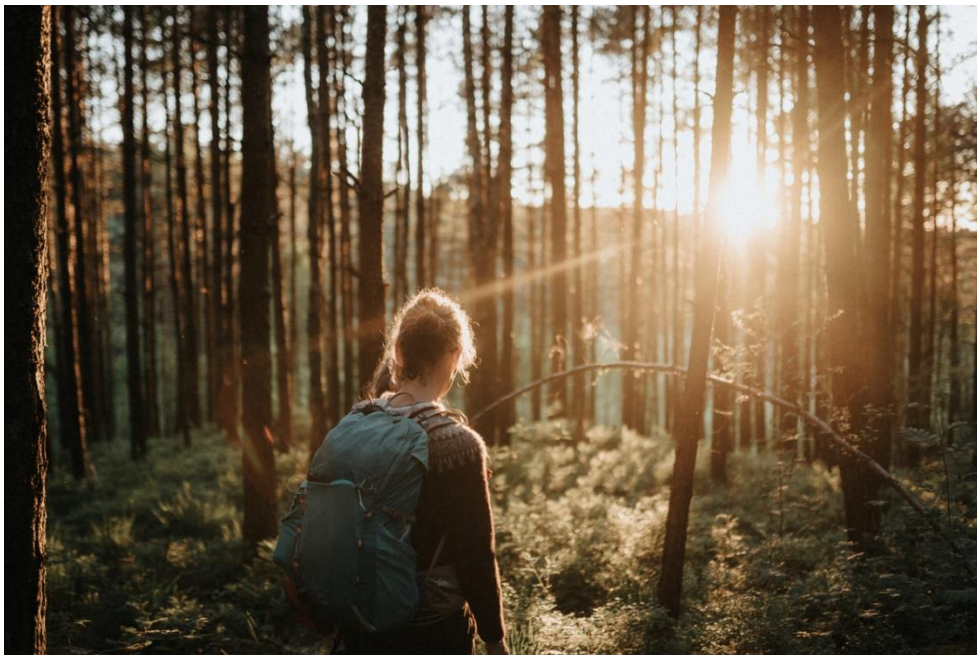


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1. Introduction

1.1 Reading instruction

This standard includes mandatory high-level principles applicable to all projects seeking to issue credits for activities in terrestrial ecosystems in production landscapes with the aim of creating positive biodiversity outcome. The high-level requirements presented in this document are also meant to provide guidance to organizations who seek to propose and develop methodologies with specific requirements for projects with the objective to issue biocredits¹ from Nordic production landscapes.

Methodologies can be developed for biodiversity projects in a range of different terrestrial environments including both forest and non-forest ecosystems. Project design requirements related to biodiversity quantification, monitoring, reporting and verification (MRV), risk-mitigation and stakeholder interactions are all specified at the methodology-level. Mandatory requirements are presented in each chapter of this standard and given a unique numerical reference.

1.2 Scope and Market Actors

The emerging market structure for biocredits consists of several different actors with the main actors represented by the “supply side”, which typically is the landowners of the project area from which credits are being issued, the “demand side” defined by the *biodiversity project financiers* (e.g. corporates, banks, foundations etc) who purchase the credits.

From a standard context perspective, the supply side actor is defined more specifically as the *project proponent* or *project owner* (depending on the status of the project). A landowner, depending on the ownership type (private or incorporated) might not be capable to delineate and describe projects addressing the relevant conservational targets by him/herself. Thus, the project proponent may need to consult a professional *project developer* for support in preparing project documents, plan and execute interventions and monitoring project progress. In the case where a professional *project developer* is assigned by the landowner, a legally binding service agreement must be present. *Third-party validation and verification bodies* (VVBs) are responsible for the compliance assessments

¹ A working definition for biocredits presented by the Biodiversity Credit Alliance (BCA) describes these credits as “verifiable, quantifiable and saleable units of biodiversity restored or preserved over a specified period of time” (Biodiversity Credit Alliance, 2023a). The BCA was formed during the COP 15 in Montreal in 2022 with the goal of providing guidance for establishing a market that is credible, scalable, and can satisfy various stakeholders. Terms other than “biocredits” that refer to the same concept are also used among methodology developers and in various reports, such as “biodiversity credit,” “biodiversity certificate,” “nature credit,” and “nature token” (Zynobia et al., 2023). The Swedish Bioicredit Alliance Standard uses the term “biocredits”.

throughout the projects and successful audits are a prerequisite for the continued issuance of credits over the project period. A *project proponent* that has received a positive validation decision from the responsible VVB shall be referred to as a *project owner* throughout the project period. In addition, various support functions such as data bases and registries over validated projects, eligible project developer and VVB organizations contributes to a robust and transparent market.

A simplified overview of the future market structure is presented in Figure 1 showing actors and functions needed for a credible biocredit market.

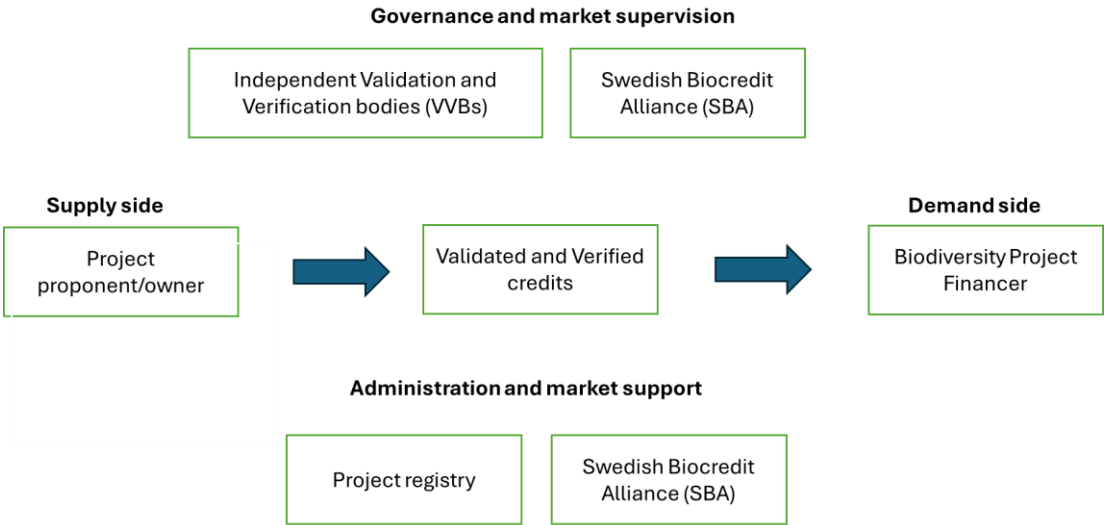


Figure 1. Simplified potential market structure for biodiversity credits, arrows indicating the direction of the biocredit transaction.

1.2.1 The terminology described in standard section 1.2 shall be used in all project documentation.

1.3 Mission and Governance

There is global growing awareness on the importance of tackling the current global biodiversity crisis. Halting and reversing negative trends can help secure resilient and stable ecosystems, as well as deliver sustainably generated ecosystem services. However, in most contexts there is an obvious and substantial lack of government funding for biodiversity protection (Deutz et al 2020). This together with an increased interest in biodiversity as a prioritized sustainability issue among private corporates and financial institutions, has recently stimulated the development of new models for biodiversity finance.

The rationale behind the biocredit approach is that it provides the market with a new and powerful mechanism for channeling private funding into biodiversity conservation and

enhancement projects without replacing existing governmental budgets for biodiversity conservation/restoration. At the same time, third-party verified biocredits provide corporates and investors a trustworthy and credible instrument to demonstrate efforts to achieve ambitious targets for biodiversity including nature-positive commitments .

The ultimate objective for all project is to deliver a positive biodiversity outcome compared to the non-project scenario. Since target species in projects, e.g. species of conservation concern, sometimes respond slowly to project interventions, the habitat conditions (abiotic/biotic) created by a specific management intervention will be considered as a positive biodiversity outcome. The management interventions and the targets ecosystem created shall have a demonstrated strong correlation with high biodiversity or potential for uplift. There is a strong need for common governance principles ensuring a high credibility for the biocredit approach. In this standard, a voluntary biocredit is not recommended to be used as an offsetting tool for compensating direct damage to nature done by a corporate business.

The standard is maintained and revised by Swedish Biocredit Alliance (SBA), a multi-stakeholder initiative that functions as standard administrator as well as project registrar. Besides complying with the generic requirements of this standard, projects aiming for issuance of biocredit shall implement the requirements of an SBA-verified methodology, in which detailed requirements for projects design and performance are specified, to be eligible for project validation.

New methodologies must undergo and be positively assessed by a technical committee through *SBA's Independent Peer-Review Process* to attain the status of "SBA-verified" and hence possible to be used in a biocredit project. The content of this standard document builds on the framework and definitions developed within BCA (Biodiversity Credit Alliance) and future definitions produced within the BCA will be considered when the standard is revised.

1.4 Project overview

A project proponent wishing to enter the biocredit market first need to apply for project validation through SBAs application process. In the application the project proponent shall briefly explain the project idea, the selected methodology and proposed positive biodiversity outcome. SBA then performs an initial administrative screening of each project application, making sure there are no required information missing and that the project idea is in line with SBAs framework. At this early stage, the complete project document as well as baseline inventories do not need to be finalized.

All issues encountered by SBA must be handled by the project proponent before an application can be accepted. If no conflicts are identified the proposed project application will be considered accepted and the project proponent will be notified as a *proponent* in the project registry. After acceptance, SBA will update its project register with basic information about the project according to the information in the application.

Interested conservation financiers (buyers) can at this stage freely approach the projects proponent based on the project's idea note in the registry to discuss scope and design issues as wells as preferred finance set-up for a potential project. The potential buyer and seller can at this stage enter an agreement regarding finance set-up or alternatively, the conservation financier can request the project proponent to prepare the finalized documentation for review before any agreements can be reached.

To be able to commence a credit project needs to be validated by an independent third-party validation and verification body. The project proponent can freely seek contact with any of the third-party auditors recommended by SBA and initiate the necessary preparations for the validation audit.

The subsequent flow of the project and the specific timing of actions and monitoring is detailed in the project plan and guided by the mandatory requirements in the applicable methodology, the collective documentation guiding the project, and which includes both interventions needed to reach quantified targets and necessary monitoring to evaluate progress.

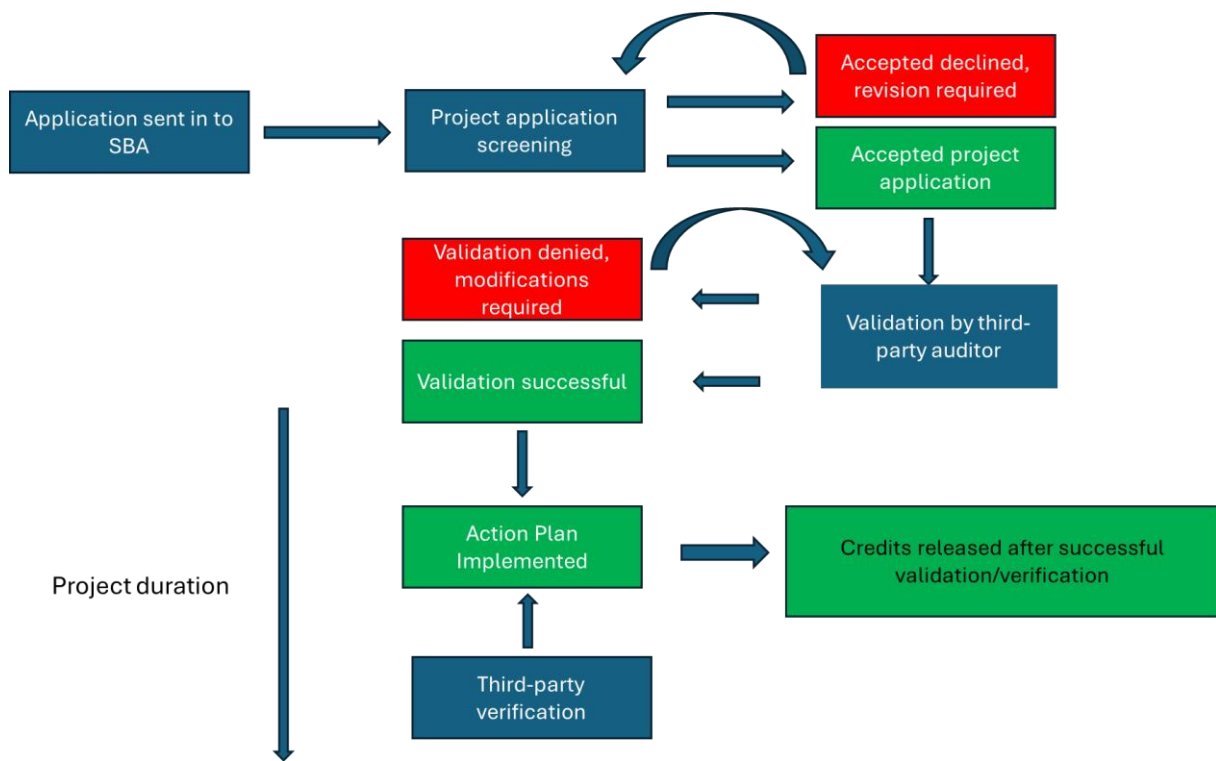


Figure 2. The general pattern of project flow in a biocredit project.

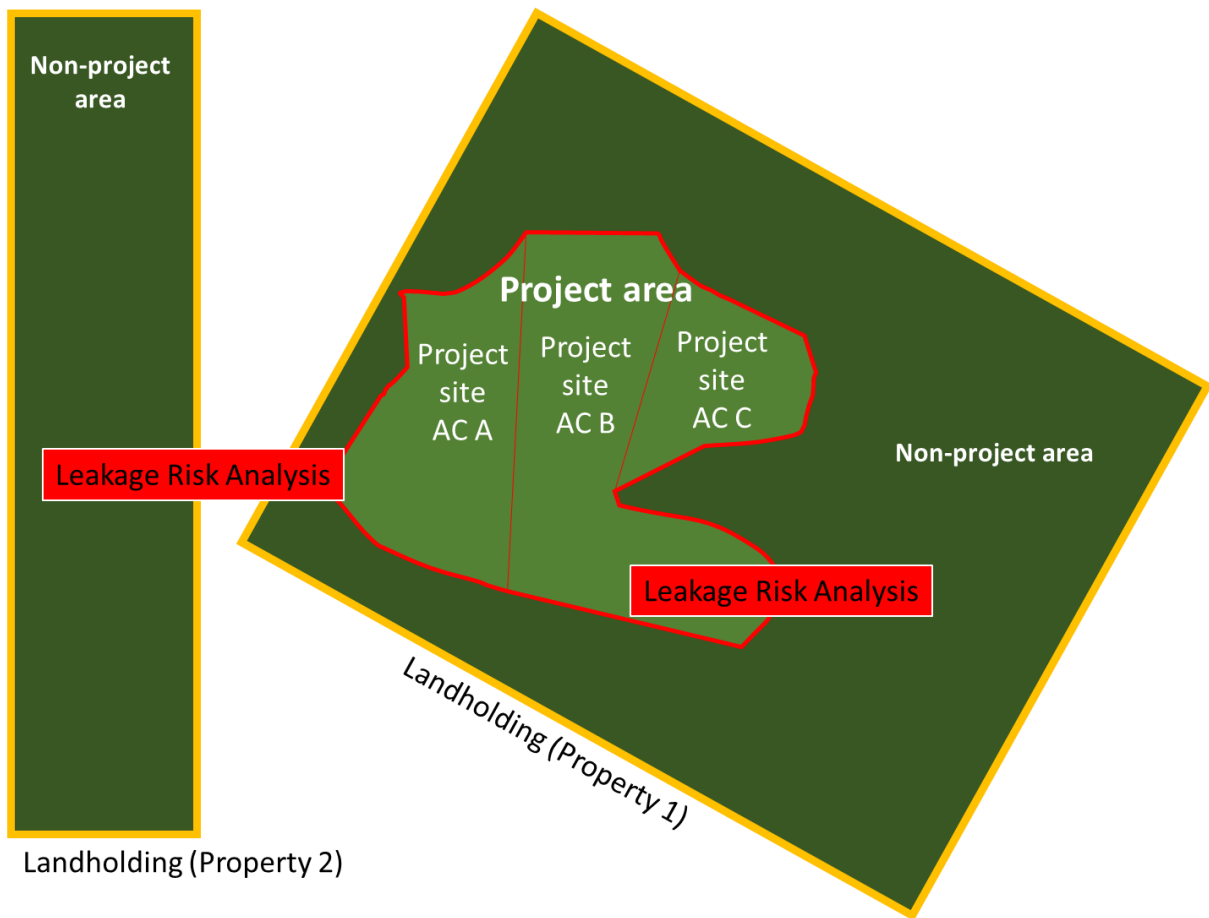


Figure 3.

Landholding: property or properties with joint ownership structure. Project area: the total area (in ha) intended for credit issuance and where a positive biodiversity outcome is to be demonstrated. Project site: a defined subarea within the Project area to which specific biodiversity targets are to be stated and fulfilled, non-project area: area outside the Project area but within the Landholding. Leakage risk analysis: a documented risk analysis performed by the project proponent in order to secure non leakage between Project area and non-project area within the Landholding.

2. Definitions and glossary

2.1 The below stated definitions shall be used in the formal documentation of the credit agreement.

Baseline inventory

The baseline inventory is the initial data collection activity carried out prior to *validation audit* by the project proponent. Specific information and requirements for the data collection procedure, choice of biodiversity indicators and targets are specified at the Methodology-level.

Biocredit

A biodiversity credit is a certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred.

Biodiversity Project Financer

The demand side actor that purchases credits and who has entered into an agreement with the project proponent/owner for the project period.

Credit payment pause

A pause in the payment of the released credit invoked by the biodiversity project financer due to a rejected *mitigation and adjustment plan* developed by the project owner after a natural disturbance event or due to substantiated concerns regarding the ability of the project owner to deliver on agreed project.

Credit release pause

A pause in the continuous release of credits by the project owner due to a confirmed lack of fulfillment of project deliverables (i.e. site targets and interventions in action plan) or inadequate handling of raised non-conformances by the project owner during verification audits.

Diversifying Management practices

Management regimes including various measures with the objective to decrease intensity and/or increase structural heterogeneity of habitats with the purpose of maintaining or restoring biodiversity values on production lands.

Indigenous People (IP)

Indigenous peoples are the holders of unique languages, knowledge systems and beliefs and possess invaluable knowledge of practices for the sustainable management of natural resources. They have a special relation to and use of their traditional land. Their ancestral land has a fundamental importance for their collective physical and cultural survival as peoples. Indigenous peoples hold their own diverse concepts of development, based on their traditional values, visions, needs and priorities (UN Permanent Forum on Indigenous Issues). Specific requirements related to the interaction between projects and IPs are described in each Methodology.

Leakage risk analysis

A documented risk analysis performed by the project proponent included in the project documentation sent for validation. The analysis shall identify relevant risk factors related to leakage, describe their potential impact in the project area and the respective controls implemented by the project proponent to mitigate the leakage risk.

Local Communities (LC)

Local communities" refers to non-indigenous communities with historical linkages to places and livelihoods characterized by long- term relationships with the natural environment, often over generations. Specific requirements related to the interaction between projects and LCs are described in each Methodology.

Maintenance Measures

A term describing necessary biodiversity management actions with the aim to maintain current high biodiversity values in a project site designated for preservation. In forest ecosystems, maintenance might include e.g. removal of unwanted competing tree species or release cuttings of single trees with associated shade-intolerant biodiversity values.

Mitigation and Adjustment plan (MAP)

A formal document developed by the project owner in cases of unforeseen external events severely reducing the potential to deliver on agreed project targets or in case of additionality loss. A MAP shall be produced and approved after a natural disturbance event extensive enough to affect the possibility of the project to reach agreed site targets. The MAP shall be verified by the responsible validation and verification body (VVB) and reported to and approved by the buyer in the crediting agreement.

Non- intervention conservation regime

A passive conservation regime of “free development” where no specific intervention is planned during the project period.

Positive biodiversity outcome

A measured improvement in one or several quantifiable biodiversity metrics used in the project. The outcome can be either action-based, based on changes in amount/quality of critical habitat elements and/or changes in species/community metrics. The positive outcome can be caused by three main mechanisms: uplift, maintenance or avoided loss (Biodiversity Credit Alliance 2024).

Project area

The total area (in ha) intended for credit issuance and where a positive biodiversity outcome is to be demonstrated using any of the valid project activity classes (*preservation, restoration or diversifying management practices*) during the project period.

Project owner

The entity/person responsible for implementing the project plan. After a successful validation audit the project proponent will be referred to as project owner. The project owner can be the landowner of the project area or a representative of the landowner. In the latter scenario, the division of responsibilities must be clearly regulated through a legally valid contract.

Project plan

The complete documentation required by the third-party validation including the projects action and monitoring plan, baseline inventory data, credit valuation sheet and additional documentation needed for the validation.

Project proponent

The entity/person proposing the project for credit validation and who is responsible for the fulfillment of project requirement until being successfully validated by third-party VVB.

Project proposal

A documented description of the project idea sent into SBA for initial screening prior to publication in the project registry as a project proponent.

Project site

A defined subarea within the project area to which specific biodiversity targets are to be stated and fulfilled.

Preservation measures

Preservation measures involve passive as well as active biodiversity management (*maintenance management*) depending on the type and condition of the project areas identified habitats.

Restoration

Restoration actions aim to restore or recreate desired ecosystem states associated with high biodiversity values. Management actions and quantitative ecological targets shall be completely devoted to restoring favorable habitat conditions.

Theory of change

A documented evidence-based causal link between an intervention and/or improvement in a physical habitat condition and the desired response in actual biodiversity (species richness, presence, and abundance of threatened species etc.). A documented theory of change is a mandatory requirement for all project sites where the positive biodiversity outcome is based on actions or improved habitat conditions (i.e. surrogates for biodiversity).

Validation audit

The initial assessment by a third-party validation and verification body of a submitted project proposal. The audit includes document reviews of required project documents and field-visits of project sites. A successful validation audit leads to project approval and subsequent issuance of initial biocredits.

Verification audit

Ongoing assessment by third-party validation and verification body of the project progress according to targets expressed in the project plan. Successful verification leads to the sustained issuance of credits.

Validation and Verification Bodies (VVBs)

A third-party audit organization, accredited by SBA, performing compliance checks (Validation and/or Verification audits) during the project period to ensure conformance with the requirements of this standard and the selected methodology. In this standard the term “responsible VVB” means the VVB that the project proponent has contracted for validation/verification service.

3. Project eligibility criteria

3.1 Additionality

Additionality means a requirement that credits can only be assigned to positive biodiversity outcomes that are attributable to the project intervention which would not have otherwise happened i.e. in the absence of a biocredit project. Financial additionality in the strictest sense can be challenging to objectively demonstrate, although it is assumed to occur in most projects to varying degree. There is no generic requirement in this standard project does not however need to explicitly prove to be financially additional.

Additionality shall be demonstrated and motivated for all sites included in the delineated project area.

Specific guidance for how to define additionality shall be elaborated at the Methodology-level. This shall include specific criteria or indicators used to evaluate additionality in the project area. In appendix, a list with examples on how additionality can be demonstrated depending on the mechanism of positive biodiversity outcome that dominates in the project.

Intentional manipulation of data to create favorable crediting potential is strictly prohibited and any such indications will lead to immediate dissociation with SBA.

- 3.1.1 Projects seeking to issue biodiversity credits must include interventions that are additional compared to a non-project scenario
- 3.1.2 A written motivation of additionality shall be documented for all included sites on project level and will be subject to assessment during the initial validation audit.

3.2 Project duration and Permanence

- 3.2.1 Project owners should commit to the proposed management regime (documented in the project plan) for the duration of the project period.
- 3.2.2 Projects shall last for a minimum of 20 years after successful validation.
- 3.2.3 A written agreement exists between the project proponent/owner and biodiversity project financier of credits.

3.3 *Project activity classes*

Projects with the intention to demonstrate a positive biodiversity outcome for biodiversity in terrestrial ecosystems (e.g. forest, grassland, productive wetlands) in accordance with the additionality requirements presented in this standard are considered valid. This includes efforts to preserve or restore high biodiversity values, as well as projects intending to transition land use from intensive to lowered and/or diversified management, where such changes are likely to yield substantial ecological benefits.

- 3.3.1 All project sites shall be classified into either one of the three valid project activity class A (Preservation), B (Restoration) or C (Diversifying Management Practices)

3.4 *Responsibilities for land management*

- 3.4.1 The project proponent/owner shall uphold a description of the existing land management regime on each project site included in the project. This documentation can be validated through the existing management plan or similar documentation.

3.5 *Stakeholder engagement*

- 3.5.1 Wherever indigenous people and local communities (IPLCs) are affected by the proposed biodiversity actions, a consultation using a culturally appropriate method must occur to ensure that the interests of affected IPLCs are secured.

- 3.5.2 The consultation shall be performed with affected stakeholders ensuring that their critical needs are considered in the design phase of the project. The consultation outcome shall be documented.

3.6 Uncontested ownership

- 3.6.1 A clearly documented ownership structure shall be demonstrated for all landholdings where biocredits are to be issued. All current tenure rights that might affect the potential for a successful project outcome must be clearly described in the project plan.

3.7 Validation and Verification

- 3.7.1 Project proponents/owners shall accept the right of third-party validation and verification bodies to access project area to validate initial conditions and verify project progress. The project proponent/owner shall support the auditor with all requested information to facilitate the validation/verification.

4. Project activity classes

Biocredits can be generated from different types of activities with the aim of creating additional positive biodiversity outcome compared with a non-project scenario. All sites included in a proposed project area are to be classified into at least one of the below described three classes (A-C). The classification of each proposed site is based on the current conservation status of the sites and the specific ecological conditions as determined through a baseline inventory.

4.1 Preservation (A)

This activity class involves protection of habitats with already developed nature values including areas with *non-intervention conservation regime* as well as areas in need of *maintenance measures*.

- 4.1.1 Formally protected areas are not eligible to be included in biocredit projects under activity class A.

- 4.1.2 No production-oriented management regime is allowed in project activity class A areas.

4.2 *Habitat Restoration (B)*

The objective with this activity class is to transform production-oriented habitats with moderate present biodiversity values into habitats with developed biodiversity values. Eligible intervention types for habitat restoration and approach to defining suitable restoration objectives are described in each applicable methodology.

- 4.2.1 Formally protected areas are not eligible to be included in biocredit projects.
- 4.2.2 No production-oriented management regime is allowed in project activity class B areas

4.3 *Diversifying Management Practices (C)*

Projects in activity class C shall be characterized by management with intensity-reduction and/or structural diversification as a main goal and with a higher ambition for biodiversity compared with standard management practices that would have occurred in the absence of the project.

In forest examples could be shifting from clear-cut forestry to continuous-cover forestry with retention or to management regimes with the explicit aim of increasing structural heterogeneity of previously simplified forests, including multi-tree species forest management and varied stem density management.

The specific approach to defining the non-project scenario rests with the applicable methodology.

- 4.3.1 For a project in activity class C to be eligible for issuance of biocredits, the proposed management alternative must demonstrate obvious and non-mandatory elements of enrichment or intensity-reduction and hence clearly deviate from the non-project scenario.

5. *Biodiversity Quantification and Project Baseline*

All projects aiming for biocredit issuance using an SBA-verified Methodology, in line with these standard requirements, needs to quantify the projects positive *biodiversity outcome*. The positive biodiversity outcome can be defined as either a management activity, a

quantitative change in critical habitat conditions directly linked to a management activity or more directly to an increased abundance among target species and/or through changes in richness/diversity metrics for selected species groups.

The detailed requirement for quantification of biodiversity and the demonstration of positive biodiversity outcome are described at the Methodology-level. This includes the eligible data sources (e.g. traditional field survey data, remote sensing, bioacoustics e-DNA etc.), the data collection procedure (e.g. fixed vs randomized plot design) and the number and nature of the biodiversity indicators used to track progress in a project.

In most restoration projects, a positive biodiversity outcome can be demonstrated by measuring carefully selected biodiversity indicators at project start and subsequently throughout the project's lifetime. Such measurements shall be related to defined target levels set for each indicator and used in the project site to determine restoration success. The actual values used to define the target condition for the chosen indicators of interest must be evidence based (i.e. using ecological thresholds values for critical habitat elements).

The scope and extent of the biodiversity enhancing actions chosen in the project shall be additional to what would otherwise have happened in the project area. Demonstrating a successful performance, i.e. according to the planned management instruction, of an additional intervention is hence to be considered an example of a positive biodiversity outcome.

In preservation project the positive biodiversity outcome can be created by either an intervention defined as additional, with the objective of maintaining already developed biodiversity values, or by an active decision not to manage an area for production, which in the non-project scenario would have been the rational economic decision, and instead devote the complete area to biodiversity preservation (with or without active maintenance). The outcome shall hence be related to the non-project management alternative and its anticipated loss of biodiversity. The management alternative that the project alternative is contrasted against must be demonstrated to be more rational in financial terms and from a production point of view and be part of the validation assessment by third-party VVB.

For projects where diversifying management is chosen as the project activity, explicit requirements for how the positive biodiversity outcome is to be defined must be explained in the chosen methodology. Both a project and an alternative (non-project) management regime and their associated anticipated effect on biodiversity must be described and validated by third part VVB. Such projects will rely on avoided loss, uplift (or a combination) as the main source of positive biodiversity outcome through clearly defined and additional modifications compared with the alternative (non-project) management alternative. The baseline would in such projects hence refer to the outcome of the alternative, non-project, management regime and the positive biodiversity outcome refers to the demonstrated modification of management with its biodiversity maintaining or enhancing effects.

Using management interventions per se or changes in the amount/quality of critical habitat features to verify positive biodiversity outcome requires an evidence-based *theory of change* to be presented by the project proponent. In projects where preservation takes place

instead of a production-oriented management activity the baseline scenario would be defined by and include the anticipated biodiversity losses caused by the management operation. As a default, baseline scenarios are defined prior to the onset of the projects and will not be subject to dynamic changes over time.

6. Third-party Validation and Verification

Third-party validation/ verification is a critical feature of this standard, providing quality and integrity assurance to demand side market actors investing in biocredits. Verification of project progress toward defined targets is needed to sustain a continued release of credits to the market. In the absence of verified progress, the credit release schedule will be adjusted in so that no credit will be available for sales from the specific sites where progress according to project plan cannot be confirmed.

The validation and verification bodies (VVBs) must ensure that appropriate qualification requirements exist and is implemented for auditors seeking to perform validation and verification assignments. Detailed requirements for validation and verification bodies (VVBs) conducting third-party audits are laid out in a separate standard document for Validation and Verification audits.

6.1 Validation audit

- 6.1.1 All proposed projects shall pass the initial validation audit to be able to issue credits.
- 6.1.2 A third-party validation of all proposed project area shall be performed by an approved third-party verifying body at the initiation stage of the project.
- 6.1.3 The validation audit includes assessing the following aspects:
 - Fulfillment of eligibility criteria of the chosen Methodology
 - Categorization of site into either one of the valid activity classes A-C
 - Project documentation is completed and includes a project plan (including a monitoring plan) and site-specific targets and management activities.
 - Additionality motives for each included site in the project area
 - Biodiversity quantification method and calculated output (based on requirements in the selected Methodology)
 - Baseline inventory results (based on requirements in the selected Methodology)

- Stakeholder engagement (based on requirements in the selected Methodology)

6.2 Verification audit

The purpose with the verification audit is to assess the progress over time. The verification audit will include a desk-based audit of the documented activities since last audit and verification of data collected during the progress inventories through a sample-based field audit.

6.2.1 At least every five years, a third-party verification audit shall be performed to establish the conformance of the project in relation to the project plan.

6.2.2 The verification audit shall assess conformance in the following areas:

- completeness and clarity in project documentation
- continued validity of all applicable eligibility criteria
- progress in terms of performed management activities in restoration areas and protection areas with maintenance needs.
- progress in reaching decided biodiversity targets of the included sites.
- accurateness of progress inventories performed by the project developer through a sample field assessment.
- any changed in the project plan (incl. monitoring plan) and the motives for such changes

6.2.3 A verification audit can be waived in case no activities have been performed since the last audit if sufficient proof can be presented by the project proponent.

7. Stakeholder engagement

7.1 Stakeholder identification and consultation

For large projects, defined in the selected Methodology, or projects where interventions might affect the needs of IPLCs, proponents shall seek active consultation with the affected stakeholder to ensure that relevant information can be obtained. It is the responsibility of the project proponent to identify the relevant stakeholders for each project.

8. Credit release schedule

After a successful validation audit by third-party VVB, the first batch with credits can be issued and sold to the biodiversity project financier. Subsequently, throughout the projects, credits are released according to a specific release schedule specified in the selected methodology, e.g. on an annual basis or in relation to successful verification audits (with the maximum intervals of 5 years) on the assumption that all decided actions in the project plan are performed.

9. Risk Mitigation

In the event of an unforeseen natural disturbance (fire, insect outbreak, windthrow etc.) or disturbances beyond the control of the project owner and biodiversity project financier of the biocredit project shall together decide on whether to omit the area from the project or to continue with adjusted site targets.

In the case of a disturbance event occurring beyond the control of the project owner which affects the project site to such an extent that the conservation targets of the site might not be possible to reach, a separate *Mitigation and Adjustment plan* (MAP) shall be produced by the project owner and sent for verification by the responsible VVB. The mitigation plan shall contain a description of what mitigation that is recommended to be able to reach the site conservation targets. The mitigation plan shall, if the original site targets are not at all possible to accomplish anymore, include adjusted site targets and/or include compensatory areas. When the *MAP* has been verified and accepted (together with the needed adjustments in the project plan) by the responsible VVB the project owner shall propose the updated project design to the biodiversity project financier.

The biodiversity project financier can then a) accept the verified mitigation plan and the adjusted project plan (including site targets) or b) to reject the *MAP* and to invoke a *credit payment pause*. The division of responsibilities (including potential new cost) for actions required by the *MAP* is to be specified in the main contract between the project owner and the biodiversity project financier.

9.1 A documented mitigation and adjustment plan (MAP) shall be developed in case of an unforeseen detrimental event such as for example a natural disturbance that severely affects the possibility to reach the defined site targets. The plan shall include the following information:

- an explicit and detailed description of the event motivating the MAP
- a description of the negative effect from the disturbance event on the project site(s) biodiversity values
- a motivation for why agreed site targets will not be possible to reach with the existing action plan of the project

- suggested mitigating interventions including adjusted site targets or complementary areas

9.2 The mitigation plan shall be sent by the project owner to the responsible VVB

9.3 The conservation financier in a credit agreement has the right to reject the mitigation plan and invoke a credit payment pause

10. Leakage risk analysis and management

Leakage occurs when a positive biodiversity outcome in the project area is counteracted by actions with a negative impact on biodiversity in the non-project area because of the project activity. This could arise when a potentially harmful activity, excluded from the project area, is displaced to another area outside the boundaries of the project area. More specifically, leakage is here defined as something occurring on the same landholding as the project activities but outside the delineated project area.

The project proponent must perform a *leakage risk analysis* which includes identification of potential risk factors for leakage in the project and the respective controls put in place to mitigate those risks throughout the project period.

Examples of valid control approaches could include specific inventories of field conditions which, based on of the risks identified in the leakage risk analysis, in the non-project area. Such added controls can be done using remote sensing or traditional field inventories.

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Appendix 1. Examples of how to demonstrate additionality

Below is a non-exhaustive list of options that may work for determining additionality based on different activity types within projects seeking to issue biodiversity credits in accordance with the Biodiversity Credit Alliance's definition of a biodiversity credit². In many cases, additionality must be determined based on more than one of the options below. For example, evidence of financial additionality side by side with designation of a site.

Up-lift

Additionality under uplift can be assessed based on:

- Ecological restoration, habitat enhancement, exotic/invasive species removal or species management that would not have otherwise occurred without the project.

Avoided loss

Additionality under avoided loss could be assessed based on a combination of the following:

- A reference scenario based on the project site and its surroundings that clearly demonstrates what biodiversity loss at the project site is most likely to happen in the absence of the project.
- Short term threats at the project site being imminent and unquestionable, and justifying conservation actions.
- Effective recognition and protection of indigenous rights and customary uses aligned to conservation objectives.
- Evidence of financial additionality whereby new finance is not simply displacing previous public or private finance.
- Improved governance and management effectiveness of the project site including the creation of endowments for ensuring durability.

Maintenance

Additionality under maintenance could be based on:

- A reference scenario based on the project site and its surroundings that clearly demonstrates what biodiversity loss at the project site is most likely to happen in the absence of the project.
- Medium term threats at the project site being unquestionable and justifying conservation actions.

² Biodiversity Credit Alliance, 2024. Definition of a Biodiversity Credit. Issue Paper No. 3.

- Designation of the project site for conservation, for example, through the incorporation of the project site into the national protected conserved area system or through land use restrictions.
- Effective recognition and protection of indigenous rights and customary uses aligned to conservation objectives.
- Improved governance and management effectiveness of the project site including the creation of endowments for ensuring durability.