



Certified Emissions Reduction Technologies Foundation

# **GOVERNANCE FRAMEWORK**

*Operating Rules and Terms of Reference for CERT Governing Bodies*

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## Document Control

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| Related documents | CERT-FDN-001 Foundation Charter; CERT-GOV-002 to CERT-GOV-007; CERT-REG-001 Registry Rulebook |

## Version History

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# 1. Purpose and Scope

**1.1** This Governance Framework implements Part IV of the Foundation Charter (CERT-FDN-001). It sets out the composition, mandates, decision rules, and reporting obligations of every CERT governing body, and the delegation of authority to the Secretariat.

**1.2** This Framework binds all trustees, committee and panel members, Stakeholder Council members, staff, and contractors. In case of conflict with the Charter, the Charter prevails (Charter Clause 18.1).

**1.3** Design intent. The Framework operationalises three Charter principles: separation of functions (Charter 6.1), independence by construction (Charter 6.2), and no self-dealing (Charter 6.3). It is drafted to satisfy the ICVCM Core Carbon Principles programme-level criterion of Effective Governance and the CFTC guidance expectation that a crediting programme demonstrate independent decision-making, transparency, and risk management.

## 2. Governance Structure Overview

Authority flows from the Charter to the Board of Trustees, which retains reserved matters and delegates defined authority to committees and the Secretariat. Integrity oversight (Ethics and Integrity Committee) and adjudication (Appeals and Grievance Committee) operate independently of both standard-setting and operations.

| Body                              | Reports to                       | Decision authority  |
|-----------------------------------|----------------------------------|---|
| Board of Trustees                 | Charter / regulator              | Reserved matters; final approval of standards and budget          |
| Standards Committee               | Board                            | Approves methodologies, tools, standard revisions                 |
| Methodology Panels                | Standards Committee              | Recommends; no final approval authority                           |
| Ethics and Integrity Committee    | Board (functionally independent) | COI rulings, investigations, whistleblower oversight              |
| Appeals and Grievance Committee   | Board (functionally independent) | Final internal adjudication of appeals                            |
| Audit, Risk and Finance Committee | Board                            | Recommends auditor, oversees controls and buffer adequacy         |
| Nominations Panel                 | Board                            | Recommends Board and committee appointments                       |
| Stakeholder Council               | Advisory to Board                | Advisory resolutions; Board must respond within 60 days           |
| Secretariat (Chief Executive)     | Board                            | Delegated operations per Delegation of Authority Matrix (Annex A) |

## 3. Board of Trustees – Operating Rules

### 3.1 Composition and Appointment

**3.1.1** Seven to eleven trustees; at least two-thirds independent as defined in Charter Clause 12.1. Skills matrix (climate science, carbon markets, law, finance, technology, governance, host-country perspective) maintained by the Nominations Panel and published annually.

**3.1.2** Appointments follow open calls, Nominations Panel assessment, Ethics and Integrity Committee independence screening, and Board approval. Up to one-third of seats may be filled from Stakeholder Council nominations (Charter 9.3).

### 3.2 Meetings and Decision Rules

**3.2.1** The Board meets at least quarterly. Quorum is a majority of trustees in office, of whom a majority present must be independent.

**3.2.2** Ordinary resolutions pass by simple majority of those present; reserved matters (Charter 8.5) require two-thirds of the full Board. The Chair holds no casting vote on reserved matters.

**3.2.3** Minutes recording decisions, rationales, dissents, and recusals are published within thirty days, redacted only where legally required.

### 3.3 Evaluation and Removal

**3.3.1** Annual internal Board effectiveness review; externally facilitated review at least every three years, with a public summary.

**3.3.2** A trustee may be removed for cause (material breach of duty, undisclosed conflict, incapacity, or conduct prejudicial to CERT) by two-thirds vote of the remaining trustees, following an Ethics and Integrity Committee report and an opportunity to be heard.

## 4. Standards Committee – Terms of Reference

**4.1 Mandate.** Approve new methodologies, methodology revisions, quantification tools, and normative interpretations; oversee the methodology development process (future CERT-MTH series); recommend Registry Rulebook amendments to the Board.

**4.2 Composition.** Five to nine members with expertise spanning GHG accounting, sectoral engineering, remote sensing/digital MRV, and environmental economics. A majority, including the chair, must be independent. No member may hold a commercial interest in any project using or seeking to use CERT methodologies.

**4.3 Process.** Every methodology decision requires: (a) Methodology Panel technical recommendation; (b) public consultation of no fewer than thirty days; (c) synthesis of comments with responses; (d) recorded vote. Approvals are published with full rationale, including uncertainty and conservativeness treatment.

**4.4 Expedited revisions.** Corrections that only tighten conservativeness or fix errors may proceed on a fourteen-day consultation, with the deviation justified publicly.

## 5. Methodology Panels

**5.1** Sector expert panels (e.g., renewable energy, AFOLU, engineered removals, methane) drafting and reviewing methodologies under Standards Committee direction.

**5.2** Panel members are appointed for defined projects or terms, disclose interests publicly before appointment, and recuse from matters involving their own affiliations. A panel recommendation must state minority views where consensus is not reached.

## 6. Ethics and Integrity Committee – Terms of Reference

**6.1 Mandate.** Administer the Conflict of Interest Policy (CERT-GOV-002); maintain the public register of interests; screen independence of appointees; oversee the Code of Ethics (CERT-GOV-003), Whistleblower Policy (CERT-GOV-004), and Anti-Corruption Policy (CERT-GOV-005); conduct or commission integrity investigations; monitor market integrity signals (e.g., abnormal issuance patterns) and refer findings.

**6.2 Composition.** Three to five members, all independent (Charter 12.1). Members may not simultaneously sit on the Standards Committee or hold any CERT operational role.

**6.3 Powers.** Unrestricted access to CERT records and staff; authority to engage external counsel or forensic experts within a Board-approved budget; direct reporting line to the Board Chair and, where the matter concerns the Chair, to the full Board.

**6.4 Reporting.** Publishes anonymised annual integrity report covering investigations, COI rulings, and systemic recommendations.

## 7. Appeals and Grievance Committee – Terms of Reference

**7.1 Mandate.** Hear appeals against decisions on registration, validation acceptance, issuance, sanctions, accreditation, and methodology applicability, under the procedures in CERT-REG-007 (planned); receive and route grievances from affected stakeholders and communities.

**7.2 Composition.** A standing pool of at least seven adjudicators with legal, technical, and safeguards expertise. Each appeal is heard by a panel of three; no panellist may have participated in, or have any interest in, the decision under appeal.

**7.3 Decisions.** Panels decide by majority, in writing, with reasons, within ninety days of a complete appeal file. Decisions are published and bind the Secretariat; they may be reviewed by the Board only for procedural failure.

## 8. Audit, Risk and Finance Committee – Terms of Reference

**8.1 Mandate.** Recommend appointment of the external financial auditor; oversee internal controls, the Risk Management Framework (CERT-GOV-006), information security assurance (CERT-GOV-007), buffer pool adequacy reviews, investment and reserves policy, and the fee schedule (CERT-REG-008, planned).

**8.2 Composition.** Three to five trustees, chaired by an independent trustee with recent, relevant financial expertise. The external auditor attends at least annually without management present.

**8.3 Rotation.** External audit firm or lead partner rotates at least every seven years.

## 9. Nominations Panel

**9.1** Three members: one independent trustee (chair), one Stakeholder Council designee, one external governance expert. Runs open, criteria-based searches; applies the skills matrix; and forwards ranked recommendations with independence screening results.

## 10. Stakeholder Council

**10.1** Five constituencies (Charter 9.1) with equal seats (three per constituency; fifteen total). Members serve two-year terms, renewable twice.

**10.2** The Council meets at least twice yearly, adopts advisory resolutions by double majority (majority of members and of constituencies), and receives a written, published Board response within sixty days (Charter 9.2).

## 11. Secretariat and Delegation of Authority

**11.1** The Chief Executive manages operations within the Delegation of Authority Matrix (Annex A) and the operational firewall of Charter 11.2. Sub-delegations must be written and registered with the General Counsel.

**11.2** The Secretariat may not: approve or amend standards; waive Rulebook requirements; settle integrity investigations; or enter related-party transactions without the approvals required by CERT-GOV-002.

## 12. Reporting and Continuous Improvement

**12.1** CERT publishes an Annual Governance and Transparency Report covering: governance changes; Board and committee attendance; COI register summary; consultation outcomes; appeals statistics; integrity investigations (anonymised); registry statistics (issuance, retirements, reversals, buffer balance); and progress against ICVCM assessment.

**12.2** This Framework is reviewed at least every three years, and within twelve months of any adverse external review finding, ICVCM assessment condition, or material regulatory change.

## Annex A – Delegation of Authority Matrix (Summary)

| Decision                  | Secretariat / CEO                            | Committee                        | Board                          |
|---------------------------|--|----------------------------------|--------------------------------|
| Approve methodology       | Prepare & recommend                          | Standards Committee approves     | Ratifies material new sectors  |
| Register project          | Registry operations decide per Rulebook      | Appeals Committee on appeal      | —                              |
| Issue credits             | Issue upon verified request meeting Rulebook | Audit/Risk oversight of controls | —                              |
| Suspend participant / VVB | Interim suspension (14 days max)             | Standards or E&I confirms        | Ratifies terminations          |
| Adopt / amend Rulebook    | Draft  | Standards Committee recommends   | Approves (two-thirds)          |
| Budget & fees             | Propose                                      | Audit, Risk & Finance recommends | Approves                       |
| COI rulings               | Refer  | Ethics & Integrity decides       | Appeal body for trustees only  |
| Related-party transaction | Prohibited without approvals                 | E&I reviews                      | Disinterested trustees approve |

## Annex B – Cross-References

- CERT-FDN-001 Foundation Charter, Parts IV–VI (parent document).
- CERT-GOV-002 Conflict of Interest Policy; CERT-GOV-003 Code of Ethics; CERT-GOV-004 Whistleblower Policy; CERT-GOV-005 Anti-Corruption Policy.
- CERT-GOV-006 Risk Management Framework; CERT-GOV-007 Information Security and Data Protection Policies.
- CERT-REG-001 Registry Rulebook; CERT-REG-007 Appeals, Complaints and Sanctions Procedures (planned).
- ICVCM Assessment Framework (programme-level governance criteria); CFTC VCC Guidance (2024).