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## REPORTS

# ERS 2023 Annual Report

## SUMMARY

This Report is a comprehensive overview of our achievements and progress over the past year. It includes a letter from our CEO, detailing our vision and accomplishments. Key highlights from ERS are presented, showcasing our significant milestones and research and development (R&D). We also provide insights into our internal operations and market activities, reflecting our commitment to innovation and integrity. The Financial Report section closes this report by including a detailed statement of activities, revenues, expenses, and net assets, offering a transparent view of our financial health.



# Letter from the **CEO**

2023 was a foundational year for ERS. Building on years of rigorous R&D and pilot projects, our efforts were focused on refining V1.0 of our standard based on extensive stakeholder consultations.

Private and public consultations with key stakeholders played a pivotal role in shaping our standard. We engaged with 500+ end buyers, brokers, project developers, academics, environmental experts, and community representatives to gather valuable insights and feedback. These dialogues were instrumental in ensuring our approach meets the needs and expectations of our stakeholders.

Meanwhile, we focused a significant amount of our efforts on aligning our standard with ICROA, CORSIA, and ICVCM's CCPs. By aligning our standard to these internationally recognised accreditations, we ensure our methodologies meet the latest industry requirements.

The culmination of these efforts was the release of V1.0 in November 2023. We have since begun accepting additional projects for certification under V1.0 and are currently scaling our operations to keep up with the incoming project submissions.

Overall, 2023 marked a new chapter for ERS. With our standard now fully aligned with stakeholder and industry requirements, we have established a strong foundation to ensure the successful certification of projects in 2024 and beyond.



**Thibault Sorret**, Chief Executive Officer



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# ERS *Highlights*



## STANDARD DEVELOPMENT

→ **Public Consultation:** The Public Consultation was held between March 15 and May 5 to collect feedback and improve the Standard before its official launch. A total of 57 responses were received from a diverse range of stakeholders, including project developers, corporate carbon credit buyers, environmental organisations, ecosystem restoration researchers, specialised consultancy firms, and members of the general public. This helped align the Standard with industry best practices and meet our stakeholders' expectations. The Public Consultation Digest, which summarises the outcomes of the Public Consultation, is publicly available on our website at this [link](#).

→ **Release of the Standard V1:** On November 24th, we released our first version of the Standard, which comprises the Programme document (ERS 1.0) and the Methodology for Terrestrial Forest Restoration (M001), along with their respective affiliated documents. This initial version of the documentation is the culmination of almost two years of iteration and research & development, complemented by the inputs of the Public Consultation. The documentation and all other information about the Standard are available on the ERS [website](#).

→ **Certification of the first Projects under V1:** Following the Standard's release, we opened applications for project certification. By the end of 2023, we had 22 project



developers in the qualification phase and 10 in discussion. This pipeline is expected to expand significantly in the first quarter of 2024.

→ **VVBs:** The ERS Secretariat has begun accrediting the first Validation and Verification Bodies (VVBs). Based on the Validation & Verification Procedure released within the Programme, the Secretariat has started to collect and review the application forms received from 6 VVBs. The first accreditations are expected to be finalised in the first quarter of 2024.

→ **Registry:** As part of the Programme requirements, projects and all restoration units issued must be registered on the ERS Registry. ERS mandated APX, the global leader in registry services, to develop the ERS Registry for this purpose. The initial version is anticipated to launch by the end of the first quarter of 2024.

→ **Governance:** The ERS Secretariat recruited the Technical Advisory Board and the Fiduciary Board.

- **Technical Advisory Board (TAB):** This external governance board ensures that all revisions to the existing standard documentation or new developments align with the industry's best practices, guaranteeing a high level of integrity across all aspects of the certification. The TAB is composed of Amy Bann, Eduard Müller, Fidel Chiriboga, Nathalie Flores, Robin Cole, and Sara Löfqvist. More details can be found on the dedicated [page](#) on the ERS website.
- **Fiduciary Board:** The purpose of the fiduciary board is to ensure the integrity and fidelity of organisational governance, safeguarding the interests of stakeholders while upholding ethical standards and financial stewardship. The Fiduciary Board is composed of Alexandra Menke, Hugo Garros and Nicolas Capelli. More details can be found on the dedicated [page](#) on the ERS website



## R&D

→ **Release of the Quantification Methodology:** ERS introduced the initial version of the Methodology for Terrestrial Forest Restoration (M001). This Methodology includes the Quantification Methodology for Terrestrial Forest Restoration, detailing the procedures and requirements that ERS follows to calculate net GHG removals resulting from project activities. It is the result of research & development conducted since the company's creation, including:

- Delineating emission sinks and sources;
- Quantifying Carbon stock;
- Factoring leakage, loss events and dynamic baseline (more details below);
- An extensive Above-Ground Biomass (AGB) Benchmark to select the appropriate AGB provider.

→ **Dynamic Baseline:** An important result of R&D in 2023 was developing an approach to periodically re-evaluate the project's initial baseline scenario to adjust unit issuance over the crediting period. This procedure helps establish a reliable baseline over time, considering how the project's context is evolving, which is instrumental in tracking our projects' contributions to combating climate change. More details can be found in the Quantification Methodology for Terrestrial Forest Restoration, which is accessible [here](#).

→ **Upcoming R&D:** ERS anticipates a wide array of topics in Research and Development for 2024, particularly for the next version of the M001. The R&D roadmap includes integrating Soil Organic Carbon and field calibration into the calculations,



while refining the dynamic baseline calculations. Additionally, ERS is developing a Carbon Sequestration Curve to inform developers and potential investors about the expected credit issuance rate.



## INTERNAL OPERATIONS

→ **Strengthened capacity:** We have strengthened all teams within the company, placing particular focus on the R&D department through the recruitment of a lead developer and two machine learning engineers. This allowed ERS to have effective data workflows, as well as web & mobile apps, all built on a robust infrastructure.

→ **Team structuration:** To consolidate the company's expertise and manage potential conflicts of interest, the Operations team has been reorganised into three distinct units:

- The Secretariat: Responsible for handling standard revisions, managing registry operations, maintaining the VVB network, and ensuring compliance with internal policies.
- The Certification Team for managing projects from the feasibility study stage through to VVB validation and subsequent MRV (Monitoring, Reporting, and Verification).
- The Sourcing Team for qualifying new projects submitted via our website and proactively engaging with strategic project developers.

→ **Release of ERS Apps:** We released the first versions of the ERS Field App and WebApp.

- The Field App is designed to facilitate data collection by project operators in the field and features timestamps and geolocation capabilities.





- The WebApp guides developers through the certification, providing a streamlined process with a single data entry point that consolidates all inputs into the Feasibility Study Report and the Project Design Document. Additionally, it will serve as a transparent record-keeping tool for certification agents and VVBs.

→ **Annual Environmental Footprint Assessment:** In our ongoing commitment to combating climate change, we have pursued the calculation our annual environmental footprint. The results have been published on the ERS website.



## MARKET

→ **Accreditations:** Following the release of the Standard, the ERS Secretariat applied for the International Carbon Reduction and Offset Alliance (ICROA) Carbon Crediting Endorsement. An external auditor reviewed the application, which was pre-validated, indicating that the Standard aligns with ICROA criteria. The next step for full accreditation is the issuance of the first Verified Restoration Units (VRUs). ERS plans to apply to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the Integrity Council for the Voluntary Carbon Market (ICVCM) during the first semester of 2024.

→ **Conferences:** The External Relations team participated in major events within the Voluntary Carbon Market (VCM) throughout the year to present our Standard and expand the network of investors and project developers. At the CIFB in New York City in March 2023, we launched the V0.9 version of the standard, initiated Public Consultation, and educated the market about ERS as a new crediting program. Following this launching event, the External Relations team took part in several events to create traction on both the demand and supply sides, met with potential unit buyers, funds, facilitators, due diligence actors, and project developers, and continued the education process for the new standard:

- IETA European Climate Summit in Lisbon in April 2023
- CIFB in London in September 2023
- Climate Week NYC from September 22-29, 2023

→ **Partnerships:** To strengthen our position on the VCM, we signed key partnerships with recognised actors on the market:



- Chloris: External Above-Ground Biomass provider. This partnership aims to ensure precise determination of carbon stock and the CO<sub>2</sub> sequestration capacity in the project area. Our collaboration with Chloris Geospatial enables us to enhance our project assessments, yielding more precise and comprehensive results.
- Kita: Insurance provider. This partnership aims to offer a new solution for carbon market buffer frameworks. Moving forward, the two organisations are keen to test if insurance-backed buffers can increase liquidity by reducing risk-assessed buffer contributions and better assessing fungibility between types of credits.



# Financial *Report*

## STATEMENT OF ACTIVITIES

### Revenues

Amount in EUR	
Services	€ 29 175
Grants	€ 12 000
Other	€ 2 512
<b>Total</b>	<b>€ 43 687</b>

### Expenses

Amount in EUR	
Management and general	€ 1 114 428
Program services	€ 1 247 020
<b>Total</b>	<b>€ 2 361 448</b>

**Net Asset**

Amount in EUR	
2022	€ 5 022 293
2023	€ 3 865 943



**Ecosystem Restoration Standard**

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