



The Prolific Fund | Project Life Cycle & Implementation

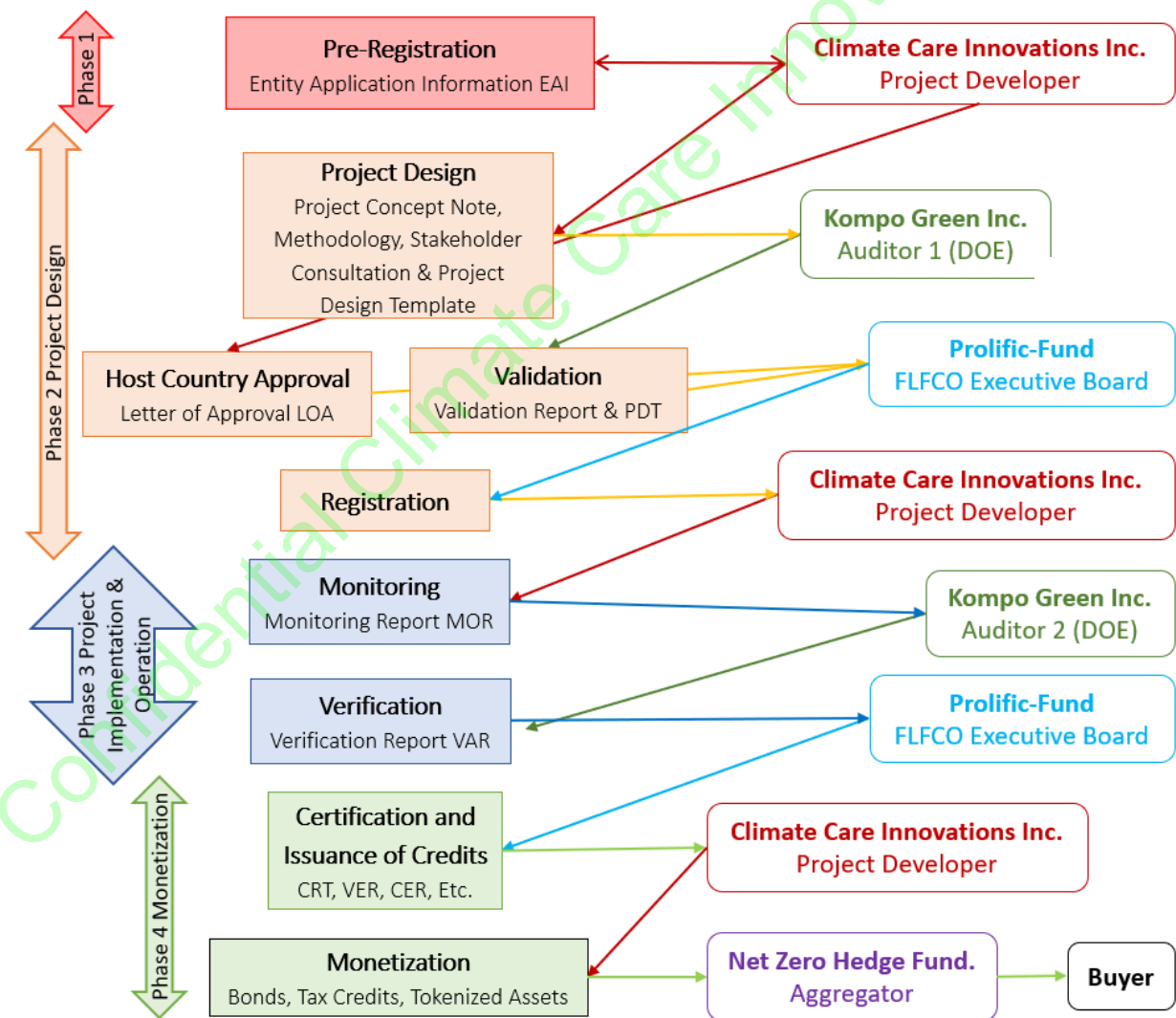
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Project Cover Letter

The project cover information should be filled in as the project progresses through the lifecycle checklist. Check the leftmost box as the project progresses throughout its lifecycle. Delete this text once the AUCs are issued.

- Project Name:
- Project ID:
- Project Location:
- Project Owner:
- Project Participants:
- Project Sector(s):

Project Phase Chart





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PLC Checklist

*If a step is deemed unnecessary, write N/A under the check box

| Process | | Description |
|--|--------------------------|--|
| Phase 1: Registration (Actions during this phase to be carried out by the Administrative Team) | | |
| 1A | <input type="checkbox"/> | Partnership Pledge & Memorandum To be reviewed and signed by all who wish to engage with the registry in any capacity. |
| 1B | <input type="checkbox"/> | Entity Application Information The information on this application will be reviewed a verified to insure the the entity is in existence, does not have any judicial proceedings and the ownership. |
| 1C | <input type="checkbox"/> | Entity Assessment Report Once the entity has been verified an assessment report should be sent to the contact person indicated in the entity application. During this assessment is where any corrective actions, additional documentation, approval, denial and next steps will be listed. |
| 1D | <input type="checkbox"/> | Due Diligence: Business Assessment Corrective Action documents the Administrative Team may request. |
| 1E | <input type="checkbox"/> | Due Diligence: Financial Assessment Corrective Action documents the Administrative Team may request. |
| 1F | <input type="checkbox"/> | Fee Schedule The fee schedule should be sent along with an Entity Assessment Report if indicating approval for registration |
| Phase 2: Project Design (Actions during this phase to be carried out by the Administrative Team and Project Developers) | | |
| 2A | <input type="checkbox"/> | Project Concept Design To be reviewed by submitted and reviewed by the project developer and then submitted. |
| 2B | <input type="checkbox"/> | Corrective Action |
| 2C | <input type="checkbox"/> | Designated Roles |
| 2D | <input type="checkbox"/> | Executive Board Review |
| 2E | <input type="checkbox"/> | Corrective Action |
| 2F | <input type="checkbox"/> | Project Design |
| 2G | <input type="checkbox"/> | Executive Board Review |
| 2H | <input type="checkbox"/> | Corrective Action |
| 2I | <input type="checkbox"/> | Host Country Approval Letter |
| 2J | <input type="checkbox"/> | Stakeholder Engagement |
| 2K | <input type="checkbox"/> | Corrective Action |
| 2L | <input type="checkbox"/> | Validation Report |
| 2M | <input type="checkbox"/> | Environmental Assessment Report |
| 2N | <input type="checkbox"/> | Registration/Project ID |
| Phase 3: Project Development & Implementation | | |
| 3A | <input type="checkbox"/> | Collaboration Agreement |



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| | | | |
|------------------------------|--------------------------|--|---|
| 3B | <input type="checkbox"/> | Declaration of Agency Agreement | |
| 3C | <input type="checkbox"/> | Host Country (LOA) | |
| 3D | <input type="checkbox"/> | Confidentiality Agreement | |
| 3E | <input type="checkbox"/> | Non-compete / Mutual NDA | |
| 3F | <input type="checkbox"/> | Monitoring Plan | |
| 3G | <input type="checkbox"/> | Socioeconomic Impact Plan | The additionality of a carbon project must include community engagement and the betterment of manind |
| 3H | <input type="checkbox"/> | Executive Board Review | Review Plan, review quantification, |
| 3I | <input type="checkbox"/> | Corrective Action | *If necessary – repeat EB Review after corrections |
| 3J | <input type="checkbox"/> | Monitoring Report | *Complete as necessary according to Monitoring Plan |
| 3K | <input type="checkbox"/> | Verification Report | *Complete as necessary according to Monitoring Plan |
| Phase 4: Monetization | | | |
| 4 | <input type="checkbox"/> | CFC Letter of Intent (for Buyer) FLFCO Certificate | If the Buyer and or Intermediary has not been vetted and needs to present further documentation (ie. Proof of funds) of who they are and their intent with the CFCs |
| 4 | <input type="checkbox"/> | CFC LOI (for Registry) FLFCO Certificate | If the Buyer and or Intermediary has already been vetted through the Registry's intake process |
| 4 | <input type="checkbox"/> | CFC Term Sheet FLFCO Certificate | Used to define the terms of the CFC Contract |
| 4 | <input type="checkbox"/> | CFC MOU FLFCO Certificate | The purpose of this MOU is to provide the framework for any future binding contract regarding carbon credit transfer sales between Partners. |
| 4 | <input type="checkbox"/> | CFC Business Multiplier Cover Sheet FLFCO Certificate | All parties involved need to add their basic business information. This document will become the cover sheet of the CFC Contract |
| 4 | <input type="checkbox"/> | CFC Contract FLFCO Certificate | This is the base Contract for CFCs. The other supporting documents are to be attached before this document is signed. While amendments may be made if agreed upon by all parties involved, after signing, it is necessary to be transparent and aim not to have amendments. |
| 4 | <input type="checkbox"/> | IETA Code Of CDM Terms | The Code of Terms is used to fill out Section 1 of the CFC Contract |
| 4 | <input type="checkbox"/> | Master Fee Protection Agreement (broker deals) | If there are brokers, intermediaries or commissions to be made on a CFC purchase a Master Fee Protection Agreement becomes necessary in order to document whom receives what amount at what time to what account. |
| 4 | <input type="checkbox"/> | Collaborative Agreement | Part of the Registry intake and Project Design Phase. This document may be used in place of an MOU |



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| | | | |
|---|--------------------------|---|--|
| 4 | <input type="checkbox"/> | Broker/Dealer/Placement Agenda | An attestation needs to be signed if anyone besides a buyer and seller are on the CFC Contract |
| 4 | <input type="checkbox"/> | Project Verrification Template | Supplied by seller to define where the credits originate, how many are available and what the vintage year(s) is (are) |
| 4 | <input type="checkbox"/> | Addendums/Attachments | Any other documents in relation to the CFC Contract (i.e. Acceptance of Socioeconomic Impact Plan Letter, Acceptance of Project Letter, etc) should be attached and watermarked as "Addendum + series" (example "Addendum A") during the signing process |
| 4 | <input type="checkbox"/> | Corrective Action Plan (if applicable) | A corrective action report should be given by the buyer, intermediary or seller upon request as something arises that conflicts with the Contract Terms |
| 4 | <input type="checkbox"/> | IRS Form 8933 | This form should be filled out only if the buyer's intent is to offset a tax debt |
| 4 | <input type="checkbox"/> | W-9 IRS Form | Needs to be filled and signed for all parties |
| 4 | <input type="checkbox"/> | Exchange Term Sheet & Retiornment | Only necessary if the buyer or intermediary is an exchange platform representative |
| 4 | <input type="checkbox"/> | Issuance Certificate & Retirement Certificate | Attestation Transfer of FLFCO Certificates conveyance of documents |

Project Implementation Outline

❖ Project Design

The Project Design stage includes developing a project concept, choosing or developing a baseline and monitoring methodology, and stakeholder consultations. All of these elements are documented in the project design template (PDT).

❖ Project Concept

A feasibility study of a potential project is conducted to assess its technical feasibility, investment requirements, development, and operational costs, expected returns, administrative and legal hurdles, and project risks and pitfalls. Based on the results of the feasibility study, the project owner will decide whether or not to continue the development of the potential offset project.

❖ Methodology

An offset project methodology defines the rules that a project developer needs to follow to establish a project baseline and determine project additionality, calculate emission reductions, and monitor the parameters (e.g., electricity produced by the project) used to estimate actual emission reductions. It is a generic recipe that can be applied to different projects of a given type (e.g., renewable energy production) and applicability conditions (e.g., grid-connected). Under several programs, if no approved methodology exists for a specific project type, a project developer can submit a new methodology for approval to the offset program.



❖ Project Design Template

The Project Design Template (PDT) describes the project activity in detail. It contains a description of the chosen technology and explains the methodology used to define the baseline scenario, demonstrate additionality, and calculate emission reductions. It also contains information on the monitoring of all relevant technical parameters (e.g., temperature, gas flow rates, electricity production, hours of operation, etc.) including how monitoring procedures will be established, measurements made, quality controlled, and records stored and accessed. It contains an estimate of the volume of emission reductions to be achieved by the project. Finally, it documents how the project contributes to sustainable development. The PDT is used throughout the implementation phase to ensure that the project performs according to the parameters outlined in the document.

❖ Stakeholder Consultation(s)

Offset projects under the Prolific- Fund registry are required to provide evidence that the project's activities will not adversely impact local populations and other relevant stakeholders. To ensure that all relevant stakeholders have been provided an opportunity to comment on a proposed FLFCO project, the developer must inform them about the project through appropriate forms of media. The developer must respond to all stakeholder comments and describe a course of action to minimize negative impacts. The outcomes of the stakeholder consultations must be documented in the Project Design Template (PDT).

❖ Project Validation

Under the Prolific Fund Standard, after the project developer has written the PDT, an independent third-party auditor conducts the project validation. These auditors are called Designated Operational Entities (DOEs). The process of FLFCO project validation normally consists of five phases:

1. A desk review of the PDT,
2. On-site visits and follow-up interviews with project stakeholders,
3. A 30-day public comment period after the PDT has been made available via the internet,
4. Resolution of outstanding issues, and
5. The issuance of the final validation report and written by the DOE.

After completion, the validation report and the PDT are submitted to the FLFCO Executive Board for review and registration.

❖ Host Country Approval

Final acceptance of an FLFCO project by the FLFCO Executive Board is not possible without the approval of the project's host country. The project documentation must be submitted to the relevant authority, which checks the project activity against national rules and regulations and confirms the project's compliance with the host country's sustainability criteria. This screening process and host country requirements vary from country to country.



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❖ Project Registration

The FLFCO Executive Board's decision to register a project is based on the review of the PDT, the validation report, and public feedback. Once the FLFCO Executive Board approves a project, it is officially registered as a FLFCO project.

In the voluntary offset market, most projects are directly approved by the project auditors and do not go through an additional registration process with the offset program body. An exception to this is the Tasaku Fund Standard, where project approval is evaluated by the Tasaku Fund Executive Committee.

❖ Socioeconomic Impact Plan

A socioeconomic impact (SEI) plan is a strategic framework designed to evaluate and act on the social and economic effects of carbon projects. This encompasses estimating probable community impacts, ensuring alignment with governing principles like NDCs and SDGs, and local governance. The plan should also include engaging local communities, outlining implementation strategies, monitoring the success of initiatives, and creating transparent grading mechanisms. By integrating these elements, the SEI plan ensures that carbon projects contribute positively to societal goals, supporting broader community well-being, environmental sustainability, and alignment with your organization's primary and secondary activities.

❖ Project Implementation

Project implementation can begin at any time during the project cycle. However, if the project is implemented before it is registered by the FLFCO Executive Board, the project developer must supply documentary evidence proving that it considered FLFCO revenues at the time of planning the project. The documentary evidence must be supplied at the time of seeking FLFCO registration. If documentary evidence is not supplied, then the project is likely to be rejected on the grounds that it is not additional.

❖ Project Monitoring

Project developers are required to maintain records quantifying the emission reductions achieved during a project's implementation phase. These records, maintained in a monitoring report, must be in accordance with the parameters and procedures laid out in the original PDT that was validated by the DOE and registered by the FLFCO Executive Board. Emission reductions are issued based on the monitoring report. Therefore, a project developer must make the trade-off between having continuous offset credit income (more frequent monitoring reports) and lower administrative costs (less frequent monitoring reports). There are no requirements as to how long or short a monitoring period must be, as they range from a few weeks to several years.

❖ Social Economic Impact Report

A socioeconomic impact (SEI) report assesses the social and economic effects of the socioeconomic impact plan on communities and individuals. It encompasses the analysis of community engagement, economic and social impacts, adherence to the four Governing Principles, compliance with regulatory requirements, and alignment with the company's broader mission, such as empowering vulnerable populations and promoting the Circular Green Economy

Model. This report ensures that the company's carbon projects not only contribute to environmental sustainability but also foster positive socioeconomic outcomes in line with its commitment to climate action, community engagement, and the responsible management of carbon credits. The SEI Report should span the entirety of the project and be updated annually.

❖ Project Verification

The monitoring that the project developer has done is then evaluated and approved by a third-party auditor. To minimize conflict of interest under the FLFCO, the validating auditor cannot also conduct project verification; a different auditor must be chosen for verification. The project developer submits the monitoring report to the auditor along with relevant supporting documents. The auditor undertakes a desk review of the report to ensure that the monitoring has been carried out in accordance with the procedures in the original PDT. The auditor may also undertake a site visit, if appropriate. Following the desk review and site visit, the auditor prepares a draft verification report, highlighting any issues. Once the project developer resolves these issues, the auditor prepares the final verification and certification report, which also quantifies the actual emission reductions achieved by the project. Verification occurs in line with the project protocol's stated requirements.

In the voluntary market, this is usually the last step before the issuance and sale of offset credits can happen.

❖ Project Certification

The verification report is submitted to the FLFCO Executive Board for certification and issuance of offset credits. The issued credits are then transferred to the registry account of the relevant project participant after the mandatory fees are paid to **Climate Car Innovations Inc.**

❖ Monetization

At the monetization stage, a project developer sells the offset credits from a project to a buyer. The credits can either be sold directly to a company to meet its legally binding or voluntary emission reduction obligations, or they can be sold to a trading company that facilitates the transaction between the seller and the end-user of the credits. A contract to sell the carbon credits can be signed at any stage during the project development cycle. Some developers may opt for early agreements (i.e., forward contracts) to secure price and terms against volatility, while others may wait until the credits are generated, certified, and issued (i.e., spot market sales). Payment is typically received after delivery, with occasional advance payments to bridge investment gaps or meet cash flow needs. Additionally, a project developer may convert their offset credits into a green or blue bond, requiring the bond to be written, registered, and verified by third-party auditors, with annual reports through the bond lifecycle. It is crucial that the distribution of funds in this monetization process should follow the circular green economy model adapted by the project, aligning the financial flow with principles of sustainability and community resilience.