FORM

FORM - DEVIATION REQUEST SUBMISSION

PUBLICATION DATE: 12/11/2024
VERSION: 6.0
NEXT PLANNED UPDATE: 12/11/2026

RELATED DOCUMENTS
– Deviations Approval Requirements and Procedures

CONTACT DETAILS
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1| General Guidelines

1.1 | Applicability

1.1.1 | This form is to be completed for projects (project activities/PoAs/VPAs) seeking deviation or is/are at a risk of deviating from any applicable requirements, GS4GG-specific requirements listed in the applicable Methodologies or any other deviations occurring in any of the various aspects of the project.

1.1.2 | Refer to the latest version of Deviation Request Requirements and Procedures for detailed information on the procedures and requirements.

1.1.3 | This form can be used in the following instances i.e.,

a. Deviation from GS4GG requirements and/or applicable methodologies prior to submission for certification with GS4GG.

b. Temporary changes to a certified project - which include changes from the registered monitoring plan, the applied methodologies or other standard documents - that are expected **not** to occur beyond a given monitoring period.

1.1.4 | For any permanent changes to a design certified project, the requirements set in Design Change Approval Requirements and Procedures shall be followed.

2| Submission of deviation form

2.1.1 | This form shall be submitted in Microsoft Word (.doc) format to Gold Standard at deviations@goldstandard.org

2.1.2 | Forms with incomplete/inaccurate information shall not be considered for review and shall be returned to the applicant.

3| Implementation of deviation decision

3.1.1 | The decision prescribed in this form shall be considered by the entity applying for deviation for further course of action.

Table of Content

4| Decision summary

To be completed by Gold Standard

4.1 | General information

DEVIATION REFERENCE NUMBER	DEVRQ-382
Date of decision	25/05/2026
Decision	☐ **Approved** [No precondition to apply the deviation decision] ☒ **Conditionally approved** [Decision is subject to compliance with the precondition defined below] ☐ **Not approved** [reason for rejection is provided in decision summary]

4.2 | Decision

4.2.1 | Decision Summary

The deviation request is conditionally approved if at Design Certification, the project developer/VVB submit:

- All financial evidence for investment disbursements and construction/installation progress in quarterly interval from the original project start date until commissioning date. The percentage of disbursement and completion prior to the newly chosen start date (20/12/2023) must also be provided. The third-party documentation shall be submitted through GS Assurance Platform and not only the internal documents from the project developer.
- The final validation report, in which the VVB has validated the PD's justification that the 2020 equipment orders did not result in commencement of implementation due to documented macroeconomic barriers and the VVB assesses that 20/12/2023 is an appropriate project start date.

4.2.2 | Directions for the project developer/CME, if applicable

The project developer shall note that the decision is based on the information provided in the deviation request form and only against the applicable standard requirement quoted in the form below by the project developer. The project developer shall comply with all other applicable standard requirements until unless specifically mentioned in the deviation decision. The project developer shall document the deviation request, its implications, and GS' decision in the appropriate section of the project document.

4.2.3 | Directions for the Validation and Verification Body (VVB), if applicable

The validating VVB shall, through appropriate means at disposal, evaluate that the project's compliance with the above-mentioned conditions and provide VVB opinion in the validation report.

4.2.4 | Directions for the Gold Standard, if applicable

The review team shall check the information reported by the project developer and the VVB for appropriateness, accuracy and consistency.

4.3 | Applicability to other activities

Is this decision applicable to other projects under similar circumstances?[1]	☐ Yes ☒ No
Does this decision set a precedent for future projects with similar circumstances?[2]	☐ Yes ☒ No

Precedent details (if applicable to other activities)

NA

[1] If this is marked yes, this means that any other project (PoA/VPA/PA) in similar situation may apply the decision of this deviation to their project as well. The project developer/VVB may quote this deviation decision in the relevant certification documents. This is relevant to only the projects which have already entered the certification cycle with GS4GG.
[2] If this is marked yes, it means the decision is valid to all the future projects which will enter the certification cycle with the similar situation. This is relevant to all the projects which are not yet design certified with GS4GG or have not submitted their documents for preliminary review yet.

5| Deviation Request Details

To be completed by the entity requesting deviation - (Project Developer/Coordinating and Managing Entity and/or VVB)

5.1 | Submitted by

☒ Project developer
☐ CME
☐ VVB
☐ Other (specify…)

5.2 | Details of the entity and its representative submitting the form

Item	Information
Name[3] :	Omer Akyurek
Email ID[4] :	oakyurek@ethanolmw.com o.akyurek@outlook.com
Organisation:[5]:	Ethanol Company (EthCo) Limited
Are you an authorized project participant as per the cover letter submitted for this activity?	☒ Yes ☐ No

5.3 | Background information

Type	☒ Project activity	☐ PoA GSXXXX	☐ VPA
GS ID	ID – GS 13115	*GS XXXX* *GS XXXX*	*GS XXXX* *GS XXXX*
Host country(ies)	Republic of Malawi		
Project Title	Effluent Treatment Recycling and Energy Generation (ETREG) Plant Dwangwa		
Registry link	https://registry.goldstandard.org/projects/details/4751		
Scale	☐ Microscale (GS) ☐ Small scale ☒ Large scale ☐ Other, if applicable please specify below *Insert text here*		

Certification Status and corresponding	☒ Listed	☐ Certified design	☐ Certified project	☐ Other

[3] Name of the individual representing the entity requesting the deviation
[4] Email ID for further correspondence related to the deviation request
[5] The name of the entity requesting the deviation

date of latest status				*If other, specify here*
	08/11/2024	*dd/mm/yyyy*	*dd/mm/yyyy*	*dd/mm/yyyy*

Applied version of Standard	☒ GS4GG				
	☐ Previous version of Gold Standard	Version no.			
		☐ 1.0	☐ 1.1	☐ 1.2	☐ 2.2

Transition date, if applicable	From previous GS version to GS4GG	*dd/mm/yyyy*
	From another standard to GS4GG	*dd/mm/yyyy*
	Name of another standard	☐ CDM
		☐ Other Name of the Standard – Insert text here

Applicable activity requirement	☒ Renewable Energy Activity Requirements ☐ Community Services Activity Requirements ☐ Land-use and Forests Activity Requirements ☐ Other *Insert name here*

5.4 | Project deviation history

Is there any deviation request(s) for the same project activity/PoA/VPA(s) that was submitted to GS previously? If yes, below information.			☐ Yes ☒ No
Reference number	Insert Text here		
Status of the deviation	☐ Approved	☐ Rejected	☐ Under review
Were there any findings (CL, CAR, FAR) raised during any certification step (preliminary review, design and/or performance review etc.) that are relevant to this deviation request?	☐ Yes ☐ No		
	Summary of the findings *Summary of the CL, CAR, FAR not more than 200 words. Include reference to document, page number*		

6| Deviation detail

To be completed by the entity requesting deviation (Project Developer/Coordinating and Managing Entity and/or VVB)

6.1 | Standard document reference

Standard document reference	Title	Principles and Requirements
	Version	V2.1
	Paragraph	para 4.1.40

6.2 | Description of the deviation

<table>
<tr><td>Title</td><td colspan="3">Starting Date of Project Activity</td></tr>
<tr><td rowspan="2">Confirm the nature of changes related to deviation</td><td colspan="2">☐ Temporary
(e.g. not expected to occur beyond one monitoring period)</td><td>☒ Permanent
(e.g. deviation from requirements prior to submission for certification)</td></tr>
<tr><td colspan="3">Insert Text here (if required) to support the selection</td></tr>
<tr><td rowspan="2">Relevant monitoring period, if applicable</td><td>Start date</td><td colspan="2">Dd/mm/yyyy</td></tr>
<tr><td>End date</td><td colspan="2">Dd/mm/yyyy</td></tr>
<tr><td>Summarise the changes</td><td colspan="3">GS4GG Principles & Requirements 4.1.39 define project start date as “The Project start date is the earliest date on which the Project Developer has committed to expenditures related to the implementation of the Project.”. In our proposed project activity, an equipment order was signed in 2020 however due to shifting economic realities of the Country and other significant economic challenges this order never triggered commencement of the implementation of the project activity until the carbon finance was introduced. The challenges and how it hindered the project activity from starting is well documented and several evidence are available. It was only on 20/12/2023, following a Board-level review of escalating costs and project risks, without proportional increases in prices for ethanol, the decision was made to only proceed with implementation as long as the monetization of carbon revenues would offset financial exposure and attain financial viability. Therefore, the project start date is considered as 20/12/2023 instead of equipment order signature date. The project developer would like to also further note that the project of today is not commissioned yet (as of March 2026).</td></tr>
<tr><td>Reason for deviation</td><td colspan="3">The project activity is among the first ones to implement in Malawi at the forefront exposed of any financial instability.
The project activity has the following important milestones:

<table><tr><th>Date</th><th>Event</th></tr><tr><td>03/02/2020</td><td>Project Order of Design, Supply and Installation of ETP Raj ZLD plant.
Despite the project order, the installation never took place due to macro-economic developments, which has forced parties to revise these contracts in September 2022.</td></tr><tr><td>26/03/2020</td><td>Project Order of Design and Supply and Installation of 2.5 MW Captive Power Plant.
Despite the project order, the installation never took place due to macro-economic developments,</td></tr></table></td></tr>
</table>

		which has forced parties to revise these contracts in September 2022.
	23/08/2022	42ND Finance Audit and Risk Committee Meeting that resolved: "It should be recommended to the board to authorize management to sign the addendum to the contract (which was later resolved through addendum on 13/09/2022-see below item)" The management should pursue the Carbon Credits option so that it should make the project viable.
	13/09/2022	Addendum to Contract. Due to changes in the macro-economic environment, the parties revised the contract price of both contracts (Project orders dates 03/02/2020 and 26/03/2020)
	09/11/2023	Devaluation of the national currency, Malawi Kwacha (MWK) by 44% against the dollar. Costs of imported equipment increased accordingly, while corresponding increase in prices was not possible as EthCo's revenues from ethanol are set in MWK, regulated under the Liquid Fuels and Gas (Production and Supply) Act, by Malawi Energy Regulatory Authority for the National Fuel Blending Programme. The project was no longer viable.
	20/12/2023	Board after discussion on devaluation, with costs increasing more than revenues, resolved that the continuation of the project investment was conditional on Carbon finance to offset cost escalation.
	12/01/2024	Letter to MALAWI Designated National Authority / DNA, (Director of Environmental Affairs & Malawi's Designated National Authority Carbon Markets) Request to register the project activity for Carbon credits under Gold Standard Letter to EAD on project and carbon
	12/04/2024	Local Stakeholder Meeting for Project
	05/07/2024	Contact to GS for opening account
	07/09/2024	LSC Meeting Report shared with Gold Standard through email. (due to delays on opening the GS account)

11/10/2024	Date of first Submission to GS. Preliminary Review for and the LSC meeting report uploaded to the Sustain Cert Registry.
15/12/2024	Contract Agreement for supply and installation of Utility Lines
June 2026	Expected start of operation

While the initial equipment was contracted in early 2020—with signed project orders dated 03/02/2020 for the Effluent Treatment Plant (ETP Raj ZLD) and 26/03/2020 for the 2.5 MW Captive Power Plant—implementation was significantly delayed due to macroeconomic instability and the Global pandemic, which greatly complicated international supply chains. These disruptions included steep inflation, price escalations, and a weakening local currency, all of which prevented the commencement of physical installation and forced both parties to revise the contract terms in September 2022.

These challenges were accentuated as a result of the sharp currency devaluation in November 2023, with the Malawian Kwacha depreciating by 44%. This currency shock exacerbated cost pressures while EthCo's revenues from ethanol are set in MWK, regulated under the Liquid Fuels and Gas (Production and Supply) Act, by Malawi Energy Regulatory Authority for the National Fuel Blending Programme. EthCo was forced to reconsider the financial viability of the investment.

It was only on 20/12/2023, following a Board-level review of escalating costs and project risks, without proportional increases in prices for ethanol, the decision was made to only proceed with implementation as long as the monetization of carbon revenues would offset financial exposure and attain financial viability. This moment marks the official start date of the project activity, in alignment with Gold Standard rules, as it reflects the commitment to physical implementation based on carbon finance.

This background underscores the strong additionality case for the project. Despite being technically ready in 2020, the project remained stalled for several years due to severe financial constraints. It is the availability of carbon finance—validated by the Board's conditional approval—that enabled the project to overcome these barriers and move forward.

Please also note that the project involves activities which are listed in the Positive Lists of Technologies.

Proposed resolution	The Project Proponent would like to adopt 20/12/2023 as the project start date since project order signed on 03/02/2020 clearly and evidently didn't result in commencement of implementation of the Project.
Is there any potential temporary or permanent impact of deviation on other aspects of the project?	Select the relevant area: ☐ Project design ☐ Local stakeholder consultation ☐ Safeguarding principles ☐ SDG assessment ☐ Regulatory compliance ☐ Additionality ☐ Applicability of methodology ☐ Annual emission reduction volume *(if yes, fill the table below)* Annual emission reduction/removal before applying deviation: *XYZ* tCO_2e Annual emission reduction/ removal after applying deviation: *XYZ* tCO_2e ☐ any other matrix, please specify…
Summary of the impact	Since the deviation is on determination of the "project start date", the impact is on eligibility of the project activity. Considering 2020 as the start date will result in non-eligibility due to required timelines associated with a GS project activity.
Insert text here	

6.3 | VVB information

Is a VVB opinion on the deviation request required? *VVB opinion shall be included, where required by the requirements under [Deviations Request Requirements and Procedures] or request is submitted by the VVB.*	Yes ☐ No ☒ *If answer is yes, fill the information in section 6.4 below.*

6.4 | VVB's assessment

The below information is to be completed by VVB, if applicable.

VVB's assessment of deviation request	Please confirm the nature of deviation. Gold Standard requested PP to obtain VVB's opinion vide e-mail dated 16th April 2026.

	The nature of deviation relates to determination of 'Start date' for the project activity as per "CORE DOCUMENT-PRINCIPLES AND REQUIREMENTS", ver 2.1
VVB's assessment of impact of deviation request	The project activity aims to mitigate greenhouse gas (GHG) emissions through the installation of an advanced anaerobic digester system and to generate electricity in a cogeneration system using the recovered gas. For the project activity, the initial contracts to project equipment were signed on 03/02/2020 and 26/03/2020 for ETP plant and 2.5 MW captive power plant respectively. However, due to macro-economic developments that happened after the signing of the contracts such as a) Russia/Ukraine war which led to increase in costs for steel and its transportation b) devaluation of Malawian currency against the USD c) Global pandemic – Covid, affecting the material supply chain, leading to escalation of project cost, implementation of the project could not happen as envisaged. The PP's 42nd Finance audit and risk assessment committee in their meeting held on 23rd August 2022 discussed various options including i) to proceed with project with revised project cost ii) stop the project and bear the financial loss as per the initial contract signed iii) modify the scope of the project and iv) cancel the contract and proceed with PP's own engineering and project management, and after careful consideration decided to recommend to the board for approval of the project with revised cost and to pursue the carbon credit option for the viability of the project. Again in 09/11/2023, the Malawian currency was devalued by 44% against the USD for the second time. Taking into consideration of the Finance audit and risk committee chairperson's recommendation followed by the depreciation of the Malawian currency by 44% and its associated impact to the overall project cost and to viability of the project, the Board in its meeting dated 20th

	Dec 2023 resolved to continue the project considering the importance associated with the environment with an instruction that carbon credit option to be pursued to offset the cost escalation. (The details of the recommendation and the board decision is well documented as verified from the extracts of minutes from the 42nd Finance audit and risk assessment committee and the extract of the 148th Board meeting.) PP's assertion is that even at this stage the project could have been stopped or modified and only with carbon credit option the project is decided to continue with the implementation. Though the project equipment contracts have been signed in early 2020, marking the commitment to expenditures (meeting the definition of project start date as per para 4.1.39 of "Principles and requirements"), the implementation of the project could not be ensured due to situations as explained above which were beyond PP's control, and the PP wishes to consider the board decision in 20th dec 2023 as start date as it is 'decisive' in implementing the project considering the inordinate delay's and also warranting revisit of the initial signed contracts terms. The VVB during the on-site validation inspection on 08th and 09th Jan 2025 could confirm that the project was not commissioned and the erection related works were on. Since the considered project start date i.e 20th Dec 2023 does not exactly meet the requirement of para 4.1.39 and 4.1.40 of "Core document – principles and requirements", ver 2.1 which says "*The Project start date is the earliest date on which the Project Developer has committed to expenditures related to the implementation of the Project*" and the examples quoted are "*….the date on which contracts have been signed for equipment or construction/operation services required for the Project.*" a deviation is sought by PP.

		Impact of deviation request: if the early contract signed in 2020 is considered as the start date of the project, then the risk of project becoming ineligible in meeting the GS requirement persists.
VVB recommendation		GS may approve the consideration of board decision dated 20/12/2023 as the project start date considering the unique situation of the project as explained in the above section "**assessment of impact of deviation request**"
VVB details	VVB name:	EPIC Sustainability Services Private Limited
	Auditor name(s):	A Prabu das
	Email (s):	prabu@epicsustainability.com

6.5 | Documents:

6.5.1 | List of documents provided (*note that once a decision has been made by Gold Standard, this deviation form will be made public on the Gold Standard website. Kindly refrain from including any confidential information in the form.*)

Document 1. Extract from the Decision of the 148th Board Meeting

Document 2. Extract of Minutes from the 42nd Finance Audit Risk committee meeting

Document 3. Letter to EAD on Carbon Project 12 Jan 2024-signed

DOCUMENT HISTORY

VERSION NUMBER	RELEASE DATE	DESCRIPTION
6.0	12.11.2024	Editorial and structural changes to the template
5.0	11.04.2022	Additional information added: - date of listing, design certification, transition - standard version - specific reference to a requirement deviated from - any previous deviations/design changes approved - Guidance on VVB opinion
4.0	14.01.2021	Editorial changes
3.0	16.07.2020	Editorial changes
2.0	03.05.2018	Editorial changes
1.0	01.07.2017	Initial adoption