INSETTING PROGRAM STANDARD (IPS)

The ambition of the Insetting Program Standard is to lead organizations towards balance with their ecosystem, an ambitious and holistic vision, transformative of the organization from within and for the benefit of all.

V2.0

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DEFINITIONS

- **Certification of a management system:** A management system is the framework of processes and procedures used to ensure that an organization can fulfill all tasks required to achieve its objectives. A growing number of businesses, from the service sector to the manufacturing and engineering sectors, are seeking to have their management systems certified by a third party. Whether responding to customer demand, looking to inspire shareholder confidence, or seeking internal improvement, management systems certification can demonstrate the competence of management and staff, impartiality and the avoidance of conflicts of interest. (Source: UKAS)

- **Insetting** represents the actions taken by an organization to fight climate change within its own value chain in a manner which generates multiple positive sustainable impacts. (Source: IPI)

- **Value Chain:** A set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market. The concept comes from business management and was first described and popularized by Michael Porter in 1985 in "Competitive Advantage: Creating and Sustaining Superior Performance". The value chain of a company is composed of all stakeholders, from suppliers and sub-suppliers (tier 0 to X) upstream, to distributors, retailers, consumers and society downstream.

- **Scope of Insetting:** Only mitigation activities developed within the scope 3 (or scope 4 when applying the REDD+ module) of the value chain (ie not within scope 1 + 2 of the organization) are eligible to be considered as Insetting. Scope definition follows WBCS (World Business Council for Sustainability), WRI (World Resources Institute) and GHG Protocol, ISO 14 064 Standard definitions.

- Insetting consists in a **Management System** composed of an *Insetting Program*, covering part or the whole scope of activities of an organization to reduce and mitigate its climate footprint and more broadly its social and environmental footprint within its value chain. An Insetting Program is composed of one or several *Insetting Project(s).*

- **Insetting Program:** An *Insetting Program* refers to the global strategy, procedures and activities deployed by an organization in order to Inset its Global Footprint. The *Insetting Program* is the global framework implemented to inset an organization, composed of one or several *Insetting Projects* implemented by the organization, its partners and stakeholders. The Program shall be consistent in size, ambitions and outreach with the scope of the organization's footprint. It follows the framework of the Natural and Social Capital Protocols. This means the Insetting Program is composed of various parts covering the following dynamic elements, for the continuous improvement of the Program and its impacts:
  1. Frame: answering the question "Why an Insetting Program?"
  2. Scope: defining Materiality (which impacts and dependancies drivers considered), and scope to be insetted, which activities and goals to set.

3. Measure & Value: Outputs & Outcomes: measure and value the impacts of the Program and its Projects.
4. Apply: answering the question "What next?": how to improve, engage more and measure better impacts, for continuous improvement of the Program.

The Insetting Program therefore generally consists in:
- A materiality analysis
- A baseline, CO2 and Forest footprints or other applicable impact drivers depending on materiality analysis.
- Yearly budgets, activities, output and outcome objectives
- Monitoring activities to measure and value impacts on a yearly basis

- A mid-term plan (3 to 5 years minimum, renewable), with quantified objectives (output and outcome) and an action plan to reach them. The plan includes GHG removals and co-benefits objectives to reduce and mitigate the footprint of the Insetted organization. For GHG reductions quantified objectives, recommendation is to adopt a Science Based Targets (SBT) scenario of 1.5 Degrees at least. (see hereafter SBT)

- A long-term vision and a goal with perspectives (ideally long term targets and quantified objectives, but not a requirement) on the ultimate Insetting of the Global Footprint of the company (can be over 20 to 50 years) on all material impact factors. It is recommended that it follows a science based targets scenario of 1.5 degrees, and sets objectives to reduce significantly other negative impacts of the organization on its ecosystem.

The activities of the Insetting Program are generally divided in two to three main types of activites: 1-Evaluation, 2-Reduction and 3-Compensation of the organization's footprint, both in terms of GHGs and other material impact indicators.
In the case the organization considers all compensations as reductions, the activities of the Insetting Program are divided in two: 1-Evaluation, 2-Reduction.

They are performed in an iterative way, to engage the organization in continuous progress for its fooprint reduction, with holistic impacts and outreach. Ultimate objective is to inset the whole footprint of the organization, meaning reconciling the company with the Ecosystem.

IPI Guidelines on considering internal compensations as reductions:
Reductions and compensations within the value chain of a company can both be accounted as reductions.
Compensations are considered as reductions of the GHG footprint of the organization if they are performed within its value chain (scope 1 to 3, or 1 to 4 if applying the REDD+ module), hence they can be directly deducted from the GHG footprint of the organization. Some parts of the value chain can even have a negative footprint to allow the compensation of the higher footprint downstream the supply chain.
This shall not apply in cases where the supply chain would not be significant to the organization, while the compensation would cover most of the footprint.

- **The impact factors** to be insetted are classified into 10 main impact categories, as shown below. The correspondance with the Sustainable Development Goals (SDGs) appears in front of each category. Organizations can choose among these impact driver categories (depending on Materiality analysis), to value their impacts, and refine with more specific

indicators (sub-impact indicators) from the field depending on Projects to feed-in categories. Impact and sub-impact indicators chosen must then be followed yearly throughout the Program period.

## IPS Impact Drivers & Equivalences with   SDGs Impact Drivers

IPS Impact Drivers & Equivalences with	SDGs Impact Drivers
B.1 Climate Mitigation	13. Climate action
B.2 Adaptation to Climate Change	13. Climate action
B.3 Forest	6. Clean water and sanitation
	7. Affordable and clean energy
	11. Sustainable cities and communities
	13. Climate action
	15. Life on land
B.4 Water, Soil & Air	3. Good health and wellbeing
	6. Clean water and sanitation
	11. Sustainable cities and communities
	12. Responsible consumption and production
	14. Life below water
	15. Life on land
B.5 Biodiversity	14. Life below water
	15. Life on land
B.6 Energy	7. Affordable and Clean Energy
B.7 Resources & Wastes	6. Clean water and sanitation 7, 9 , 12, 11, 14, 15
	7. Affordable and clean energy
	9. Industry, innovation and infrastructure
	11. Sustainable cities and communities
	12. Responsible consumption and production
	14. Life below water
	15. Life on land
B.8 Economic & Corporate	9. Industry innovation and infrastructure
	8. Decent Work and Economic Growth
	12. Responsible consumption and production
B.9 Social & Communities	1. No Poverty
	2. Zero Hunger
	3. Good Health and Well-being
	4. Quality Education
	11. Sustainable cities and communities
B.10 Society	5. Gender Equality
	10. Reduced Inequalities
	16. Peace Justice and strong institutions
	17. Partnerships for the goals

- **The Insetting Program Standard** is inspired by and follows the **Theory of Change**. For each impact factor that is material to the organization and that the latter has decided to include in the scope its Insetting Program, the organization defines:

1. **The baseline**: evaluation of its impact and dependance regarding the impact factor
2. **Inputs**: investments made to develop activities
3. **Activities**: to better evaluate and reduce its impacts
4. **Outputs**: generated by activities
5. **Outcomes**: results generated by activities
6. **Goal(s)**: ultimate objective regarding the impact factor

Below is an illustration of how the Natural Capital Protocol Framework is covered by the Insetting Program: with the theory of change for impact monitoring, the Science-Based Targets (SBT) for the management of the climate stake, and the SDGs (Sustainable Devleopment Goals) for choosing additional impact factors to evaluate, among material ones:
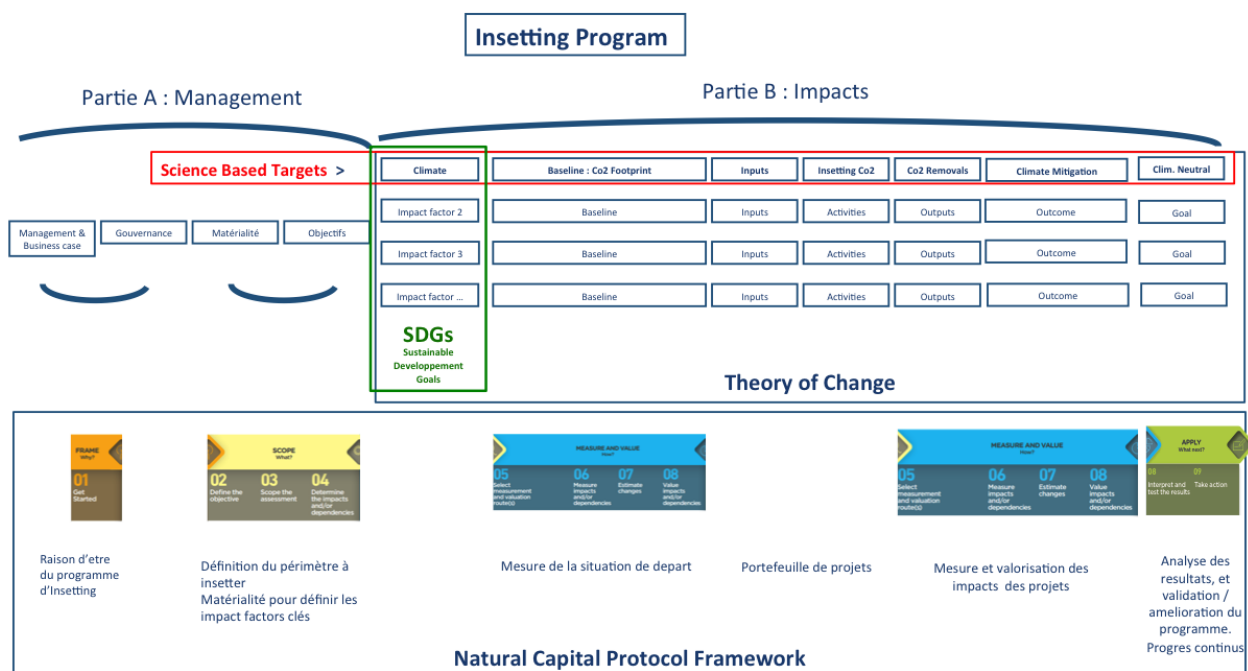
- **Insetting Project:** An Insetting Project refers to the management system of one or several mitigation and adaptation activities engaged as part of an Insetting Program. The Insetting Projects are developed / implemented for specific supply chains, products or services, markets, geographical areas, landscapes, or core activities, specific spheres of influence or stakeholders of the Insetted organization.

The Insetting Projects follow methodologies recognized by UNFCCC or private methodologies (from NGOs, companies or service providers) and standards (Plan Vivo, VCS, CCBA, Gold Standard, Solidarity Reforestation, etc.) suitable for carbon offsetting

Projects in regards to GHG emissions reductions, and other recognized methodologies for other impact drivers (water, soil, etc.).

An Insetting Project can be managed without being certified, but in regards to any claim of GHG reduction (reductions and compensations), it shall then have its own management system ensuring at least that the climate mitigation benefits are additional, permanent, quantified and validated by a third party with measures in place and registration of the GHG removals to avoid double counting. It is the responsibility of the organization to have the Project abiding by these critical criteria (additionality, permanence, verification, registration). As long as a Project is not reviewed by a third party and GHG removals are not quantified and certified, the organization cannot claim to be insetted and carbon neutral (as for an offsetting Project) nor publicly refer to the IPI. The IPI Blockchain Registry is at the disposal of IPI members for them to present the GHG removals (and other impact factors) of Projects, but the registration is not mandatory, except if the Project refers publicly to IPI. Non-certified Programs can be registered in the Registry, under the "Non-Certified" category.

- **Insetting Project Thread:** An Insetting Project is composed of a thread:

  - The organization engaged in Insetting via a Program and corresponding Project(s).
  - The suppliers or possible intermediaries and partners of the organization, having a role with the Project or being in between the organization and the Project operator.
  - The Project operator, implementing the Project, generally the supplier of the organization, a farmers' organization for example.
  - The Project developer, assisting the organization to design the Program and Project(s) and managing the Project(s).
  - The certification body, controlling and certifying the Project.
  - Eventually other service providers or partners, impact funds, donors, public and private institutions, NGOs… engaged in the Project.

- **Greenhouse Gases (GHG):** Anthropogenic (in the case of this standard) gases having an impact on climate change and included in the Kyoto Protocol, which are carbon dioxide, methane, nitrous oxide (N2O), fluorinated gases (sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs)). Chlorofluorocarbons (CFCs), even though they have an impact on climate change (minimal) are not included since they are managed by the Montreal Protocol (mainly in relations to ozone layer depletion).

- **Carbon footprint:** The total set of GHG emissions caused by the activity of the organization expressed in CO2 equivalents. Based on ISO14064 methodology or equivalent, scopes 1 & 2, equivalent to GHG protocol. Calculated on a yearly basis from January 1st to December 31st of the year preceding the implementation of the Insetting Program or Project.

- **Global Footprint:** covers **all impact indicators** such as economic, environmental, social and societal impacts criteria of the organizaton and its Insetting Program such as:
  1. Climate mitigation
  2. Adaptation to climate change
  3. Forests
  4. Water, Soil & Air (quantity and quality)
  5. Biodiversity: auxiliaries of culture and conservation

6. Energy
7. Ressources & Wastes
8. Economic & Corporate: impacts for the insetted organization, in terms of procurement quality and quantity, brand image, employee's pride, customer loyalty, etc.
9. Social and Communities: social working conditions, livelihood and community impacts (education, health, cohesion...)
10. Society: societal change towards a Sustainable Society

- **Consensus:** A general agreement that is shared by all the people in a group.

- **Climate change** means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

- **Clean Development Mechanism (CDM):** A mechanism (formerly under the Kyoto Protocol) through which developed countries may finance greenhouse-gas emissions reduction or removal Projects in developing countries, and receive credits for doing so, which they may apply towards meeting mandatory limits on their own emissions.

- **Carbon sequestration:** The process of removing carbon from the atmosphere and depositing it in a reservoir.

- **Mitigation:** In the context of climate change, means a human intervention to reduce the sources or enhance the sinks of GHGs. This means that **mitigation covers both emissions reductions as well as emissions compensations**. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere.

- **Climate adaptation:** Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

- **Stakeholders** are defined as entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. This includes entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization. Stakeholders can include those who are invested in the organization (such as employees, shareholders, suppliers), or its value chain, as well as those who have other relationships to the organization (such as vulnerable groups within local communities, civil society). (Source: *GRI Implementation Manual*).

Guidance and presentation of main recommended standards, methodologies and impact drivers:

> The **Natural Capital Protocol** is a framework designed to help generate trusted, credible, and actionable information for business managers to inform decisions.The Protocol aims to support better decisions by including how we interact with nature, or more specifically natural capital.

Every business wants to create greater value, be more efficient and make better decisions. The Natural Capital Protocol aims to help you to do this. In fact if you are not already incorporating natural capital into your decision making you are very likely to be missing significant risks and opportunities for your business.

Until now, natural capital has for the most part been excluded from decisions and, when included has been largely inconsistent, open to interpretation, or limited to moral arguments. The Protocol responds by offering a standardized framework to identify, measure, and value impacts and dependencies on natural capital. Insetting is fully in line with and serves this vision. Hence the recommendation for the Insetting Program to follow the Natural Capital Protocol Framework.

The Protocol Framework covers four stages, "Why", "What", "How", and "What Next". Protocol Stages are further broken down into nine Steps, which contain specific questions to be answered when designing the Insetting Program.

When applying the Protocol, you can use the templates here.

> The **Science Based Targets** initiative is a partnership between CDP, UN Global Compact, WRI and WWF.The methods available fall under three main approaches. These are summarised below. The first two are related to the 'carbon budget' – the remaining amount of carbon that can be emitted into the atmosphere to limit global temperature rises to well below 2°C:

- **Sector-based approach:** This divides the carbon budget by sector and then allocates it to companies in that sector.
- **Absolute-based approach:** This assigns to companies the same percentage of absolute emission reductions as is required globally – ie. 49% by 2050 from 2010 levels.
- **Economic-based approach:** The carbon budget is equated to global GDP and a company's share is determined by its gross profit.

The method a company chooses to use depends on its particular circumstances. Some methods are better suited for certain sectors, or for companies that are growing. There is not one 'best' method but there will be one that will work best for your company. For more information on approaches and methods, read the **science-based target manual**.

Examples of SBT Commitments from companies:

Examples of Absolute targets:
• Scopes 1 and 2: Procter & Gamble commits to reduce emissions from operations 30% by 2020 from a 2010 base year.
• Scopes 1, 2 and 3: General Mills commits to reduce absolute emissions 28% across its entire value chain (scopes 1, 2 and 3), from farm to fork to landfill by 2025, using a 2010 base year.

Examples of Intensity targets:
• Scope x: Enel commits to reduce CO2 emissions 25% per kWh by 2020, from a 2007 base year.
• Scopes 1, 2 and 3: Thalys commits to reduce corporate scope 1, 2 and 3 GHG emissions per passenger kilometer by 41.4% by 2020, compared to a 2008 base-year.

Example of Combination (Absolute and Intensity) targets:
• Scopes 1, 2 and 3: Coca-Cola Enterprises commits to reduce absolute GHG emissions from their core business operations 50% by 2020, using a 2007 base-year. Coca-Cola Enterprises also commits to reduce the GHG emissions from their drinks 33% by 2020, using a 2007 base-year.

> The **Sustainable Development Goals** are a set of 17 Goals to "Transform Our World".
Governments, businesses and civil society together with the United Nations have mobilized efforts to achieve the Sustainable Development Agenda by 2030. Universal, inclusive and indivisible, the Agenda calls for action by all countries to improve the lives of people everywhere. In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals.

To illustrate how impact drivers are organized in regard to the central stake of climate change, the wheel of Sustainable Development Goals, designed by Solidarite Climatique is pariuclarly helpful and can serve as guidelines for organizations to articulate impact drivers within their Insetting Program:

> For the management of the Insetting Program, **The Gold Standard Global Manual** on "Corporate best practice for Climate" is recommended, covering all climate stakes for the company.
It is a 4 steps approach:
1- Measure and disclose
2- Reduce scope 1+2 using SBT
3- Finance the transition towards zero net carbon economy
4- Advocate for climate action

For the management of climate stakes and SDGs (the approach integrates energy, water, land use and agriculture Projects on a broad landscape scale) within supply chains, **The Gold Standard for Global Goals** is a recommended methodology.

Extract:

"If we are to meet the ambition of the Paris Agreement and the Sustainable Development Goals, action cannot be one-dimensional. Nor can it be incremental. For the transition to an equitable and sustainable world, impacts must be holistic, transformational, and delivered at an exponential pace.

Standards show us the best way to get the results we need. Gold Standard for the Global Goals is a comprehensive standard to accelerate global progress toward climate security and sustainable development. It provides the tools and guidance to deliver results on the ground in the most effective and equitable manner. Certification provides the confidence that results are not only measured and verified—but translate to real impact in social value.

One of the applications is for Corporate supply chains: Certifying climate and SDG impacts in corporate supply chains for best practice implementation and credible claims."

> For the management of Forest footprint and engagement in best practices in that field, the **WWF Zero Net Deforestation** is a recommended methodology, as well as the **TFA 2020 platform**.

WWF Zero Net Deforestation by 2020: At the Ninth Conference of Parties to the Convention on Biological Diversity (CBD COP9) in May 2008 in Bonn, delegates of 67 countries pledged support for WWF's call for zero net deforestation by 2020. Led by the CBD Executive Secretary, Dr. Ahmed Djoghlaf, ministers, heads of delegation, the EU Commissioner for the Environment, and representatives of various international organizations made these pledges to WWF International's Director-General, Mr. James Leape1.

Extract:

"Zero net deforestation" acknowledges that some forest loss could be offset by forest restoration. Zero net deforestation is not synonymous with a total prohibition on forest clearing. Rather, it leaves room for change in the configuration of the land-use mosaic, provided the net quantity, quality and carbon density of forests is maintained. It recognizes that, in some circumstances, conversion of forests in one site may contribute to the sustainable development

and conservation of the wider landscape (e.g. reducing livestock grazing in a protected area may require conversion of forest areas in the buffer zone to provide farmland to local communities)."

TFA 2020: TFA 2020 is a global public-private partnership. Its governance serves the needs of partners from three sectors: business, government, and civil society. Specifically, TFA 2020 is committed to reducing tropical deforestation related to key global commodities by 2020, starting with soy, beef, palm oil, and paper and pulp. Its governance has this mission at its core.

I. REASON WHY AND GOAL

I.1 Vision

Why this Standard?
The reason why of this Standard is to give guidelines, credibility and assurance on the Insetting strategies and Programs enforced by IPI Members. Broader than that, its ambitions are to set quality criteria for Insetting globally and help all players engaged in Insetting Programs progress towards excellence.

Who for?
This Standard is made for organizations, companies in the first place, willing to engage for integrated and holistic climate Programs developed within their value chain. It allows measuring the quality of the management system of the Insetting Program and its impacts.

What?
The Objective of this Standard is to set out the criteria for an Insetting management system, including rules, requirements and procedures for the implementation of an Insetting Program and its related Projects.
The Objective of this Standard is as well to allow Insetting Programs to be standardized via a common vision and approach and to be validated by third parties in order to give full credibility to the approach and develop a global movement for excellence in Insetting.

The Objective is not to substitute to existing offsetting standards or certification procedures for Projects (like Plan Vivo VCS or Gold Standard), but rather to give additional guidance on what Insetting refers to and how it shall be deployed within Insetted organizations to bring in maximum impacts for all stakeholders. **Insetting is a way to create shared value** between organizations and their ecosystem, benefiting both parties on multiple criteria. The approach is holistic as well as the benefits for the People, the Planet and the Organization engaged.

How?
While recognizing and valuing all existing standards, encouraging all members to have their Projects certified by third parties, the multiple criteria approach on multiple Projects does not entail the certification of each criterion for each Project. **Methodologies are not there and cost would be disproportionate. Hence, this Standard has been designed to help organizations be able to manage and progressively integrate all stakes of Sustainability and mitigate their footprint within their value chain.**

What for?
Insetting is a transformative approach from within, shared progressively with all stakeholders of the value chain of the organization, leading towards Sustainability excellence and better organization performance. The objective is to encompass the Global Footprint of organizations and lead them to positive transformation of their business model. **The reconciliation of organizations with their ecosystem can summarize the vision, for the benefit of all.**

I.2 Method

The Insetting Program Standard (IPS) applies to organizations engaged in an Insetting Program consisting of at least one, or several, Insetting Projects.

Insetting is a two-layer Management System composed of:
- An **Insetting Program**, the framework of all Insetting activities and Projects
- One or several **Insetting Project(s)**, part of the Insetting Program, which generate specific impacts in the value chains.

The Insetting Program Standard defines the objectives, procedures and guidelines of an Insetting Management System at these two levels. Yet, the Insetting Program Standard does not allow the Management and Certification of the Insetting Project(s).

Each Insetting Project has to be Managed and eventually certified following a recognized Offsetting Certification Standard when it comes to GHG reductions (such as VCS, Gold Standard, Plan Vivo, Solidarity Reforestation...) or using the standards developed by Corporate Members (Carbon Balanced Program of L'Oreal for example), to manage such Projects.

***This document only deals with the Insetting Program Standard**, which covers some elements of Projects Management within the Program, but does not cover the elements specific to Projects Management and Certification. Some modules are proposed as well, as optional, depending on the materiality analysis of the organization. For example, the REDD+ Insetting module, for organizations who want to engage more at the landscape level and in relation to forest footprint reduction within their scope 3 (and scope 4: extended and indirect impacts on ecosystems as described in the REDD+ methodology).*

Conclusion: IPS, a Meta-Standard

The Insetting Program Standard works as a "Meta-Standard", giving guidelines and enabling to certify the management system of the organization and its compliance with the minimum requirements of the Standard, and beyond. It is recommended that the framework of the Program follows the Natural Capital Protocol Framework, with GHG reductions in line with science based targets of a 1.5°C scenario, and other material impact drivers be chosen among IPI categories or the SDGs (Sustainable Development Goals). For each impact driver and insetting methodology, methodologies are proposed but not imposed. This standard can serve as guidelines only, for any organization willing to engage and assess its performance against the standard.

The Gold Standard Manual for "Corporate best practices for Climate" and the Gold Standard for the Global Goals are as well recommended methodologies to manage climate and SDGs stakes within the value chain.
A table of equivalences of IPS with most of the existing sustainability standards is available upon demand.
Apart from these guidelines and recommendations, the organization is free to organize its Program and procedures on its own, following its own methodologies.

II. HOW TO USE THE STANDARD

1. The Standard serves as guidelines for member organizations willing to Inset their activities and have their Insetting Program certified by a third party, as well as for entities specialized in developing Insetting Programs and Projects and certification bodies, investors, members and non-members of IPI.

2. To publicly refer to the Insetting Program Standard (IPS), or describe their Insetting Program and Projects as being part of the IPI framework, organizations have to fill-in the IPS Questionaire. For each Project, it is stated clearly if it is certified by a third party or not, and following which standard.

3. The Programs and Projects descriptions have to be updated at least once a year. They are reviewed by the IPI Secretariat and can be certified under the Insetting Program Standard by a third party, upon demand from the members themselves, on a voluntary basis.

4. The Programs and Projects are self-evaluated by the members against the Standard to check whether they are consistent with the definition and scope of insetting, and to encourage them to identify levers of improvement, compare impacts and progress towards best practices. The self-evaluation gives a performance index for each Program. The claims on Programs and Projects can be made externally with reference to IPI, depending on their status, as follows:

   - Program following the Insetting Program Standard of IPI, but not certified by a third party against the standard.
   - Program certified by a third party, following the Insetting Program Standard of IPI.

5. Recommendation: the report of the certification body on the company's compliance against the Standard is blockchain registered when available, for each Project and for the Program.

III. OWNERSHIP, GOVERNANCE & AMENDMENTS

This Standard has been developed and is the property of IPI (International Platform for Insetting), reviewed by IPI Scientific Committee and validated by IPI Board.

It is subject to regular modifications and additional guidelines, open to public comments and remarks to help build a strong definition and rigorous guidebook for Insetting Programs and Projects. Proposed amendments are to be sent to IPI Board and Scientific Committee (SC) for review and integration in the Standard after validation by the IPI Board.

The Standard is open for external reviews before any publication or amendment. IPI calls for external and peer reviews on a regular basis to ensure best calibration of the Standard.

The first version of this standard was validated by IPI General Assembly on April 4th 2016, to allow pilot audits following the Standard. A finalized version, V1.10, was completed by September 1st 2016. It was then presented publicly on November 3rd, with a public consultation open from November 3rd to February 28th 2017.

The public consultation period was then extended until June 30th 2017. This new version named V2, was finalized on July 1st 2017.
All comments and contributions received are posted on the IPI website, with the actions taken to integrate changes in the standard specified.

The Standard remains public and open to any third party review at any time.

The Standard is managed by the advisory Scientific Committee (SC) of IPI, which is open to any party, even non-members of IPI, upon demand by email.

III.1 Scientific Committee (SC)

The SC is composed of members and non-members of IPI and experts joining on a voluntary basis. Any individual or organization can apply to be a member of the Scientific Committee, also called the Standard Committee. The application is discussed and validated or not by the SC.

The Scientific Committee is an advisory committee to the IPI Board, responsible for:

- Managing the Insetting Program Standard in terms of requirements, procedures, audit methodology and frequen and states on necessary clarifications, adaptations and changes of the Standards.

It meets on a quarterly basis and proposes Standard modifications after finding a consensus among its members and after eventual public consultation and peer review. The modifications are proposed to the IPI Board for validation.

It is composed of 5 to 15 members.

IV. GENERAL REQUIREMENTS

The **Insetting Program Standard** is divided into 2 main parts:

	Rating / Max		In % of Max performance
PART A: MANAGEMENT SYSTEM			
A.1 Management	0	40	**0%**
A.2 Principles	0	70	**0%**
A.3 System	0	90	**0%**
A.4 Method	0	170	**0%**
A.5 Projects	0	110	**0%**
PART B: IMPACTS*			
B.1 Climate Mitigation	0	10	**0%**
B.2 Adaptation to Climate Ch.	0	10	**0%**
B.3 Forest	0	20	**0%**
B.4 Water, Soil & Air	0	10	**0%**
B.5 Biodiversity	0	10	**0%**
B.6 Energy	0	10	**0%**
B.7 Resources & Wastes	0	10	**0%**
B.8 Economic & Corporate	0	10	**0%**
B.9 Social & Communities	0	10	**0%**
B.10 Society	0	10	**0%**

Part A ensures the organization has a sound Management System to manage Insetting stakes and Program activities.

Part B ensures the organization manages and monitors its impacts on material criteria. The organization chooses which Impact criteria to inset, in a progressive way and following the results of a materiality analysis. All questions have to be answered or declared as non-applicable or out of scope of the Insetting Program.

The certification of an organization against the Insetting Program Standard guarantees that the organization is engaged in a sound, effective and consistent Insetting Program, and has engaged in funding one or several Projects within its value chain, with the objective to progressively reduce (reducing and compensating) its GHG footprint and to have multiple positive impacts to progressively reduce its Global Footprint and ultimately Inset it.

IV. PART A: MANAGEMENT SYSTEM (MS)

IV.A.

Part A deals with the management system of the Insetting Program and how Projects are managed within the Insetting Program of the organization. Insetting Projects Certification is done by the Projects Standards, not at Program level, as they are subject to distinct methodologies.

IV.A.1 Management

The first chapter of Part A ensures that the organization has formalized its reason why to engage in an Insetting Program, and a vision for Insetting and the Program in written, which is endorsed by the top Management of the organization. Stakeholders must be included in the designing and monitoring of the Program, they must be consulted regularly.

Insetting has to be led and managed by managers in the organization who have authority and means to enforce the vision. It must have in place a management system to manage its climate footprint evaluation, reduction and mitigation Program, and related Insetting Projects developed.

The organization must have appointed a competent person or department to manage these activities, with stated objectives, monitoring and reporting procedures to ensure the Program develops in a consistent and sound manner. The management of the organization must be involved and show leadership.

It is recommended to follow the Natural and Social Capital Protocol framework in the design of the Program management procedures, and implement a science based targets scenario of 1.5 degrees or less, for the GHG Emissions Reductions Plan.

Guidance: Using the Gold Standard "Corporate best practice for Climate" (see p.11).
This standard, developed by the Gold Standard, is highly recommended to manage the Insetting Program of a company, and can be certified by a third party.

It proposes a 4 steps approach:
1. *Measure and disclose*
2. *Reduce scope 1+2 using science based targets (2 degrees)*
3. *Finance the transition towards zero net carbon economy*
4. *Advocate for climate action*

Chapters 1, 3 and 4 are part of the Insetting Program scope, but not 2, which is not considered as Insetting (happening in scope 1 + 2. Yet, companies are encouraged to report as well their activities and reductions in scopes 1+2, to ensure consistency of the overall approach, and use a Science Based Target with a scenario of at least 1.5°C, at least for their scope 1+2 (and 3, IPI recommended best practice), or 2°C at least, to be in line with the Gold Standard "Corporate best practice for Climate".

IV.A.2 Principles

In terms of content, this chapter ensures that the organization has done and formalized a materiality analysis, which is a fundamental starting point for an Insetting strategy to ensure the organization has a clear vision on the main stakes to address and the main impacts to mitigate.

The organization is aware of its interdependance with its Ecosystem, how it negatively impacts it and how it can improve its footprint, for its own benefit and the benefit of all. The organization is aware and disclosing any negative impact it has on its ecosystem, giving a consistent image of its activity to stakeholders and the public. In particular, the organization has mapped out its actual impacts and risks on deforestation due to its activities and supply chains.

The company is able to assess the materiality of deforestation in regard to its activities. If material, the company engages in monitoring and reducing its impact. A recommendation is to use the REDD+ Insetting Module additional to the IPS, to manage and reduce its forest footprint. A best practice is a zero net deforestation engagement with a definite date. To that end, the WWF Zero Net Deforestation engagement by 2020 (see p.11) or the TFA2020 (see p.11) platform are recommended platforms and engagements, as best practices.

In terms of format, the organization ensures it gives balanced, comparable, accurate, clear and reliable information on its Insetting stakes and actions to mitigate its Global Footprint. It is the responsibility of the organization to communicate in a transparent way; these principles lay down the basis for a sound and legitimate Insetting Program and strategy.

IV.A.3 System

The organization has dedicated sufficient resources to formalize and implement a management system covering at least its climate and forest footprints. Other material stakes identified via the materiality analysis shall be progressively integrated. The management system used has to be certifiable by a third party, recognized by the Scientific Committee of IPI. The organization must have formalized its Insetting Program and Projects objectives and operations. They must be documented and auditable.

The organization has put in place a documented procedure, validated by the management to ensure the organization is engaged in a continuous improvement of its Insetting Program, of which at least of its climate footprint (evaluation and mitigation via Insetting). It is recommended that the climate footprint reduction targets be at least in line with the SBT for a 1.5°C scenario. It is documented and can be audited and certified by a third party. This means the procedure of the Program and Projects management have to be clearly documented, enforced, monitored and duly reported on a regular basis, via standardized deliverables, to allow external assessment

and consistence of Program and Projects impacts. These procedures shall comply with the Natural Capital Protocol Framework, from framing to scoping, measuring and valuing and applying, for continuous improvement of method and measures.

All initiatives taken by the organization within its own value chain, within scope 3 (and 4 when applying the REDD+ module), to reduce its environmental and social footprint can be integrated in the management system of the Program. Mitigation activities undertaken within scope 1 and 2 can be indicated but do not enter in the rating of the Insetting Program.
When applying the REDD+ Module and considering a scope 4, activities undertaken in the scope 4 (indirect emissions of scope 3 / indirect impacts on the landscape) are considered as Insetting as well, such as REDD+ Projects happening within the landscape of the supply chain for example. Insetting at the Landscape level calls for large integration of local stakeholders, to "internalize" carbon leakage / reduce risk and gives consistency to the landscape approach. A recommendation is to use the REDD+ Insetting Module to manage the landscape / forest management stakes.

The system in place ensures to tackle in priority the most material stakes to the organization, identified via the Material Analysis, consequently Projects and Program do not necessarily focus in priority on GHG removals. Yet, the Carbon Insetting of scope 1 and 2 of the activities of the company cannot be overlooked in the case the organization opts for an Integral approach focusing on other impact criteria. A 1.5°C SBT scenario is recommended as a minimum for GHG emissions reduction goals (this represents for example, depending on the sector, a reduction by 20% of GHG emissions by 2020 and by 60 to 80 % by 2050 vs. 2010 emission levels).

IV.A.4 Method

This chapter deals with how the organization is managing the evaluation and mitigation (including reduction and compensation) of its GHG and Global Footprint, following standard methodologies (especially for GHG), and regularly updating and improving the way it measures and reduces its footprint on a growing number of impact factors, starting with the most material ones. The methods used shall be verifiable by a third party and ensure completeness of stakes covered and of the scope of activities taken into account.

The claims shall be consistent with sectorial good practices, especially when the organization claims carbon neutrality. **Organizations are encouraged to use recognized carbon standards for Projects certification especially in case of carbon neutrality claims.**

IV.A.4.1 GHG Footprint

Specific Requirements for GHG Footprint Evaluation

To determine the scope of the Insetting Program, the GHG footprint of the organization has to be measured following ISO 14064 method or equivalent (Bilan Carbone ADEME scope 1&2, GHG Protocol, etc.), and cover at least the scope 1 & 2 of activities. The GHG measurment has to be updated at least every two years. Recommended practice: updated every year. A written report presenting the methodology and results has to be made public.
The measurment has to be made on all GHG at least, converted in CO2 equivalent. The method used and results have to be public, and verifiable by a third party. The organization can argue for

confidentiality when it comes to verification of figures used for calculation, in this case, the organization can appoint any competent third party to perform the check and validate the GHG footprint evaluation under a non-disclosure agreement. Competent third parties are the ones recognized by IPI Scientific Committee, as being competent for performing GHG footprint evaluations (like Bilan Carbone ADEME accredited persons in the case of France for example). A recommendation is to include the sources of emissions of scope 3 as well, especially when scope 3 represents more than 40 % of the total footprint, or at least emissions which are particularly significant or directly in link with companies' core activities, services or products, as identified by the analysis or the carbon footprint evaluation.

Specific Requirements for GHG Footprint reduction (Reduction & Compensation)

GHG reduction
The Insetted organization has to define yearly quantified GHG removals objectives and provide monitoring data on actual GHG removals on a yearly basis. The reduction plan has to be endorsed by the management of the organization and resources dedicated to reach the targets. The reduction objectives have to be expressed clearly, explaining if they are targets or commitments and if they are expressed in absolute terms or proportional ones (in kg of CO2 equivalent / USD of turnover for example). A best practice consists for the organization to define yearly, mid-term and long-term reduction objectives (on 3 to 5 years, per Program period terms) both in absolute and proportional terms, as stated in the Science Based Targets guidelines. **There is no minimum requirement in terms of GHG removal/year**, yet, a SBT scenario of 1.5°C is recommended as a minmum, with reduction target terms between 5 and 15 years (2020, 2030 and long term ones, like 2050) ahead, as recommended in the SBTs. The reductions have to be verifiable by a qualified third party or certification body, with written report and evidences when claimed publicly. The reductions to be eligible as Insets have to be coming from the organization's scope 3 (or 4 when applying the REDD+ module) GHG emissions. Reductions from scope 1 and 2 can be described as indicative but do not enter in the grading of the Insetting Program.

GHG Footprint compensation
The organization formalizes a yearly, mid-term and long-term compensation Program for its residual footprint (beyond reductions). The compensation Program does not need to cover 100 % of the organization's GHG footprint from year 1 of the Program. It can be a progressive plan over the Program's long term plan (on 3 to 5 years, renewable). Ideally (best practice), it shall state a date by which the footprint of the organization will be fully insetted in terms of GHG, which can be even set over a long-term period (10 to 20 years for example). The objective has to be reassessed every year, comparing latest year compensation results with long term full compensation target. In case the organization realizes it cannot reach the target, Program and claims have to be modified and updated on IPI registry on a yearly basis.

During the period in which the organization has not fully insetted its footprint, it can only claim to be "engaged in an Insetting Program and Project(s)" but cannot claim to be Insetted or carbon neutral. It is only when the organization has reach 100% mitigation of its GHG footprint (scope 1 & 2 at minimum), that it can claim to be "carbon neutral thanks to an Insetting Program and Projects". In case the Insetting Projects cannot cover the full mitigation of the GHG Footprint of the organization, the organization has the right to purchase offsetting credits to cover up the gap. They must be certified under a recognized standard (VCS, Gold Standard, Plan Vivo, Solidarity

Reforestation). The proportion of insets vs. offsets must represent at minimum 50% of the GHG footprint of the organization, for the organization to claim to be Insetted. Below 50% of GHG removals coming from Insetting Projects, the organization can only claim to be fully offsetted and engaged in an Insetting Program and Projects.

IV.A.4.2 Global Footprint

Specific Requirements for Global Footprint evaluation

The Global Footprint evaluation includes an assessment (quantified or not) of other indicators - the most material ones appart from GHG - of the environmental and social footprint of the organization, as described in the Materiality analysis. It has the objective to progressively being able to quantify, reduce and mitigate all these impacts.

Insetting is a progressive integral vision and method, it calls for a consideration of the Global Footprint as holistic as possible. Ultimately, the objective is to consider impact and fully offset internally the GHG, forest, water, soil &air, ressources, wastes, biodiversity, economic, social (revenues, livelihood) and societal footprint of the company.

To evaluate and verify these impact factors, the organization can appoint any competent certification body or Project developer, lab or academic and scientific body. Apart from GHG and forest footprint (when applicable) evaluation and mitigation, there is no minimum requirement in terms of quantification and mitigation of the Global Footprint of an organization, given the lack of recognized available methods to do so as of today. LCA's (Life Cycle Analysis) approaches are encouraged as being one of the most holistic tool available today to value multiple impact indicators. The Global Footprint report has to be updated at least every two years. Recommended practice: updated every year.

In terms of Global Footprint evaluation and mitigation activities, the organization is encouraged to use methodologies that are verifiable or certifiable by third parties, regularly updated and progressivley integrating all stakes and impact factors that are material to the organization.

Specific Requirements for Global Footprint mitigation (Reduction and Compensation)

Global Footprint Reduction
The Insetted organization evaluates and defines at least mid-term and long-term Global Footprint reduction objectives and gives insights on actual reductions on a yearly basis (not necessarily quantified). The reduction objectives are expressed in absolute terms and in proportional ones (recommendation), with quantification or monetization when possible (best practice). A best practice consists for the organization to define yearly, mid-term and long-term reduction objectives (on 3 to 5 years, per Program period terms and with a vision over 20 to 50 years). There is no minimum requirement in terms of Global Footprint quantified reduction. The reductions, when claimed, have to be verifiable by a qualified third party or certification body, with written report and evidences. The reductions must be coming from the organization's scope 3 (and 4 when applying the REDD+ module) of its value chain Global Footprint.

Global Footprint compensation

The compensation of the Global Footprint of the organization is not a requirement from year 1 but rather a vision and long-term engagement, formalized by the Global Footprint evaluation on the material impacts of the organization's footprint, with a stated engagement to compensate impacts, and concrete initiatives to compensate the Global Footprint on the short, mid- and long-term. It is formalized by a Global Footprint compensation plan, based on the materiality analysis, stating which are the main indicators to consider, the stakes to reduce, eventual hurdles to overcome and long-term vision and plan to compensate them progressively internally.

Given the lack of standardized methodologies available today for water or biodiversity footprint compensation for example, there is no minimum requirement for quantification or certification of Global Footprint evaluation and mitigation. Nevertheless, as a best practice, the organizations are invited to use available methodologies which are the most consistent and applicable to their case, based on scientific papers or specific methodologies. The Global Footprint mitigation strategies and Projects are posted on the IPI Registry and verifiable by a third party, like a certification body in case of audit, with comments posted by the later on the coherence and amibition of the organization's Program.

IV.A.5 Project(s) Management

Note: this part just allows to check that Projects are well managed within the Program, but they do not give any kind of certification to the Projects, which, in particular in case of public carbon neutral claim, have to be certified via recognized carbon certification standards, like VCS, Gold Standard, Plan Vivo, CCBA, Solidarity Reforestation, or via private offsetting or Insetting Project Standards applicable to the methodology used by the Project(s).

Guidelines for the management system of the Projects of the Program

The Insetting Program standard requires that the management system applies as well to the Projects. A person or department has to be assigned to manage the Project(s), eventually with the assistance of an organization specialized in Project development, with stated objectives and Project descriptions regularly updated, in line with activities onsite and responding to materiality analysis stakes.

When Projects are certified against a recognized carbon standard such as VCS, Gold Standard, Solidarity Reforestation, Plan Vivo, etc., the organization has to provide the validation report as well as the PDD (Project Design Document) and any other public document that can justify the publicly claimed impacts of the Project. These Projects do not need additional control by IPI, as long as the certificate by third party is valid.

When Projects are not certified, they have to be documented via a complete PDD and managed via a "plan-do-check-act" management system or a Natural Capital Protocol Framework (recommended).

The management system of a non-certified Program must include at least:
- An analysis of the **baseline** and proof of **additionality** of the Project, regarding at least GHG removals
- Procedures in place to ensure **permanence** of GHG removals, over the duration of Project lifetime (30 years Projects minimum for forestry, existence of a buffer, etc.)
- Procedures and documents in place to allow **verification** of GHG removals by a third party
- A **registry** (private or public, IPI Blockchain registry can be used by members in that sense) to register GHG removals in a transparent way and to avoid double counting

The procedures of Projects management have to be included in the Management System of the Program, and certifiable by a third party. This includes:

- Presenting the motives, outlines, stakes, baseline at Project(s) start and Project(s) objectives, monitoring tools and KPIs, reporting formats, frequency, and corrective actions taken to improve Project performance, etc.
- Proving that these Projects enter into the scope and definition of Insetting
- Monitoring social and environmental impacts against the baseline, and how additionality, permanence, verification and registration are addressed for each impact.

IV. PART B: IMPACTS (Reduction and Compensation)

Part B deals with certifying the Impacts of the Insetting Program and Projects, in terms of scope, methodology and goals.

It is divided in 10 distinct impact factors, as shown below, with their correspondance with the Sustainability Development Goals (SDGs). Organizations choose the impact factors to engage in, based on a materiality analysis, with B.1. Climate Mitigation at least managed in terms of evaluations and reductions (SBT 1.5°C). Forests must be addressed as well when its forest footprint is material to the organisation. Organizations usually choose sub-impact factors within these chapters to monitor, value and register their impacts.

Adressing each impact factors is inspired by and follows the Theory of Change, meaning that for each chapter, the organization is engaging from day 1 and progressively in:

1. **The Baseline**: evaluation of the organization's impact and dependance regarding the impact factor. The reason why to engage for reducing this impact factor.
2. **Inputs**: investment**s** made to develop activities to mitigate its impacts
3. **Activities**: to better evaluate and reduce its impacts
4. **Outputs**: generated by activities
5. **Outcomes**: results generated by activities
6. **Goal(s)**: ultimate objective regarding the impact factor, to fully mitigate the impact factor

The organization decides which impact factor(s) it includes in its Insetting Program. The Climate Mitigation impact factor is a mandatory one, but the 9 other impact factors are optional.

Depending on the materiality analysis, the company then decides which impact factors are most relevant to be integrated in the scope of the Insetting Program, and the organization integrates them progressively.

IPS Impact Drivers & Equivalences with   **SDGs Impact Drivers**

IPS Impact Drivers	SDGs Impact Drivers
B.1 Climate Mitigation	13. Climate action
B.2 Adaptation to Climate Change	13. Climate action
B.3 Forest	6. Clean water and sanitation
	7. Affordable and clean energy
	11. Sustainable cities and communities
	13. Climate action
	15. Life on land
B.4 Water, Soil & Air	3. Good health and wellbeing
	6. Clean water and sanitation
	11. Sustainable cities and communities
	12. Responsible consumption and production
	14. Life below water
	15. Life on land
B.5 Biodiversity	14. Life below water
	15. Life on land
B.6 Energy	7. Affordable and Clean Energy
B.7 Resources & Wastes	6. Clean water and sanitation 7, 9 , 12, 11, 14, 15
	7. Affordable and clean energy
	9. Industry, innovation and infrastructure
	11. Sustainable cities and communities
	12. Responsible consumption and production
	14. Life below water
	15. Life on land
B.8 Economic & Corporate	9. Industry innovation and infrastructure
	8. Decent Work and Economic Growth
	12. Responsible consumption and production
B.9 Social & Communities	1. No Poverty
	2. Zero Hunger
	3. Good Health and Well-being
	4. Quality Education
	11. Sustainable cities and communities
B.10 Society	5. Gender Equality
	10. Reduced Inequalities
	16. Peace Justice and strong institutions
	17. Partnerships for the goals

Guideline on sectorial materiality analysis

A recommendation for a company is that it checks its materiality analysis with the materiality analysis of other comparable companies of its sector of activity, to check coherence and eventual gaps. It is recommended as well that companies share on their materiality analysis among companies of same sector to help build-up sectorial approaches. Indeed, material impacts and relevant insetting methods are usually sectorial, therefore having companies of the same sector converging their approaches and sharing best practices would benefit to all.

IPI issues guidance on this topic.

For example:
- *Cosmetics sector and luxury goods: many impact factors can be material, in particular: Climate Mitigation (not key factor but has to be managed) & Adaptation to Climate Change, Forests, Biodiversity (often a key impact factor), Water, Social and Societal.*
- *Energy sector: Climate Mitigation (key factor), Energy, Resources, Air, Forests (less key), Water (minor).*

For each impact factor that is applicable, the organization:
1- starts by evaluating its footprint and a **baseline** of the stakes
2- decides to **invest** in **activities**
3- develops **activities** to mitigate its impact (reductions and compensations)
4- generates and monitors **outputs**
5- generates and monitors **outcomes**
6- targets a **goal**, to ultimately fully mitigate its footprint regarding the impact factor.

The company does not need to master the 6 steps of the management of the impact factor from day 1. In some cases, the organization masters only step 1, then 1 and 2, then 1 to 3 and so on.

Each impact factor chapter is graded by the sum of applicable steps, 1 to 6:

If the organization masters only step 1, the grade for the chapter cannot be greater than 5.

If the organization masters only steps 1 to 2, the grade for the chapter cannot be greater than 6.

If the organization masters steps 1 to 3, the grade for the chapter cannot be greater than 7.

If the organization masters steps 1 to 4, the grade for the chapter cannot be greater than 8.

If the organization masters steps 1 to 5, the grade for the chapter cannot be greater than 9.

It is only when the organization masters steps 1 to 6 that the chapter can be graded 10/10, meaning the impact factor is fully insetted.

Any grade below 0 (i.e. Critical Non-confirmity (NC): -10 or Major NC: -5) to any of the six questions of an impact factor chapter automatically gives the negative grade to the whole chapter, whatever the grades given to the other questions of the chapter, since this kind of gap must be settled in the first place.

V. CERTIFICATION

V.1 General Process

All claims publicly made on Programs and Projects are the responsibility of the organization, which must ensure its claims are consistent and that, when claimed publicly, its projects are certified by a third party following recognized standards. Climate neutrality claims call for the certification of Projects, the organization is therefore responsible to ensuring that they are managed and compliant in that way.

Companies joining the IPI are invited to self-assess their Insetting Program against the Standard.

Guidance: Organizations are invited to have Projects certified or at least reviewed by a third party before doing any public claim on Project GHG impacts.

The certification under the IPI Standard and the registration of Projects in the IPI registry **are not compulsory for members, unless they refer publicly to the Standard and the IPI for these Projects**. In this case, the Projects and benefits must be presented in a clear and transparent way on the IPI Registry and must be certifiable. These Projects shall state whether they have been certified and if not, how it ensures to comply with the Insetting Standard at least on additionality, permanence, verification and registration.

In the case of certification of the Insetting Program by an external party
Following the audits by a certification body (Ecocert or other certification body recognized by IPI Board), the organization receives a full report with eventual non-conformities (NCs report) to be addressed to comply with the IPS standard.

For an Insetting Program to be certified against the Standard, the organization must have closed all critical and major NCs and have an overall performance (Performance Index) of at least 60% against the IPS.

The NCs (Non-conformities) are divided between:

- Critical non-conformities: automatically puts the Insetting certification status of the Program on hold, until these NCs are fully closed (proven with documentation). They automatically exclude the Program from the Registry if the organization fails to comply.

- Major non-conformities: automatically puts the Insetting certification status of the Program on hold. They automatically exclude the Program from Registry if the organization fails to comply after 6 months following the audit.

- Minor non-conformities: must be closed within 1 year following the audit (and proven with documentation). They nonetheless cannot lead to non-certification of the Program, even if they remain open, nor can they lead to the exclusion from Registry.

When giving satisfactory results following the audit by the third party, the third party transmits the certification audit report to the IPI Board which states on the Program certification. IPI issues a

certification statement that can be posted on the IPI Blockchain Registry with other documents related to the Program and Projects certification. The statement describes the scope of the audit and level of compliance and quality.

In case the Program does not give satisfactory results, the certificate is not delivered and the organization can re-apply for certification after closing all critical and major NCs.

In terms of GHG removals and carbon neutrality claims, they are made under the responsibility of the organization and the certification bodies of the Projects. The Insetting Program Standard allows certification of the management system of the Program only. Any public claim on carbon neutrality with reference to IPI must be made based on registered and certified Projects only.

In terms of Global Footprint mitigation, the certification body expresses an opinion on the scope, additionality, permanence, verifiability, transparency, and potential impacts of the Program. The Insetting Program Standard focuses on certifying the management system of Program and Projects and the way they help develop a continuous progress within the organization on all the 10 impact factors of Insetting.

Insetting is a transformative vision, the objective is to help companies transform from within, in a holistic and fully integrated way. The objective is to encourage companies to improve continuously measurement methods, Projects and Programs methodologies and impacts.

VI. INSETTING PROGRAM PERFORMANCE INDEX

VI.1 Requirements

The GHG Footprint (and Forest Footprint when applicable) must be evaluated, consistent and updated. Engagements to reduce and compensate must be in place, although they do not need to cover the full GHG footprint of the organization.

The engagements towards the Global Footprint mitigation of an organization are the less standardized ones within an Insetting strategy.

The requirements are:

1. The main impacts are described and evaluated: ranked in terms of importance and priority, or ideally quantified or monetized.

2. The organization states the datasources of the Global Footprint, the stakes to reduce, eventual hurdles, and ideally a plan to ultimately fully mitigate it.

3. The Global Footprint mitigation is a progressive approach that has to be managed by the organization in a transparent way and with progressive engagements to reduce over the course of years.

4. Impacts and mitigation efforts are reported each year on the IPI Registry as part of the Program and Projects reporting tools.

5. Self-assessment against the Standard (gridline appended), is a recommended pratice for IPI members, and allows the organizations to measure their progress and compare with other practices. Self-assessment results against the Performance Index are not for public communication, they serve as internal tools for IPI members only.

6. Open source methodologies and approaches are strongly encouraged and valued. They can be posted on IPI Website. Exchange of knowledge and practices are particularly encouraged among members.

VI.2 Insetting Program performance index (PI)

The levels of engagements and practices between organizations engaged in Insetting are quite diverse and the objective is to encourage progressively all organizations to reconcile with their ecosystem via a holistic and integral approach.

The integral vision of Insetting consists in integrating progressively all economic, social and environmental externalities of the organization within its Insetting Program, with an ambition of sustainability excellence on key stakes: climate, forests, water, soils, biodiversity, energy & resources, wastes, economic, social and communities, corporate and society.

VI.2.1 Performance Index

The certification audit gives a rating on the Insetting Program of the organization, expressed in % of compliance with the criteria.

Each criterion is graded as follows:

- Critical NC: -10 (Program cannot be certified if any critical NC remains)
- Major NC: -5 (Program cannot be certified if any major NC remains)
- Minor NC: 0
- Compliance vs Standard: 5
- Good Practice, over minimum requirement: 7
- Best Practice, fully enforced, documented, way over minimum requirement, can serve as a model: 10

Program Management	0%
Project(s) Management	0%
Program Impacts	0%

TOTAL INSETTING PROGRAM	**0%**

VII. COMMUNICATION (CLAIMS, LABELLING)

VII.1 Claims

Organizations engaged in an Insetting Program and Project(s) can communicate on their engagement provided that:

1. The organization registers and becomes a member of IPI (validation by the Board).

2. The Program is presented publicly, posted on the IPI Blockchain Registry, with descriptions and quantification of GHG evaluation, reduction and compensations yearly, mid-term and long-term targets (3 to 5 years or more). In case the organization realizes it cannot reach the target, Program and claims have to be modified and updated on IPI Blockchain registry on a yearly basis.

3. PDDs (Project Design Documents) or equivalent have to be posted on the IPI Blockchain Registry, for each Insetting Project and updated with a yearly report at minimum, stating the operations and results achieved. PDDs shall follow standard methodologies proposed by UNFCCC -or similar- and state clear and quantified objectives in terms of GHG removals.

4. The documents have to be updated at least on a yearly basis. Impact factors objectives have to be stated as well with yearly and long-term objectives.

5. Carbon Neutrality claims are made under the sole responsibility of the organization and the certififcation body(ies) of Project(s) certified. Guidance on claims: during the period in which the organization has not fully insetted its footprint, it can only claim to be "engaged in an Insetting Program and Projects" but cannot claim to be Insetted or carbon neutral. It is only when the organization has reached 100% mitigation of its GHG Footprint (scope 1 & 2 at minimum), that it can claim to be "carbon Insetted or carbon neutral thanks to an Insetting Program". If reference to IPI is made then corresponding Programs and Projects must be registered and certifiable by a third party.

Claims refering to the Standard must state the ownership of the IPI over the Standard. For example:

While the organization is engaged but not yet carbon insetted:
"The company XYZ is engaged in an Insetting Program consisting in planting trees within its supply chains to reduce the climate footprint of the company internally. The Insetting method follows the Standard of the International Platform for Insetting (IPI), which objective is to help companies integrate climate strategies within their activities to transform them (supply chains, core business) and have multiple positive impacts on soil, water, biodiversity and communities. All information and details available at http://www.insettingplatform.com"

When the organization is carbon insetted (insets have to represent at least 50 % of total GHG Footprint offsetted):
"The company XYZ is carbon neutral, thanks to an Insetting Program consisting in planting trees within its supply chains. The Insetting method follows the Standard of the International

Platform for Insetting (IPI), which guarantees the full offset of the carbon footprint of the company as well as mulitple co-benefits, on water, soil, biodiversity and communities performed within the value chain of the company. Insetting Projects allow transformation of the companies business models from within, balancing them with the ecosystems they depend upon."

Recommendation on claims when using ex-ante credits:

When a company is using ex-ante credits to inset its fooptrint, a recommendation is to claim the engagement and "capacity" of the Project to inset the footprint, rather than to claim it as "already insetted". For example, in the case of an Insetting Program covered by ex-ante agroforestry Insetting Projects:

"The company X insets its carbon footprint thanks to reforestation/agroforestry Projects which will / which have the capacity to sequester the equivalent of the carbon footprint of the company over a 40-year Project".

VII.2 Labelling

1. Once an organization has its Insetting Program certified against the standard, it can use the following label to value its Program. As shown below:

2. The label is the property of the IPI. It is licensed free of charge to IPI members, and reproductible on any type of media support. Any organization using the label must have signed the licence agreement including terms of use of the label and claims related to the exact scope insetted.

3. Prior to any public use of the label, the organization must submit the design and claim to the IPI for validation.

4. The claims must state very precisely and without ambiguity the scope insetted, and Projects impacts.

VIII. THREAD, CONTRACTS, TRACEABILITY

Project implementation via a partnership with a stakeholder (like a supplier) or a thread (various partners involved)

1. Insetting Projects are developed via partnership(s) between the insetted organization and one or several of its stakeholders, like its supplier(s) (ie not inside its own business entity, not within scopes 1 and 2). A contract has to be formalized between the organization and the Project operator.

2. This contract must stipulate the Project's objectives and targets in terms of GHG (if applicable) removals, as well as an evaluation of other potential impacts (co-benefits) that can be generated (potential).

3. The operator transfers the rights of the credits and right to claim them and the co-benefits publicly to the insetted organization only (to avoid double claim). It is the responsibility of the organization to avoid double counting.

4. The yearly quantities of credits generated must be stated in the contract and monitored, verifiable by a third party.

5. In case the operator sells credits to various organizations, traceability must be ensured and all credits recorded in a unique private or public registry (like the IPI Blockchain Registry), to avoid duplicating sales and claims of the same credits and ensure traceability.

6. The Insetting thread has to be presented in the PDD, mentioning the various players among which: the insetted organization, the Project operator, the Project developer and eventually the Project certification body.

7. The Insetting Strategy does not require all players of the thread to be considered as part of inside the Insetting scope.

For example: If a company insets its footprint with a Tier 2 or Tier 3 supplier, the intermediaries between them do not need to be integrated into the Insetting Project. It is a best practice to try to involve all players of the thread, a supply chain for example, but not a mandatory requirement.

IX. CREATING SHARED VALUE

1. Insetting defended by the IPI has the objective to raise the bar for climate strategies in terms of scope, co-benefits and overall impact of Projects developed. IPI defends an ambitious position on the valuation of carbon insets generated. The objective is to have the insets generating maximum benefits for ecosystems, communities and organizations, both in terms of quantitative as well as qualitative holistic impacts.

2. The financial flows of the organization insetting its footprint must be traceable and verifiable by a third party, along the Insetting thread. Transparency of funds allocation and shared value created must be ensured along the whole Project lifespan.

3. The cost structure of tons of CO_2 eq generated needs to be presented and updated in the PDD for each Project, and reported in the Program's report, verifiable by a third party.

X. PROGRAM AND PROJECT(S) REGISTRATION IN IPI BLOCKCHAIN REGISTRY

Insetting is based on following the Standard and reporting on the Program and Projects in a transparent way accessible to any stakeholder. Therefore, a recommended practice is to register Projects and Programs in the IPI Blockchain Registry.

X.1 Program Reporting

For each Program, the organization ensures that a Program presentation is available and regularly updated (at least yearly).

The documents provided cover:

1. **GHG Baseline** & Goals: The quantification of GHG emissions, mitigation targets and actuals (if any) and mitigation plan, quantified with objective to fully inset the organization fooprint at term (can be mid and long terms);

2. **Global Footprint** & Goals: Evaluation of the organization's Global Footprint, depending on scope, materiality analysis and not necessarily quantified, on the other impact factors of Insetting: climate adaptation, forests, water, soil, air, biodiversity, resources, wastes, economic & corporate, social & communities and society when relevant, and measures taken to reduce the organization's Global Footprint and to eventually mitigate the negative impacts and generating net positive ones;

3. Details on **inputs** (investments) made and measures taken to reach these goals;

4. Details of **outputs and outcomes** if any and their monitoring

5. Details on hurdles, difficulties, limits to the approach;

6. **List of Projects** implemented to inset the GHG and Global Footprint;

7. A **registry** recording all Projects of the Program and for each Projects the net GHG removal per Project, with name of Project operator, Project developer and eventually Project certification body and carbon standard followed, when applicable or other applicable standard;

8. The Program report has to be updated at least **every year.**

9. The organization posts as well the **Insetting Program Standard Audit Grid** filled in with the performance Index, audited and **certified by the third party** (best practice).

10. IPI posts the result of audit by the certification body and the certification audit report as well as the IPI certification statement.

X.2 Project Reporting

1. For each Project, a PDD is posted with the justification on how its scope and impacts correspond to the definition of Insetting and:

   a) When Project is certified by a recognized standard, the certificate of the Project by a third party;

   b) When Project is not certified:

   - A detailed Project description including presentation of local stakes, stakeholders, Project quantitative and qualitative objectives both in terms of GHG removals as well as other benefits;
   - An analysis of the baseline proving the additionality of the Project;
   - Measures taken to ensure permanence of credits generated;
   - Report on GHG removals and how traceability is ensured, how double accounting is avoided;
   - When the Project delivers credits to various organizations, a Project registry is formalized to ensure traceability of credits generated and the names of all organizations doing insetting via this Project must be stated. This is a critical criterion, when credits or benefits are claimed publicly by the organization, when giving reference to Insetting or IPI or when claimed by partners of the organization co-funding the Project.
   - The Projects reports need to be updated at least every year.

2. A best practice is to post on IPI Registry the credits registry of all Projects of a Program, as well as any methodology or tool used, databases, additional document to present and value the Projects, as well as pictures and videos, testimonials, impact studies, scientific research, etc. Sharing methodologies is strongly encouraged, allowing best practices to be shared and further improved, towards excellence. **This is the ambition of Insetting, to lead organizations towards total balance with their ecosystem, an ambitious and holistic vision.**

APPENDIX

GHG Removal Standards and certification systems

- UNFCCC CDM methodologies: provides information related to baseline and monitoring methodologies for the different types of CDM Project activities. *http://cdm.unfccc.int/methodologies/index.html*

- Voluntary Carbon Standard: methodologies used for the VCS. *http://www.v-c-s.org/methodologies.html*

- The CarbonFix Standard methodology: *http://www.carbonfix.info/chameleon//outbox/public/190/CFS_Methodology.pdf?PHPSESSID=q3fj6sisrqkmtsk1m8ts6ssfb4*

- Gold Standard: *http://www.cdmgoldstandard.org/*

- Climate, Community and Biodiversity standards: *http://www.climate-standards.org/*

ECOCERT SMEC Standard: Système de Management de l'Engagement Climat, Mars 2013, Version 1