Natural Forest Standard
Credit Issuance Process

Version 1.1
February 2024

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1. Introduction

This document outlines the process for Natural Capital Credit (NCC) issuance under the Natural Forest Standard (NFS).

2. Natural Capital Credit Issuance

The Natural Forest Standard only issues ex-post Natural Capital Credits. The project shall be validated and verified prior to credit issuance. Natural Capital Credits (NCCs) shall only be issued by the NFS to active projects subsequent to the successful completion of the initial verification process, or following the successful completion of periodic verification for previously verified projects. The assertion of carbon benefits shall be independently verified to a reasonable level of assurance, according to ISO 14064-3 prior to credit issuance.

Upon completion of the verification process, and prior to credit issuance, the ECO NFS secretariat shall review the final verification report and statement of opinion to ensure that the verification was completed in accordance with the NFS requirements.

Upon formal acceptance of the report by the ECO NFS secretariat, the number of Natural Capital Credits corresponding to the verified carbon assertions shall be issued to the Project Developer's NFS Registry account within 30 days of completion of verification.

2.1. Publicly Available Documentation

Credit issuance is dependent on the following documentation being provided for publication, submitted for the time frame corresponding to the quantification period(s):

- Verification Report & Statement
- Project Implementation Report
- Carbon Calculations

2.2. Prorating Credit Issuance

Prorating credit issuance for verification periods that span more than one calendar year may occur where a verification period spans more than one calendar year. The Project Developer may have the corresponding issuance of Natural Capital Credits (NCCs) prorated, allocated and assigned with the distinct vintage attributes.

In this event, two issuance records would be entered on the NFS Registry, clearly recording and identifying the vintages for each calendar year within the verification period.

Prorating for assigning a calendar year vintage to a spanned project period:

$$xdays \ / \ 365 = \% \ of \ credit \ issuance \ allocated \ to \ a \ calendar \ year - specified \ vintage$$

Where:

$$xdays = number \ of \ days \ within \ a \ verification \ period \ that \ fall \ within \ a \ single \ calendar \ year$$

This formula would be proportionately applied for each calendar year for which the project period spans.

Example of NCC issuance with separate vintage attributes

Where the verification period is 1ˢᵗ August 2015 to 31ˢᵗ July 2016, the Project Developer would have one NFS issuance for the prorated 2015 NCCs and a separate issuance for the prorated 2016 NCCs. The NCCs assigned to each vintage shall be based on the verified carbon assertions presented in the corresponding project verification report.

In this example, the two vintages would be identified as 1ˢᵗ August 2015 to 31ˢᵗ December 2015 and 21ˢᵗ January 2016 to 31ˢᵗ July 2016.

The formula for the above example would be applied as follows:

$$153 \; / \; 365 \; = \; 41.9\% \; \textit{of project period credit issuance to be allocated to the vintage} \; 2015$$

$$212 \; / \; 365 \; = \; 58.1\% \; \textit{of project period credit issuance to be allocated to the vintage} \; 2016$$

3. Effective Date

This document shall be effective from 20ᵗʰ February 2024.

4. Document Revision

ECO NFS may update this document from time to time if deemed necessary, including input from stakeholders as appropriate.

Appendix 1: Document History

Version	Date	Comment
1.1	February 2024	Credit Issuance Process required for verification periods that span more than one calendar year resulting in prorated credit issuance