



**Verified Carbon  
Standard**

A VERRA STANDARD

# **VCS Guidance: Right to Operate, Sustainable Development, Stakeholder Engagement, and Safeguards**

Version 5.0

9 June 2026

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# 1 SUMMARY

This document provides guidance on the requirements included in the following sections of the *VCS Standard, v5.0*:

- Section 3.6 – Right to Operate and Right to Reductions and Removals
- Section 3.16 – Sustainable Development Contributions
- Section 3.17 – Stakeholder Engagement
- Section 3.18 – Environmental, Social, and Governance Safeguards

Guidance is supportive, explanatory advice to help project proponents, validation/verification bodies (VVBs), and other interested users:

- understand, in greater depth, the background and rationale behind the *VCS Standard* requirements.
- demonstrate and assess conformance to the *VCS Standard* requirements in the relevant project templates (including through examples).
- exceed minimum requirements by outlining concrete good practices that support high-integrity projects.

This guidance document:

- applies to all types of project activities.
- incorporates global expertise from various carbon market, non-governmental, and development sector organizations (see Section 3).

## 2 GUIDANCE

### 2.1 Recommendation for Preliminary Scoping Activities

While not formally required in the *VCS Standard v5.0*, good practice recommends undertaking early context-scoping activities to become familiar with the local, national, and sectoral context before designing aspects of the project related to right to operate and right to reductions and removals, sustainable development contributions, stakeholder engagement, and environmental, social, and governance safeguards aspects of the project.

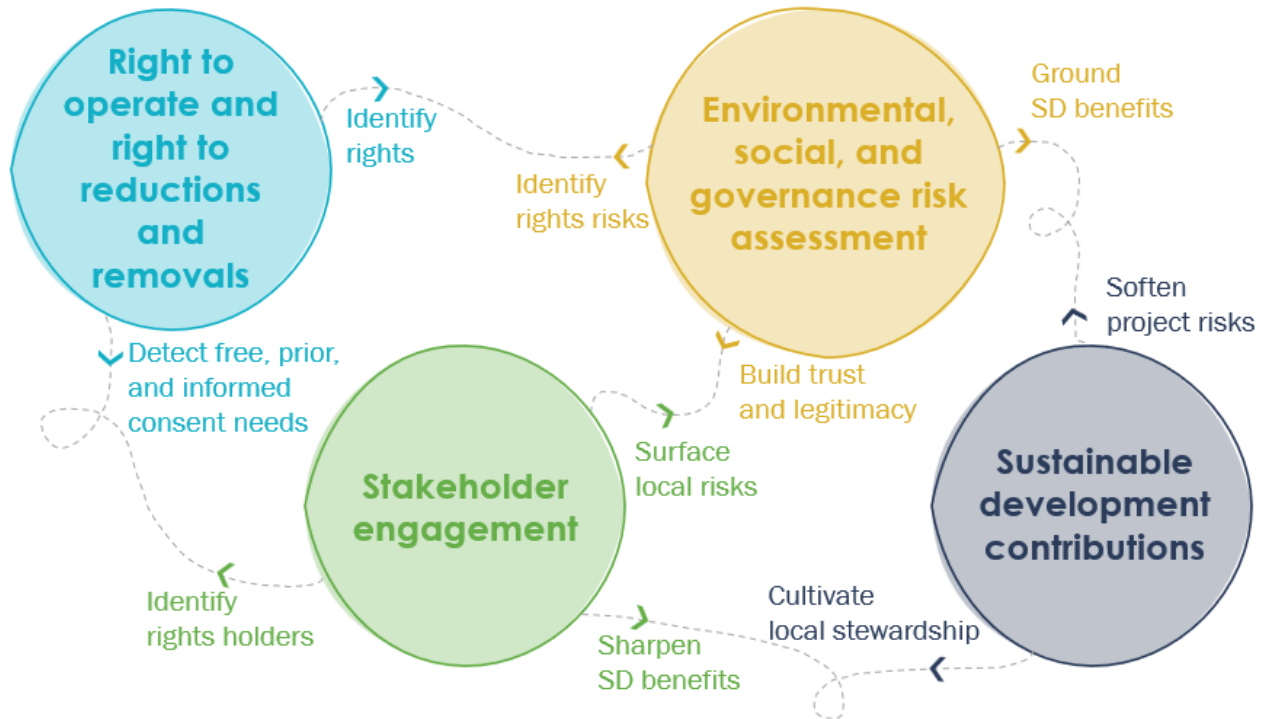
#### **Box 1. Examples of preliminary scoping activities**

- Initial desk research into existing publicly available information on the project area, initial expert interviews to deepen the project team’s learning, or preliminary field research to grasp practical realities faced by stakeholders
- Partnering with local civil society organizations (CSOs), traditional leaders, elders, local city historians or chroniclers, local environmental or human rights defenders, or local government officials, who can:
  - share more information about the project’s context.
  - help connect with and better understand stakeholders’ needs and concerns.
  - support in aligning the project with stakeholders’ interests and values, thereby improving likelihood of project acceptance by stakeholders and reducing delays.
- Engaging independent specialists (e.g., anthropologists or academics) to help understand complex contexts
- Forming an advisory group of experts and contributors active throughout the project’s lifetime, to support informed decision-making and increase the project’s legitimacy

### 2.2 Conforming to Requirements Through an Iterative Design Process

The processes and resulting documents necessary to conform to the requirements in Sections 3.6, 3.16, 3.17, and 3.18 of the *VCS Standard, v5.0* are not one-off or static; rather, they are iterative and interconnected, as illustrated in Figure 1.

Figure 1. Iterative and interconnected nature of safeguards-related and sustainable development VCS Standard requirements



In the early stages of project design (i.e., before the project start date), project proponents’ preliminary assumptions about risks, rights, and stakeholders’ priorities are often incomplete and one-sided. As projects evolve, new stakeholders may be identified and the preliminary assumptions or plans often need to be refined. An iterative approach allows project proponents to revise elements of these critical aspects of a project based on expanded learning and on-the-ground feedback.

An iterative, continual improvement approach:

- is important for identifying and addressing unintended social or environmental harms, improving inclusivity (e.g., reaching a marginalized group, creating safe and respectful spaces), and ensuring that grievance redress mechanisms remain accessible and effective.
- enhances project credibility, reduces risk over time, and helps projects deliver durable climate and SD outcomes.

In practice, an iterative approach means that certain processes required before the project start date may be demonstrated using the information known and reasonably available to the project proponent at that time. These processes will evolve as the project matures. For example, obtaining free, prior, and informed consent (FPIC) is ongoing as information becomes available. Similarly, the environmental, social, and governance (ESG) risk assessment will evolve as stakeholders share previously unidentified risks.

## 2.3 Right to Operate and Right to Reductions and Removals

(VCS Standard, v5.0 Section 3.6)

### 2.3.1. Background

The *VCS Standard, v5.0* requires all project proponents to demonstrate that they hold the right to operate (RTO) and the right to reductions and removals (RRR) for the project. RTO refers to the project proponent’s lawful authorization to control and operate the project activities. RRR refers to a legitimate claim to the reductions and removals generated by the project. Both RTO and RRR must include consent from customary rights holders where such rights exist in the project area.

While simpler project structures allow for straightforward RTO and RRR demonstration using a single source (e.g., a single permit or contract), project proponents in more complex contexts (e.g., where statutory and customary rights coexist) must identify and document the full bundle of rights to substantiate the RTO and RRR against all competing or overlapping claims to land or resource rights. The demonstration must be substantiated with a justification based on an analysis of applicable laws, regulations, and legal instruments (i.e., legal basis) to conclude:

- where the RTO and RRR are derived from, in accordance with the sources listed in Section 3.6.2 of the *VCS Standard, v5.0*.
- whether the project is likely to affect land or resource rights.

**Box 2. Example of a bundle of rights**

A bundle of rights may occur in a project where the RTO and RRR are distributed among different types of rights held by various actors, including statutory (e.g., land tenure, resource-use permits), contractual (e.g., agreements with facility owners), and customary (e.g., Indigenous People’s customary rights to hunt, graze livestock, or access water).

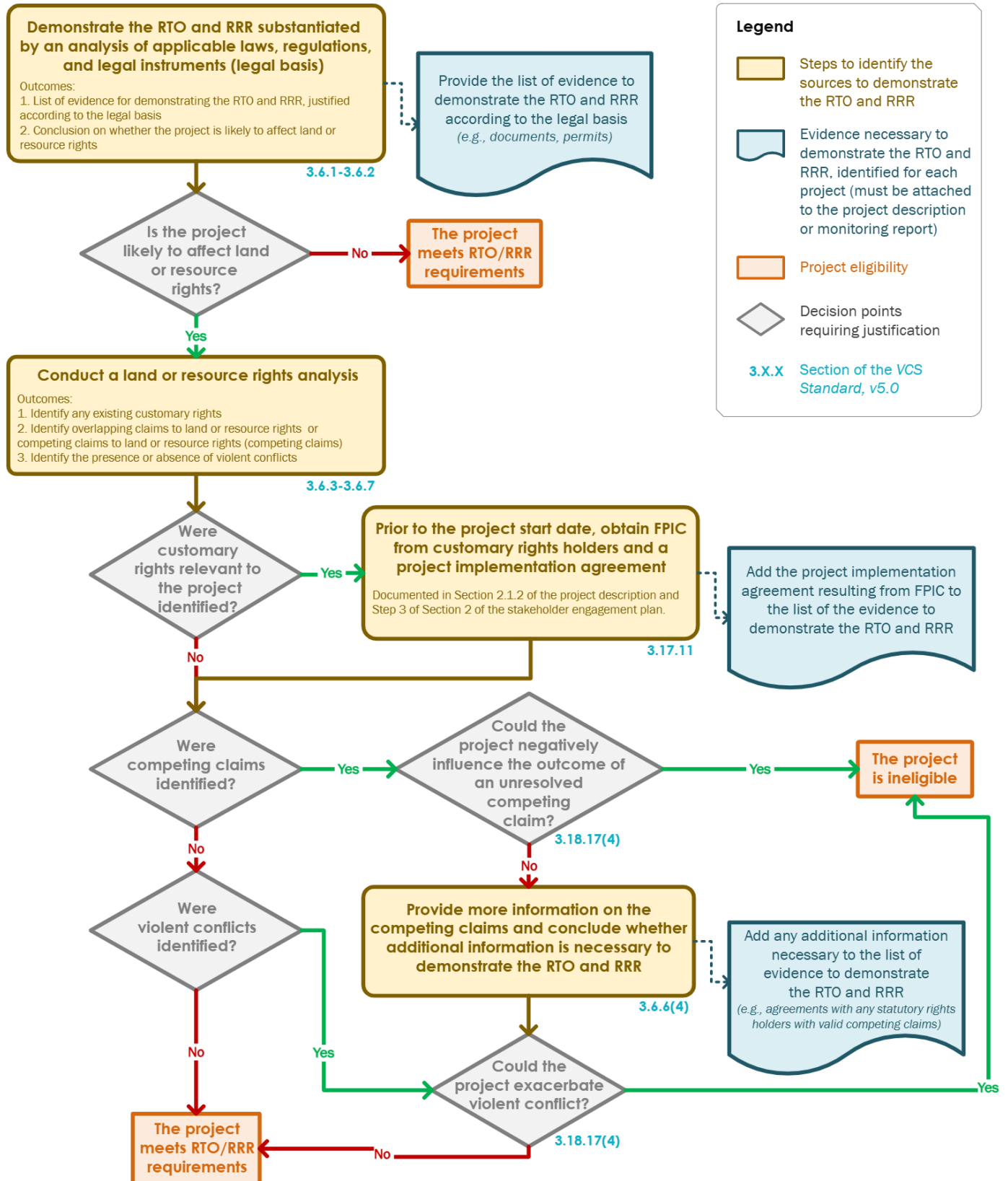
Further, these rights may overlap (e.g., one party has a property right, another a government concession, and a third a customary right to graze the same parcel of land) or compete (e.g., two parties independently claim exclusive use of an agricultural parcel).

Thus, project proponents must identify existing rights relevant to the project and demonstrate the RTO and RRR appropriately.

Where the project is likely to affect land or resource rights, project proponents must conduct a land or resource rights analysis to identify whether a bundle of rights exists for the project.

Where customary rights are identified, the project proponent must also obtain FPIC from customary rights holders, regardless of their legal recognition, in accordance with Sections 3.17.11–3.17.19 of the *VCS Standard, v5.0*. Figure 2 illustrates the project process flow.

Figure 2. Process flow for demonstrating the right to operate and right to reductions and removals



### 2.3.2. Demonstration of the Right to Operate and Right to Reductions and Removals

#### *Evidence Substantiated by Analysis of the Legal Basis*

Project proponents must conduct an analysis of applicable laws, regulations, and legal instruments governing the RTO and RRR for the project (i.e., legal basis). In this analysis, they should identify the regulatory framework, including the key provisions relevant to the project, together with the institutions responsible for enforcing them, and how these interact, as follows:

- **Laws, regulations, and legal instruments** may include the constitution, state laws dealing with activities related to the project activities or context (e.g., land tenure, property law, customary rights, resource use or management, environmental protection, energy generation or use, industrial emissions, waste management, forestry or agriculture, carbon rights legislation (if existing)), and land acquisition laws.

For agriculture, forestry, and other land use (AFOLU) projects, such regulations may also relate to leasing, land transactions, land registration, compensation, inheritance (or family) laws or regulations, and land use planning.

- **Institutional framework** includes the agencies responsible for administering different components of the legal framework, which could issue decrees or other documents relevant to the right to operate and the right to reductions and removals.

For AFOLU projects, such agencies may also include those responsible for land allocation and resettlement, land registration and cadastre (e.g., property register), land valuation and taxation, land management, rural development, agriculture, and environment.

Based on the analysis, project proponents list the appropriate evidence to demonstrate the RTO and RRR and justify how that evidence establishes a valid legal basis for the RTO or RRR.

RTO and RRR must be demonstrated at the project level through the evidence presented in the project description. Project proponents holding the RTO and RRR are expected to have overall control and accountability for project implementation, either directly or through legally binding arrangements with other parties, such that all project activities can be lawfully carried out. The same is applicable to project activity instances in grouped projects.

Therefore, when completing the RTO and RRR evidence table in Section 1.7.1 of the *VCS Project Description Template, v5.0B*, all legal instruments, permits, contracts, or agreements that establish the RTO and RRR must be listed, including cases where different documents or entities apply to different parts of the project.

#### *Determining Whether the Project Is Likely to Affect Land or Resource Rights*

The environmental and social effectiveness of a project depends heavily on land or resource rights and the governance systems in which the project operates. Identifying the legal (i.e., statutory) basis for the RTO and RRR might be insufficient where projects affect customary land or resource rights that are not formally recognized by law.

Therefore, determining whether and how land or resource rights could be affected is crucial to project integrity. The *VCS Standard, v5.0* takes a rights-based, precautionary approach to project implementation, requiring project proponents to identify whether their project is likely to affect land or resource rights and, where it is, to respect and uphold statutory, customary, and other use rights within the project area.

Project proponents identify the likelihood of the project affecting land or resource rights based on their responses to a set of questions included in the *VCS Project Description Template, v5.0B*. Some project activities have a higher inherent risk of affecting land or resource rights (see Appendix 1. Project activities with higher inherent risks of affecting land or resource rights).

Where a project proponent determines that their project is unlikely to affect land or resource rights, a justification is required. The justification should clearly link the nature of the project activities to the absence of any direct or indirect impact on land or resource access and use, and be supported by evidence.

**Box 3. Examples of the analysis of applicable laws, regulations, and legal instruments, and a project’s likelihood of affecting land or resource rights**

**1. A REDD avoided unplanned deforestation project located partly within privately titled rural properties and partly within a sustainable-use forest concession**

Relevant laws, regulations, and legal instruments could include:

- constitution recognizing private property and environmental protection obligations
- forestry and land-use legislation that requires the maintenance of preservation areas and allows conservation and restoration activities, or grants public forest concessions allowing sustainable forest management
- environmental and carbon policy recognizing mitigation actions and GHG emission reductions
- climate legislation or property law recognizing rights to reductions and removals

The institutional framework could include:

- relevant ministries for environment or climate change that administer environmental licensing and conservation frameworks
- land registry institutes that allocate land and formalize tenure (e.g., cadastre)

The evidence establishing the RTO or RRR of the project could be one or more of:

- a federal concession decree granting conservation management authority, establishing the right to manage forest carbon stocks (for RTO)
- carbon development agreements with private landowners granting forest conservation rights, monitoring access, or exclusive carbon credit commercialization rights (for RTO or RRR)
- government confirmation of no conflicting claims to the right to reductions and removals (for RRR)

The project is identified as likely to impact land or resource rights because it could restrict access to natural resources, and Indigenous peoples (IPs) and local communities (LCs) are present. Therefore, conducting a land or resource rights analysis is necessary, obtaining FPIC is required, and a signed project implementation agreement must be included as part of demonstrating the RTO and RRR.

**2. A grid-connected hydroelectric project involving the construction of a dam and reservoir resulting in the submergence of land traditionally used or occupied by IPs or LCs, and altering downstream water quantity and quality in ways that affect livelihoods such as agriculture and fisheries**

Relevant laws, regulations, and legal instruments could include:

- constitutional and secondary laws on Indigenous rights and customary lands
- water resources and hydropower legislation regulating water abstraction, flow alteration, and dam construction

- energy and renewable energy laws governing electricity generation and grid connection
- environmental impact assessment and permit regulations
- land acquisition, resettlement, and land-use laws

The institutional framework could include:

- ministry or office for Indigenous Peoples' affairs
- Indigenous authorities
- Ministry of Energy, responsible for hydropower licensing and grid connection approvals
- Ministry of Environment, issuing environmental impact and operating permits
- water resources authority or river basin agency overseeing water allocation and downstream flow requirements
- state government issuing a land conversion order or responsible for resettlement

The evidence establishing the RTO or RRR of the project could be one or more of:

- a government-issued hydropower concession granting the right to construct and operate the facility (for RTO)
- a water use or water abstraction permit authorizing alteration of river flows and reservoir creation (for RTO)
- an environmental clearance or environmental impact approval authorizing submergence, resettlement, and downstream impacts (for RTO)
- a power purchase agreement with a national or regional electricity utility establishing entitlement to generate and deliver electricity (for RRR)

The project is identified as likely to impact land or resource rights because it involves permanent submergence of land, potential physical or economic displacement, and downstream impacts on water access and quality that affect livelihoods of IPs or LCs. Therefore, conducting a land or resource rights analysis is necessary, obtaining FPIC is required, and a signed project implementation agreement must be included to demonstrate the RTO and RRR.

### 3. An industrial methane management project, capturing and destroying methane in a landfill gas facility and converting methane into electricity

Relevant laws, regulations, and legal instruments could include:

- environmental and waste management laws regulating landfill gas operations, requiring environmental impact authorization and emissions control permits
- climate legislation recognizing mitigation actions
- energy generation laws

The institutional framework could include:

- Ministry of Environment, governing landfill gas operations
- national emissions registry administering mitigation actions
- electricity market generation authority
- local regulations on waste management concession systems

The evidence establishing the RTO or RRR of the project could be one or more of:

- a landfill or waste operation concession agreement, granting exclusive gas capture rights or the right to install equipment (for RTO)
- an environmental license or permit, based on an impact assessment (for RTO)
- a power generation permit (for RTO)
- an agreement with the landfill operator assigning methane capture rights, with the exclusive ownership of gas utilization outputs and allocation of carbon credit benefits (for RRR)

The project is unlikely to affect land or resource rights. Therefore, conducting a land or resource rights analysis is not necessary and the project proponent must demonstrate the RTO and RRR according to the legal basis only.

### 2.3.3. Land or Resource Rights Analysis

The land or resource rights analysis helps project proponents understand whether and how project activities may affect statutory or customary holders of such rights. Through the analysis, project proponents identify land tenure categories in the project area, customary rights (whether recognized by law or not), overlapping claims to land or resource rights, competing claims to land or resource rights, and violent conflicts that may not have been fully captured through the analysis of the legal basis for the RTO and RRR alone. The outcome of the analysis determines whether:

- additional evidence is required to demonstrate the RTO and RRR, which may include:
  - a project implementation agreement resulting from FPIC where customary rights are identified.
  - agreements with statutory rights holders with competing claims to land or resource rights.
- the project is located in an area affected by violent conflict that the project may exacerbate, making the project ineligible in the VCS Program.

#### *Step 1. Gather a Team with Knowledge and Experience*

The team's experience in the jurisdiction, as required in Section 3.6.4 of the *VCS Standard, v5.0*, is relevant because the team must bring:

- expertise in land tenure regulation essential to navigating the complexities of land-use rights.
- understanding of customary rights and related social and gender dynamics to help the project avoid inadvertently marginalizing women or other groups relying on informal governance.
- knowledge of local decision-making systems that provide the framework to meaningfully obtain FPIC, where necessary, through recognized leadership structures.
- alignment with global safeguards good practices to anchor local realities under international human rights law.
- familiarity with existing and potential conflicts to allow the design of proactive mitigation measures to prevent social unrest and ensure legal compliance.

#### *Step 2. Document Land Tenure Categorization*

Land tenure is the relationship, whether legally or customarily defined, between people and land and other natural resources. Land tenure systems determine who can use which resources, for how long, and under what conditions. Such relationships may be well-defined and enforceable in a court of law or governed through customary structures.

Land tenure categories can be any of the following:

- **Private:** Rights are held by a private party who may be an individual, a group of people, or a legal entity (e.g., installations or facilities, individual families holding exclusive rights to residential parcels, agricultural parcels, certain trees which other members can only use with the consent of those who hold the rights).
- **State or government:** Land and resource rights are public and assigned to some authority in the public sector (e.g., forest lands in some countries fall under the mandate of the state, whether at a central or decentralized level of government).
- **Communal:** Rights are held collectively, where each community member has the right to independently use the holdings of the community (e.g., cattle-grazing on a common pasture), and non-members of the community are excluded from use. In some jurisdictions, communal land records may exist that confirm the legal authority of community representatives.
- **Open access:** Specific rights are unassigned and no one can be excluded (e.g., access to the high seas, rangelands or forests where anyone can use resources freely).

### *Step 3. Identify Customary Rights*

Identifying existing customary rights is often intertwined with identifying stakeholders (see Section 2.5.3 of this guidance) and is crucial to a human rights-based approach to project development.

Ancestral lands, territories, and resources are often central to the identities and spirituality of Indigenous Peoples (IPs) and local communities (LCs). The absence of secure and enforceable rights to ancestral lands, territories, and resources that are deeply rooted in culture and history can threaten the means of subsistence and even physical and cultural survival of IPs and LCs. For example, a project that restricts access to resources for conservation purposes may deprive IPs and LCs of crucial plants necessary for traditional medicine or sacred spiritual practices that the project proponent may be unaware of.

Good practices to identify customary rights include:

- talking with local stakeholders living in or near the project area, such as land boards or land commissions, women's groups, and pastoralist associations, to:
  - become familiar with the range of different land uses and stakeholders involved, including seasonal or secondary uses by stakeholders living outside the project area.
  - understand the context and history of use and claims to the land.
  - identify potentially contested areas.
- reviewing historical records from government or universities, reports from civil society organizations (CSOs), historical maps, and any previous concessions to comprehend how rights evolved and identify legacy claims or unresolved grievances.

- using one or more of the following international sources of customary mapping (or an equally robust and accepted alternative in the host country) to obtain preliminary, spatially explicit information on the presence, location, and extent of customary lands, territories, and resource uses:
  - LandMark<sup>1</sup>
  - Indigenous Navigator<sup>2</sup>
  - Indigenous Peoples and Local Communities Conserved Territories and Areas (ICCA) Registry<sup>3</sup>
  - Rights and Resources Initiative (RRI) Tenure Tool<sup>4</sup>
  - Native Land Digital<sup>5</sup>
  - Official country maps, where available
  - Local community maps with information on customary rights
  - A desktop study on existing local literature, CSO reports on local community rights, history, and use

#### **Box 4. Guiding questions to identify customary rights**

- Are there people using land or resources (e.g., pastures, water points) in the proposed project area during specific times of the year? If so:
  - Who are they?
  - Are they part of a specific tribe, clan, village, or family group?
  - How, when, and where do they use the resources?
  - Does use differ seasonally? Is the use secondary (e.g., fisher people accessing water points)?
- Are rights to different resources individual or collective in nature?
- Which community institutions play important roles in managing land or resources?

#### *Step 4. Identify Overlapping Claims to Land or Resource Rights, Competing Claims to Land or Resource Rights, and Violent Conflicts*

A thorough process to identify overlapping claims to land or resource rights, competing claims to land or resource rights, and violent conflicts helps mitigate legal or reputational risks and prevent future disputes with rights holders. It also supports understanding the causes and impacts of violent conflict between groups or individuals in a specific area, as well as how the project can positively or negatively affect those interactions.

Project proponents should adopt a precautionary, encompassing approach to understand how communities or individuals depend on land or resources, thereby revealing latent conflicts (e.g.,

<sup>1</sup> Available at: <https://www.landmarkmap.org/map>

<sup>2</sup> Available at: <https://indigenousnavigator.org/>

<sup>3</sup> Available at: <https://www.iccaregistry.org/>

<sup>4</sup> Available at: <https://rightsandresources.org/rri-tenure-tool/>

<sup>5</sup> Available at: <https://native-land.ca>

resources critical to livelihoods, competing uses such as farming versus grazing, seasonal pressures on resources). Good practice steps to identify overlapping or competing claims to land or resource rights and violent conflicts include the following:

- Review documented titles (e.g., deed records) to identify legal boundaries in any official documents.
- Conduct on-the-ground or geo-referenced surveys to define land boundaries and identify overlapping or competing land or resource rights within the project area.
- Use participatory mapping, involving community members in and surrounding the project area to document boundaries and record active land uses based on oral history and traditional knowledge (e.g., farming, grazing, or sacred sites) that may not appear on official maps.
- Compare the results of the documented titles, physical surveys, and participatory mapping to identify areas where claims overlap or could compete.
- Identify encumbrances (i.e., legal claims that may impact rights, such as a mortgage) or other restrictions, as well as encroachers, squatters, or adverse possessors.
- Analyze records from dispute resolution institutions such as land courts, customary tribunals, and land commissions for evidence of ongoing land disputes, frequently contested parcels, or patterns of violent conflict.
- Examine whether women have secure tenure, migrants have access rights, and marginalized people or vulnerable people face exclusion (disputes or violent conflicts often arise when rights are unequal or contested across social groups).
- Explore international databases about conflict, such as the Armed Conflict Location & Event Data (ACLED) dataset<sup>6</sup>

**Box 5. Guiding questions to identify overlapping or competing claims to land or resource rights**

- Is permission necessary to access or use the land or resources?
- Do penalties exist for entering an area or using existing resources (e.g., using resources too early in a given season when grazing or hunting, or using resources such as timber without permission)?
- Are there rules governing the sequence of access or use?
- Is the land tenure unclear or have recent changes occurred (e.g., restitution of land in Colombia)?

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<sup>6</sup> Available at: <https://acleddata.com/series/acled-conflict-index>

## 2.4 Sustainable Development Contributions

*(VCS Standard, v5.0 Section 3.16)*

### 2.4.1. Background

Sustainable development (SD) contributions are intentional and concrete activities that project proponents design and implement as part of their projects to bring positive impacts to the local context in which they operate. The measurable outcomes resulting from these activities are SD benefits. SD benefits are measured through indicators (see Section 3.16 of the *VCS Standard, v5.0*).

In 2015, all 193 Member States of the United Nations adopted the 17 Sustainable Development Goals (SDGs) as a universal call to action to end poverty, protect the planet, and provide all people peace and prosperity by 2030. Adoption resulted from an inclusive process that involved governments, businesses, civil society, and citizens from the outset. Since then, the SDGs have become a common global framework for aligning initiatives related to SD: countries have committed to advancing the goals, businesses increasingly recognize their crucial role in achieving the goals, and civil society organizations advocate for accelerating everyone's efforts.

In practice, countries are advancing all SDGs by integrating them into national policies and aligning existing data to the SDG indicators. Different countries are also prioritizing certain SDGs or targets that are more relevant to their context or challenges.

Projects operate within and affect a broader national context. Where a project's SD contributions align with the host country's stated priorities, such as those outlined in national SDG strategies, the project can showcase local relevance and enhance project legitimacy.

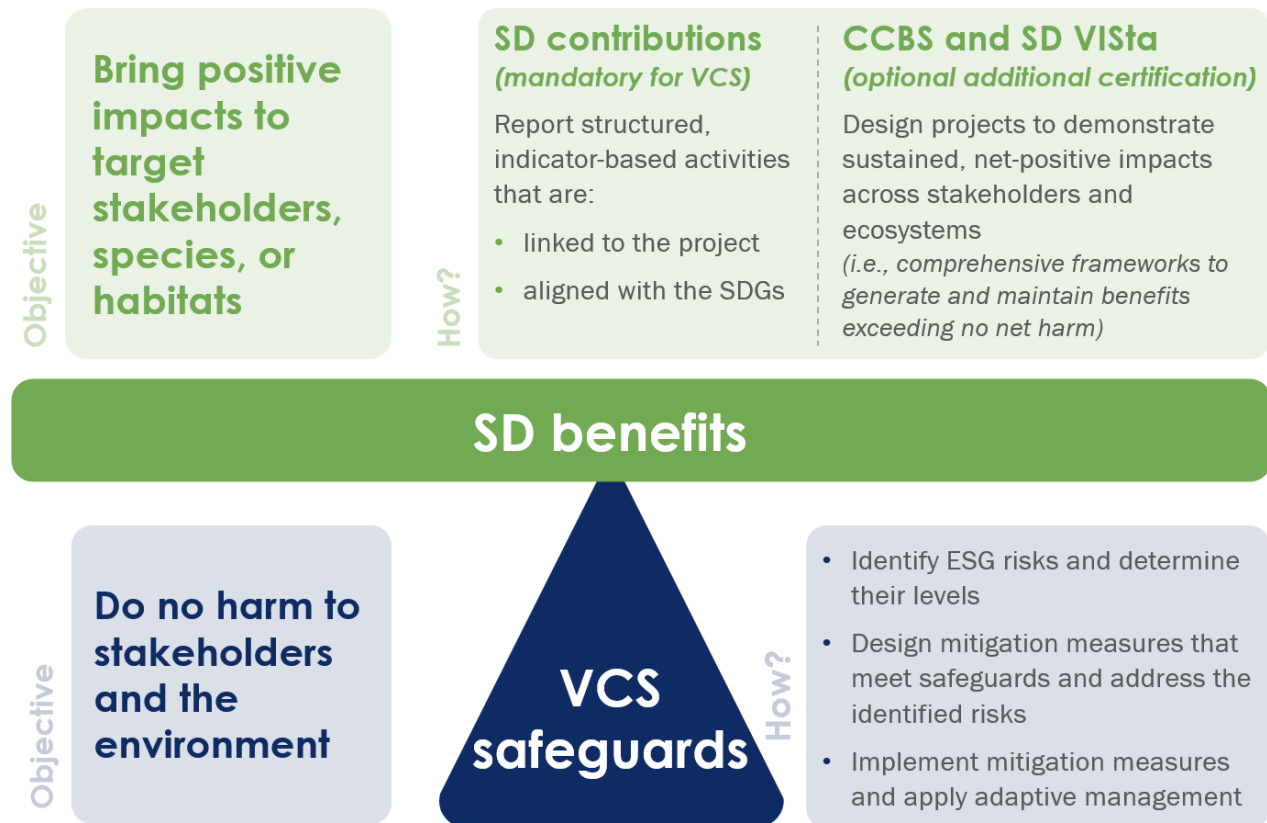
### 2.4.2. Difference among VCS Safeguards, VCS SD Contributions, CCBS, and SD VSta

Projects certified in the VCS Program demonstrate that they do no harm. They must also contribute to SD and provide related SD benefits, as must projects registered with Verra's Climate, Community & Biodiversity Standards (CCBS) Program or Sustainable Development Verified Impact Standard (SD VSta) Program. The key difference is the level of rigor and intent with which contributions are designed and monitored, as shown in Figure 3.

In simple terms, the CCBS and SD VSta programs differ in the following ways:

- Projects registered with the CCBS Program are designed to generate and maintain climate, community, and biodiversity benefits within and beyond the project's life, through a theory of change.
- Projects registered with the SD VSta Program are designed to meet SD objectives appropriate to their context through a causal chain approach and generate and maintain net positive impacts on well-being for all stakeholder groups, and on natural capital and ecosystem services directly affected by the project, during the project's lifetime and after project activities end.

Figure 3. Relationship between VCS safeguards and SD benefits (i.e., SD contributions, CCBS, and SD VISA)



### 2.4.3. Describing Planned and Achieved SD Contributions

This section provides guidance and good practices for filling out the VCS SD contribution tables in the *VCS Project Description Template, v5.0A and B*, and the *VCS Project Monitoring Template, v5.0A and B*, with instructions grouped by table row headings.

#### ID

A consecutive number, starting at one, to identify the contribution’s indicator.

#### SDG Target

The 17 SDGs are high-level and long-term objectives to address key global challenges. Under these are 169 targets, which are specific, actionable, and time-bound outcomes (i.e., steps needed to achieve each goal). In the second row of the SD contributions table, project proponents write in full the SDG target that best aligns with the topic the project indicator measures (see SD Contribution Indicator Type and Name below).

The *VCS Standard, v5.0* requires that projects contribute to SD and quantify their contributions to at least three SDGs, one of which can be SDG 13: climate action. While climate change and mitigation activities relate to SDG 13, they do not align specifically with any of its targets. For climate change mitigation impacts, project proponents should write “SDG 13. Climate action” in

the SDG target row and use the indicator “tonnes of CO<sub>2</sub>e reduced or removed” (see the example in Section 2.4.4). Likewise, if a project-specific indicator does not align with an SDG target, project proponents should write the name of the related SDG instead.

### *SD Contribution Indicator Type and Name*

Each SDG target has one or more SDG indicators to standardize reporting across countries, for a total of 234 indicators. The list of indicators is available on the UN website.<sup>7</sup> Indicators are measurable, observable variables or markers used to track progress toward a specific objective. They can be quantitative (e.g., the number of reductions and removals generated by a project) or qualitative (e.g., a population's perception of corruption).

Since the targets and indicators were designed for monitoring national-level interventions, they are often unsuitable for project-level contributions (i.e., mismatched in scale, data availability, and relevance to specific local contexts). For this reason, project proponents may define project-specific indicators where SDG indicators are unsuitable, to enable measurements of the unique benefits of project interventions.

In this row, project proponents tick the relevant box to select the type of indicator (i.e., SDG or project-specific indicator) and provide the project's SD contribution indicator name.

During project design, project proponents should identify the SD contributions and indicators that they plan to achieve. Through implementation, new contributions and indicators may be added. According to the *VCS Standard* requirements, a project must contribute to at least three SDGs in every monitoring period.

To maintain transparency and clarity, project proponents are expected to report on all indicators at each monitoring period, even where the contribution to a certain indicator is zero for one or more monitoring periods.

### **What Are SD Contribution Indicators and How to Develop Locally Aligned Indicators**

A project indicator translates a broad national or supranational ambition, such as “end poverty in all its forms, everywhere” (i.e., SDG 1: no poverty) into a verifiable local data point (e.g., percentage increase in household disposable income resulting from project activities). The United Nations Development Programme (UNDP) has a useful resource for aligning local projects with the SDGs.<sup>8</sup>

Indicators can measure different stages in a process:

- Inputs: resources used (e.g., USD 50,000 invested in seedlings)
- Outputs: direct products of the activities (e.g., 50,000 trees planted)
- Outcomes: short- to medium-term effects (e.g., 80% survival rate of trees that are providing subsistence means to communities)

<sup>7</sup> Available at: <https://unstats.un.org/sdgs/indicators/indicators-list/>

<sup>8</sup> Available at: <https://sdglocalaction.org/wp-content/uploads/2023/08/SDG-Guide-Aug-28.pdf>

- Impact: long-term change (e.g., increased biodiversity and water quality)

Section 3.16.2(1) of the *VCS Standard, v5.0* requires SD contribution indicators to be quantitative. Best practices encourage project proponents to measure outcomes and include:

- measuring the baseline (i.e., data at the project start date) to be able to later demonstrate the contributions.
- clearly showing that the project contributed to the change (and how), even if the project was not entirely responsible for the change.
- measuring things that matter and meaningfully contribute (e.g., if a cookstove project claims to support SDG 5: gender equality, the indicator should consider more than “women using stoves,” and could be “average hours saved by women in fuel collection per week.”)
- making indicators SMART, which stands for:
  - specific: clearly defining what is being measured
  - measurable: being quantifiable through data collection, and subject to objective verification
  - achievable: being realistic to track and accomplish within the timeframe specified
  - relevant: relating directly to the project’s objectives and representing tangible improvements to people or the planet
  - time-bound: including a clear timeframe for data collection

#### **Choosing Only the Most Relevant SD Contribution for Each Activity**

Where a single activity contributes to multiple SDGs, the project proponent should select only the most relevant contribution (i.e., do not report more than one SD contribution for a single activity), unless justified. For example, project proponents installing a water filtration system may choose to report contributions to SDG 6: clean water and sanitation or SDG 3: health and well-being, depending on which is most relevant to their project (e.g., alignment with credit buyers’ interests).

Criteria that may be used to justify exceptions include:

- additional investment in a more expensive technology or complex pathway than required by the applied methodology, to enhance SD benefits.
- stakeholder endorsement of multiple benefits that are meaningful to them (e.g., if the health benefit from a water filtration system also results in a significant reduction in child deaths, corroborated through stakeholder engagement, this could additionally be claimed).

#### *Indicator Metadata*

The metadata is the minimum information necessary to explain what the indicator measures and the criteria for its interpretation. For example, how the indicator is calculated and with what

frequency, its unit, data sources, baseline value, the expected contribution to be reached, and any disaggregation. Metadata enables data consistency, quality, and proper interpretation.

The indicator’s metadata field in the SD contribution table may be high-level, but should be sufficient to allow a third party to replicate calculations using the same data sources and obtain the same results. Here is a brief explanation of all the bullets in the row:

- Calculation (including frequency): The formula that will be used to estimate the indicator, including how often the calculation will occur
- Unit: The definition of what is being calculated by the indicator (e.g., percentage, number of people, USD, USD per year)
- Data sources: The origin points, systems, and records that are used to validate the stated baseline and verify the claimed SD contributions (e.g., databases, surveys, documents). Evidence provided by the project proponent may be self-produced (e.g., contracts, payrolls) or third-party produced (e.g., administrative records, census information). Where evidence is third-party produced, the project proponent should include how the information can be downloaded or accessed. Data sources provided should support the project proponent’s demonstration:
  - of baseline data,
  - that the contributions were made, and
  - that the contributions occurred because of project activities.
- Baseline (number and year): The quantity of the indicator measured at the project start date, including the year. The project may start from a zero baseline or with existing units.
- Expected contribution (numbers and years): The quantity of units that the project will contribute throughout the project lifetime. Where interim milestones are known or expected, it is good practice to provide disaggregated data by year or by planned verification period. The project proponent may plan for certain contributions to occur only at the beginning of the project, which should be transparently disclosed.
- Disaggregation (optional): A good practice is to collect high-level data split into subgroups (e.g., by age, sex, income, location, or disability) to reveal hidden disparities, identify marginalized people or vulnerable people, and, to the extent necessary for the project, guide decision-making. For example, if carbon prices increase throughout a project’s lifetime and additional revenue can be allocated to SD contributions, information from disaggregated indicators could help the project proponent decide on additional activities that benefit more disadvantaged stakeholder groups or protect certain key species.

### *Planned Activities and Expected Contributions*

This row appears in the *VCS Project Description Template, v5.0A and B* but not the *VCS Monitoring Report Template, v5.0A and B*. In this column, project proponents should briefly

outline how planned activities are intended to contribute to sustainable development and explain how each indicator will measure such contributions. Activities may be:

- embedded in project activities (e.g., choosing a technology that reduces pesticide use and environmental impacts to biodiversity despite being more expensive) or
- independent from project activities (e.g., community awareness raising on empowerment of women).

### *Activities Implemented and Contributions Delivered*

This row is linked to the “planned activities and expected contributions” row in the project description and appears only in the *VCS Monitoring Report Template, v5.0A and B*. In this row, project proponents should briefly explain how the activities they have implemented contribute to SD and include calculation of the indicator value for the monitoring period.

### *Relevant National SDG Objectives*

The *VCS Standard* requires project activities to be aligned with SDG objectives of the host country, where such objectives are relevant to the project.

Project proponents may obtain information about the country’s SDG objectives and priorities from these sources:

- National development plans or sectoral policies
- Voluntary national reviews, which are periodic national reviews of progress towards the SDGs at national and sub-national levels<sup>9</sup>
- The UN SDG Global Database<sup>10</sup>
- Country profiles from the Sustainable Development Report<sup>11</sup>
- Country profiles from the UN’s five regional commissions:
  - Economic Commission for Africa (ECA)<sup>12</sup>
  - Economic Commission for Europe (UN ECE)<sup>13</sup>
  - Economic Commission for Latin America and the Caribbean (ECLAC)<sup>14</sup>
  - Economic and Social Commission for Asia and the Pacific (ESCAP)<sup>15</sup>
  - Economic and Social Commission for Western Asia (ESCWA)<sup>16</sup>

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<sup>9</sup> Available at: <https://hlpf.un.org/countries>

<sup>10</sup> Available at: <https://unstats.un.org/sdgs/dataportal>

<sup>11</sup> Available at: <https://dashboards.sdgindex.org/profiles/>

<sup>12</sup> Available at: <https://ecastats.uneca.org/data/countries>

<sup>13</sup> Available at: <https://w3.unece.org/PXWeb/en/PDFCountryProfiles>

<sup>14</sup> Available at: <https://agenda2030lac.org/en/countries>

<sup>15</sup> Available at: <https://data.unescap.org/national-analysis?tab=overview>

<sup>16</sup> Available at: <https://data.unescwa.org/>

## 2.4.4. Example of Completed SD Contributions Table for the Project Description (PD) and Monitoring Report (MR)

ID	SDG target	SD contribution indicator type and name	Indicator metadata	Planned activities and expected contributions (PD) / Activities implemented and contributions delivered (MR)	Relevant national SDG objectives
1	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	<input checked="" type="checkbox"/> SDG <input type="checkbox"/> Project-specific 3.3.3 Malaria incidence per 1000 population	<ul style="list-style-type: none"> <li>• Calculation (including frequency):<sup>17</sup> Number of new cases of malaria per 1000 people at risk each year</li> <li>• Unit: Cases per 1000 people at risk</li> <li>• Data sources:               <ul style="list-style-type: none"> <li>○ Extract of or full 2017 report by the National Malaria Control Program at the Ministry of Health, including information on the number of suspected cases, tested cases, positive cases by detection method and species, and the number of health facilities reporting those cases (where data are available disaggregated to a level relevant to the project area)</li> <li>○ Logbook detailing households that received distributed bed nets</li> <li>○ Attendance lists and agendas from workshops</li> </ul> </li> <li>• Baseline (number and year): 50 (2017)</li> <li>• Expected contribution (numbers and years): 48 (2020), 45 (2022)</li> <li>• Disaggregation: Sex and age</li> </ul>	<p><b>Planned activities and expected contributions (PD)</b></p> <p>The project plans to reduce malaria incidence per 1000 people at risk from 50 to 45 in 2022 by distributing 200 additional bed nets annually (in 2018–2022) and conducting 3 malaria prevention workshops per year.</p> <p><b>Activities implemented and contributions delivered (MR)</b></p> <p><b>In the monitoring period (2021-2022)</b></p> <p>The project reduced malaria incidence per 1000 people at risk from 50 to 46 in 2022 by distributing 200 additional bed nets annually in 2021 and 2022 and conducting malaria prevention workshops.</p> <p>Evidence:</p> <ul style="list-style-type: none"> <li>• Extract of or full 2017 signed report of the National Malaria Control Program reporting 46 cases per 1000 people at risk in the project area</li> <li>• Signed logbook detailing the households that received the 200 nets distributed in 2021 and 2022</li> <li>• Attendance lists and agendas from the six workshops conducted in 2021 and 2022</li> </ul>	<p>Country: India</p> <ul style="list-style-type: none"> <li>• India launched the National Strategic Plan for Malaria Elimination (2017–2022), where nets appear as one of the strategies.</li> </ul> <p>Source:  <a href="https://www.who.int/india/news-room/detail/11-07-2017-national-strategic-plan-for-malaria-elimination-(2017-22)-launched">https://www.who.int/india/news-room/detail/11-07-2017-national-strategic-plan-for-malaria-elimination-(2017-22)-launched</a></p> <ul style="list-style-type: none"> <li>• The project’s indicator aligns with the country’s priorities by providing nets to reduce malaria incidence.</li> </ul>

<sup>17</sup> Information from SDG indicator metadata

ID	SDG target	SD contribution indicator type and name	Indicator metadata	Planned activities and expected contributions (PD) / Activities implemented and contributions delivered (MR)	Relevant national SDG objectives
				<p><b>Accumulated throughout the project lifetime</b></p> <ul style="list-style-type: none"> <li>Reduction in incidence: 50 to 46 per 1000 at risk from 2017 to 2022</li> <li>Nets distributed: 1000 (2018–2022)</li> <li>Workshops conducted: 15 (2018–2022)</li> </ul>	
2	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all	<input type="checkbox"/> SDG <input checked="" type="checkbox"/> Project-specific Percentage of the rural population in the project area that has easy access to a safe water supply	<ul style="list-style-type: none"> <li>Calculation (including frequency): Divide the number of people with access to at least 10 liters of potable water per day from constructed wells by the total rural population in the project area, and multiply by 100</li> <li>Unit: Unitless</li> <li>Data sources:                             <ul style="list-style-type: none"> <li>Baseline: local surveys confirming no wells exist</li> <li>Contributions at monitoring report: Number of people who can access each supply line, census of rural population in the project area, daily measurements of well water levels and flow meters to each supply line</li> </ul> </li> <li>Baseline (number and year): 0% (2022)</li> <li>Expected contribution (numbers and years): 20% (2023), 40% (2024 and onwards)</li> <li>Disaggregation: Sex and age</li> </ul>	<p><b>Planned activities and expected contributions (PD)</b></p> <p>The project plans to provide at least 10 liters of potable water per day to 1200 rural people in the area by the end of the second year of implementation, through the construction of improved wells. The beneficiaries are estimated to be 40% of the rural population.</p> <p><b>Activities implemented and contributions delivered (MR)</b></p> <p><b>In the monitoring period (2024)</b></p> <p>The project provided 11.5 liters of potable water per day to 1240 rural people in the area, representing 41% of the rural population.</p> <p>Evidence:</p> <ul style="list-style-type: none"> <li>Reports with daily measurements of flow meters to each supply line and the number of people who can access each supply line</li> <li>Most up-to-date census on rural population in the area, and source</li> </ul> <p><b>Accumulated throughout the project lifetime</b></p> <ul style="list-style-type: none"> <li>41% (2024)</li> </ul>	<p>Country: Kenya</p> <ul style="list-style-type: none"> <li>Kenya’s national plan “Kenya Vision 2030” indicates in Section 4.5 “Water and Sanitation” that their vision “is “to ensure water and improved sanitation availability and access to all by 2030.” Source: <a href="https://www.pfmr.go.ke/wp-content/uploads/2021/03/Kenya_Vision_2030_-_2007.pdf">https://www.pfmr.go.ke/wp-content/uploads/2021/03/Kenya_Vision_2030_-_2007.pdf</a> (page 115)</li> <li>In their Voluntary National Review of 2024, Kenya presents progress towards SDG Target 6.1. Source: <a href="https://hlpf.un.org/sites/default/files/vnrs/2024/VNR%202024%20Kenya%20Report.pdf">https://hlpf.un.org/sites/default/files/vnrs/2024/VNR%202024%20Kenya%20Report.pdf</a> (page 47)</li> <li>The project’s indicator aligns with the country’s priorities by providing safe drinking water to the population.</li> </ul>

ID	SDG target	SD contribution indicator type and name	Indicator metadata	Planned activities and expected contributions (PD) / Activities implemented and contributions delivered (MR)	Relevant national SDG objectives
3	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<input type="checkbox"/> SDG <input checked="" type="checkbox"/> Project-specific Number of local community members employed by the project each year, and paid wages above market rates	<ul style="list-style-type: none"> <li>• Calculation (including frequency): Sum of local community members employed per year by the project</li> <li>• Unit: Number of persons</li> <li>• Data sources: Formalized contracts signed by both parties, and payroll documents</li> <li>• Baseline (number and year): 0 (2021)</li> <li>• Expected contribution (numbers and years): Starting with 55 project workers in year 1 (2022) and increasing to 75 per year (2023–2050)</li> <li>• Disaggregation: Sex and level of education</li> </ul>	<p><b>Planned activities and expected contributions (PD)</b></p> <p>The project plans to employ 55 members of the local community from the first year of project implementation and up to 75 each year subsequently. The paid wages are budgeted to be above market rates, increasing total income from USD 1.20/day to USD 2.57/day and bringing workers above the international poverty line. Daily amounts may be adjusted for inflation at every monitoring period.</p> <p><b>Activities implemented and contributions delivered (MR)</b></p> <p><b>In the monitoring period (2022-2025)</b></p> <p>The project employed 55 community members in 2022, 75 in 2023, and 75 in 2024, paying them an average of USD 2.73/day. 40% were women and 60% men.</p> <p>Evidence:</p> <ul style="list-style-type: none"> <li>• 55 contracts signed with formal employees in 2022, and an additional 20 for 2023 and 2024. All contracted project workers have remained employed.</li> <li>• Payroll documents evidencing payment disbursements</li> </ul> <p><b>Accumulated throughout the project lifetime</b></p> <ul style="list-style-type: none"> <li>• 55 project workers for one year, and 75 project workers for two years</li> </ul>	<p>Country: Colombia</p> <ul style="list-style-type: none"> <li>• Colombia’s National Development Plan 2022–2026, speaks in Section 6 “Decent Work” about decent employment and fair wages for all workers. Source: <a href="https://colaboracion.dnp.gov.co/CDT/Prensa/Publicaciones/pla-n-nacional-de-desarrollo-2022-2026-colombia-potencia-mundial-de-la-vida.pdf">https://colaboracion.dnp.gov.co/CDT/Prensa/Publicaciones/pla-n-nacional-de-desarrollo-2022-2026-colombia-potencia-mundial-de-la-vida.pdf</a> (page 132)</li> <li>• The project’s indicator aligns with the country’s priorities by providing decent work with fair wages to project workers.</li> </ul>

ID	SDG target	SD contribution indicator type and name	Indicator metadata	Planned activities and expected contributions (PD) / Activities implemented and contributions delivered (MR)	Relevant national SDG objectives
4	13. Climate action	<input type="checkbox"/> SDG <input checked="" type="checkbox"/> Project-specific Tonnes of CO <sub>2</sub> reduced or removed per year	<ul style="list-style-type: none"> <li>• Calculation (including frequency): According to the VCS methodology applied and the frequency it specifies</li> <li>• Unit: Tonnes of CO<sub>2</sub></li> <li>• Data sources: project monitoring report and supporting data</li> <li>• Baseline (number and year): 0 (2018)</li> <li>• Expected contribution (numbers and years): 250 000 tonnes of CO<sub>2</sub> reduced per year and 1 gigatonne removed per year</li> <li>• Disaggregation: Reductions and removals</li> </ul>	<p><b>Planned activities and expected contributions (PD)</b>            By installing a bioenergy plant with carbon capture and storage, the project plans to reduce 250 000 tonnes of CO<sub>2</sub> and remove 1 gigatonne of CO<sub>2</sub> from the atmosphere per year.</p> <p><b>Activities implemented and contributions delivered (MR)</b>  <b>In the monitoring period (2022–2025)</b>            The project reduced 250 000 tonnes per year and removed 1 gigatonne per year.            Evidence:</p> <ul style="list-style-type: none"> <li>• Reported reductions and removals</li> </ul> <p><b>Accumulated throughout the project lifetime</b></p> <ul style="list-style-type: none"> <li>• 1 750 000 tonnes of CO<sub>2</sub> reduced (2019–2025)</li> <li>• 7 gigatonnes of CO<sub>2</sub> removed (2019–2025)</li> </ul>	Country: United Kingdom <ul style="list-style-type: none"> <li>• The UK parliament published an article about the UK’s commitment to reaching net zero by 2050.                Source:  <a href="https://commonslibrary.parliament.uk/research-briefings/cbp-9888/">https://commonslibrary.parliament.uk/research-briefings/cbp-9888/</a></li> <li>• The project’s indicator aligns with the country’s priorities by contributing to their net zero objective.</li> </ul>

## 2.5 Stakeholder Engagement

(VCS Standard, v5.0 Section 3.17)

### 2.5.1. Background

#### *Building Trust through Early and Meaningful Stakeholder Engagement*

A project's stakeholders vary depending on the activity type, the context in which the project operates, and the environmental, social, and governance risks. The level and depth of engagement depend on how affected stakeholders are by the project and how they can influence it.

Project proponents should approach stakeholder engagement with:

- a genuine interest in strengthening project design and implementation by including others' perspectives, rather than to persuade or as a conformity exercise.
- a view of fostering a culture of transparency, honesty, and collaboration among equals.

Early and iterative stakeholder engagement helps build good faith and mutual trust, minimizing conflicts and delays and contributing to outcomes that extend beyond the project's lifetime. It also helps identify key issues that need to be addressed, risks and constraints that may affect project activities, and opportunities for relationship-building and partnerships.

To build trust throughout the stakeholder engagement process, project proponents should demonstrate that stakeholders' input matters: that contributions are heard, considered, and acted upon, to the extent feasible. It is common for stakeholders to fear or distrust outsiders due to past experiences of manipulation, unmet promises, intimidation, or deceit.

Best practices include:

- maintaining an organized paper trail of interactions, input, and iterations. For example, publishing "you said, we did" summaries after consultations. Paper trails are also helpful for audits.
- before new meetings, carefully reviewing minutes or documents where past agreements and commitments were recorded. Stakeholders are likely to remember previous promises even where there has been staff rotation, changes in project developers, or new project phases.
- referencing specific feedback in meetings and showing how it shaped decisions; visual aids can be used to show project adjustments.

Stakeholder engagement-related activities should be carried out by personnel with qualifications proportionate to the nature of the project and, where necessary, supplemented with external expert assistance. For example, engagement in simpler projects may be led by trained project staff familiar with the local context, whereas projects involving complex land tenure, customary rights, or FPIC processes may require external expertise to ensure engagement is appropriate and effective.

### *The Iterative Nature of Stakeholder Engagement Processes*

During stakeholder engagement processes, project proponents should continually invite input, to the extent possible through open-ended questions, on aspects such as:

- whether the list of identified stakeholders is accurate and comprehensive.
- proposed methods of notification and engagement (e.g., where meetings and workshops will be held and how to communicate with marginalized people or vulnerable people).
- the proposed extent and format of engagement (e.g., stakeholders' preference about when to hold meetings and the duration of the consultation period).
- the format and language of information to be provided (e.g., how do stakeholders want to receive information).

Stakeholders' feedback on these aspects should be reviewed and incorporated into the plan and engagement as appropriate.

## 2.5.2. General Considerations for Stakeholder Engagement

### *Culturally Appropriate Methods*

Culturally appropriate methods are approaches, tools, and strategies specifically designed to be sensitive and responsive to the cultural backgrounds, values, beliefs, and practices of individuals and communities.

The analogy of a guest entering someone's home helps reflect the relevance of culturally appropriate methods for stakeholder engagement. If a guest walked into the living room with muddy shoes, ignored the hospitality offered, and started rearranging furniture to suit their needs, the homeowner would feel disrespected and invaded. Culturally appropriate engagement means learning the house rules before walking through the door, listening more than speaking.

When stakeholders see their own values and knowledge reflected in project design and implementation, they are more likely to trust the project and, over time, develop a sense of ownership. Consequently, project-related benefits or practices are more likely to be by the stakeholders long after its end date.

Best practices of culturally appropriate methods in stakeholder engagement include:

- understanding core cultural values, practices, and sacred or relevant places.
- embedding cultural values and traditions into the design and implementation of stakeholder engagement processes (see examples in Box 6).
- providing sufficient time for people to express their views without interruption and offering follow-up discussions where needed.
- where possible, using facilitators who are trusted locally or speak the language, and otherwise selecting facilitators who can listen, explain, and engage empathetically.

**Box 6. Examples of embedding cultural values**

- Prioritizing face-to-face consultations for stakeholders who value human interactions or have low technological access or knowledge
- Using appropriate language formality and tone in communications and materials
- Disseminating information through various media for different target audiences, especially where literacy levels are low (e.g., posters, radio, community public notice boards, nontechnical drawings)
- Designing distinct methods to gather information for topics that are sensitive to discuss openly in a very broad consultation (e.g., wages, income, or gender-based concerns such as sexual harassment)
- Using local radio broadcasts to disseminate information
- Avoiding words with negative connotations for stakeholders
- Respecting stakeholders' dress codes during engagement (e.g., conservative dressing)
- Consulting on how traditional beliefs and knowledge systems may be incorporated in the project

### *Gender-Sensitive Approaches*

Gender is a key determinant of access to project benefits and vulnerability to adverse project impacts. Section 3.17.4(2) of the *VCS Standard, v5.0* requires project proponents to use a gender-sensitive approach to recognize gender-related differences in land tenure, resource use, access, or control, employment opportunities, and decision-making power and to take actions to address inequalities or power imbalances.

A gender-sensitive approach recognizes socio-cultural norms, relationships, and discrimination among genders, as well as rights, roles, and responsibilities in the community, and addresses them by:

- differentiating among the capacities, needs, and priorities of men and women, while considering, where relevant, gender-diverse individuals.
- ensuring that the views and ideas of all are given due consideration (i.e., acknowledged and respected).
- taking action to address inequalities or power imbalances.

**Box 7. Examples of gender-sensitive approaches**

- Facilitating women's participation through activities aligned with daily routines, needs, and concerns, such as addressing:
  - responsibility for care activities by budgeting for and providing child- or elder-care facilities, or scheduling meetings at times that do not conflict with such responsibilities.
  - feelings of insecurity in the dark or distant locations by holding meetings during the day in safe and accessible venues to reduce the risks of gender-based violence.
  - intimidation or embarrassment to raise concerns publicly by organizing, for women who may not be able to speak freely in mixed settings, single-sex focus groups with female facilitators to enable more open participation.
  - low literacy by using channels accessible to women, such as community radio, visual tools, or communication through religious or other leaders.
  - lack of representation by establishing minimum representation in decision-making committees, where feasible.
- Collecting sex or gender-disaggregated data to understand how the project impacts stakeholders differently.

- Where possible, raising awareness and advocating for gender equality incrementally, using dialogue rather than confrontation. Suggested strategies include:
  - starting with practical, widely relevant topics that are less likely to be sensitive in the local context, such as community health, access to basic services, environmental conditions, or livelihoods, and gradually transitioning to more sensitive topics such as decision-making and property rights.
  - emphasizing community-level benefits, such as improved family well-being, community prosperity, and better project outcomes, rather than abstract rights-based terminology, which may cause resistance.
  - identifying “champions” or allies, who are influential male leaders supportive of change.
  - using local, documented examples to show how gender inequalities can lead to lower project productivity or poorer health outcomes.

### *Freedom of Expression and Protection from Retaliation and Harassment*

Freedom of expression and protection from retaliation and harassment are essential to meaningful stakeholder engagement throughout the project lifetime. Project proponents should take all necessary steps to enable stakeholders to express views, concerns, or dissent openly and safely, without fear of intimidation, reprisal, discrimination, or adverse consequences for themselves or others. Safeguarding freedom of expression includes creating engagement environments that are respectful, inclusive, and adapted to local social dynamics, power relations, and cultural norms.

Indigenous Peoples, women, marginalized people, vulnerable people, project workers, human rights defenders, and individuals raising project grievances or sensitive issues often face heightened risks of retaliation. Protecting safe conditions strengthens trust, improves the quality of stakeholder input, and supports early identification and resolution of risks and impacts.

#### **Box 8. Examples of practices supporting freedom of expression and protection from retaliation**

- Offering confidential and anonymous channels for providing feedback, raising concerns, or submitting grievances, monitoring such channels continually, and responding promptly to allegations of intimidation, harassment, or retaliation linked to project activities
- Using facilitators who are independent from project management, where appropriate, to reduce perceived pressure or influence
- Holding separate or closed sessions for stakeholders who may be reluctant to speak openly in mixed or public settings
- Clearly and repeatedly communicating that raising concerns or grievances will not result in sanctions, exclusion, or loss of project benefits
- Avoiding the presence of authority figures, security personnel, or individuals perceived as intimidating during consultations, where this could inhibit participation

### 2.5.3. Stakeholder Identification

#### *Step 1.1. Identify Stakeholders and Stakeholder Groups*

##### **Determining Who the Stakeholders May Be**

Stakeholder identification is documented in Section 1 of the *VCS Stakeholder Engagement Plan Template, v5.0* and involves determining the individuals, organizations, or entities that can potentially affect or be affected by the project (positively or negatively, directly or indirectly), including those who:

- may influence project outcomes due to their decision-making authority (e.g., government agencies or legislators), as well as their relationship or proximity to affected stakeholders (e.g., political or religious leaders).
- are legitimate representatives, including elected officials, non-elected community leaders, leaders of informal or traditional community institutions, and elders.
- are beneficiaries or end users of products or services impacted by project activities.

Stakeholder identification is an iterative and participatory process, as relevant groups may emerge over time (e.g., transhumance communities, Indigenous Peoples in voluntary isolation).

Identifying stakeholders is complex; good practices on methods and processes include:

- searching media and social media to identify and contact project-affected or interested parties.
- engaging independent specialists (e.g., anthropologists or academics) for engaging with IPs, LCs, or stakeholder relationships that are highly complex.
- developing an initial list of identified stakeholders from a discussion or workshop among a multidisciplinary group with knowledge of the local context or culture.
- diversifying information sources to avoid excluding less visible stakeholders.
- including opposing views, to reduce conflict or address it proactively.

#### **Box 9. Guiding questions for identifying stakeholders**

##### **General**

- Who is granting the project proponent the right to operate or the right to reductions and removals?
- Who are the beneficiaries?
- Who interacts with conditions or actors in the baseline scenario and will be adversely impacted by project activities (directly or indirectly)?
  - Who lives in, transits, or obtains livelihoods or benefits from resources in the area?
  - Whose work could be lost or diminished by the proposed project activities?
  - Who could be exposed to negative impacts from the project (e.g., noise, odors, or pollution)?
  - Who are the users or customers of products or services that will be affected by the project (e.g., in facility-based projects)?
- Which national or local government agencies need to be involved in or approve aspects of the project?
- Are there policymakers or lawmakers actively working on regulations related to the project?
- Are there informal organization structures or networks that may influence the project (e.g., religious or mutual aid groups, local influential figures, artists)? If so, are they relevant to the project?
- Are there investors or financial institutions actively supporting initiatives that might be impacted by the project?

##### **Women, Marginalized People, and Vulnerable People**

- Are there stakeholders facing systemic or longer-term discrimination or exclusion from societal benefits due to their identity (e.g., due to age, sex, gender, ethnicity, race, religion, or belief)?
- Are there stakeholders with limited or no official documentation, or who face barriers in obtaining birth certificates, national IDs, or land titles?

- Are stakeholders susceptible to harm or risks due to circumstances, temporary states, or inherent attributes (e.g., elderly people, people with disabilities, children and youth, internally displaced people, returning refugees, HIV/AIDS-affected individuals and households)?
- Which stakeholders are not present in decision-making spaces, public consultations, or leadership roles?
- How will the project affect women and men differently?

#### Indigenous Peoples and Local Communities with Customary Rights

- Are there people in the project area who identify as Indigenous? If so:
  - Are the group or their rights recognized in the constitution, secondary legislation, or other normative documents?
  - What is the general situation of the group relative to mainstream society?
  - Do they have distinct customs, norms, language, or internal laws?
  - Do they have traditional governance systems?
  - Does the group appear to have a distinct relationship with the lands or resources they inhabit or use (e.g., through traditional livelihoods or spiritual beliefs)?
  - How long have they used or occupied those lands, and is this linked to resettlement or displacement?
  - Do groups maintain collective attachment to lands, territories, or resources, particularly if they lost access to them and regardless of their present physical location?
  - Were they present on their lands before colonization?
  - Are they represented in census or sociological data?
  - Are there indications that they may be unaware of the rights inherent to designation as Indigenous Peoples or that they may fear the implications of self-identifying as such?
- Who uses land or resources (e.g., pastures, water points) in the project area during specific, regular times of the year?
- Are these users part of a specific tribe, clan, village, or family group?
- Do users differ between seasons (e.g., rainy and dry, summer and winter)?

### Methods for Identifying Stakeholders

Identifying stakeholders typically involves a combination of desk-based research and context-specific inquiry to understand who may affect or be affected by the project, directly or indirectly. Because stakeholder landscapes evolve over time, identification should be treated as an iterative process, with methods revisited and refined as new information emerges through project development and implementation.

#### Box 10. External resources on methods for identifying stakeholders

- Initiative for Climate Action Transparency (ICAT) – Stakeholder Participation Guide: Supporting Stakeholder Participation in Design, Implementation and Assessment of Policies and Actions<sup>18</sup>
- International Finance Corporation (IFC) – “Stakeholder Identification and Analysis” section in Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets<sup>19</sup>
- Reidar Kvam – Meaningful Stakeholder Engagement: A Joint Publication of the Multilateral Financial Institutions Group on Environmental and Social Standards<sup>20</sup>

Project proponents should consult external resources as complementary guidance and apply them in a manner consistent with, and secondary to, the VCS Program rules.

<sup>18</sup> Available at: <https://climateactiontransparency.org/wp-content/uploads/2020/04/Stakeholder-Participation-Assessment-Guide.pdf>

<sup>19</sup> Available at: <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-stakeholderengagement1.pdf>

<sup>20</sup> Available at: <http://doi.org/10.18235/0001990>

### **Stakeholders Participating in Illegal Activities**

Stakeholders identified as undertaking illegal activities (e.g., illegal loggers or poachers, criminal groups establishing illicit cultivation sites), excluding activities related to stakeholders holding or suspecting to hold customary rights that may not be recognized by the law, should be listed as identified stakeholders. Engagement with such stakeholders is discretionary to the project proponent's judgment. Where identified, illegal activities and their potential impacts should be documented as risks in the illegal activities category of the project's ESG risk assessment and commensurate mitigation measures established and implemented.

### **Assigning Identified Stakeholders to One or More Stakeholder Groups**

Identified stakeholders should be grouped by shared or similar characteristics or interests that are relevant for the purposes of stakeholder engagement and project decision-making. A single stakeholder group may include individuals or entities with diverse roles or influence, where such grouping enables effective and meaningful engagement. For example, a local rural community directly affected by changes in land use may be treated as a single stakeholder group for classification purposes, even if its members differ in their levels of influence or responsibilities (e.g., farmers, community leaders, or elders). To the extent relevant for the project and considering how stakeholders may be disproportionately affected, such internal differences could be considered and addressed through tailored engagement approaches within the stakeholder group, without requiring further disaggregation for classification. Stakeholder groups may also include one or more collective stakeholders (e.g., two CSOs working closely with communities on related topics).

#### *Step 1.2. Determine Stakeholder Group Characteristics*

### **Stakeholder Group Characteristics and Classification**

Thoroughly identifying each stakeholder group's characteristics is critical to adequately planning stakeholder engagement strategies. This step is documented in Section 1 of the *VCS Stakeholder Engagement Plan Template, v5.0*.

Characteristics include stakeholders' needs (e.g., translations, level of technical language) and their willingness (and rationale) to engage or barriers to engagement, which provide valuable information with which to tailor engagement strategies. Ultimately, planning based on these characteristics will enrich the project by incorporating stakeholders' perspectives.

Identified stakeholders will be affected differently and have a distinct influence on the project. Grouping stakeholders by similar characteristics and identifying which classification they fall under is crucial for determining the level of engagement required and appropriate engagement strategies.

Depending on the societal context, women, marginalized people, or vulnerable people may need to be considered distinct stakeholder groups or a sub-classification within a stakeholder group, to enable separate consultation formats to capture their suggestions and concerns.

### Box 11. Examples of stakeholders

#### Directly Affected Stakeholders

- Statutory land or resource rights holders who do not hold customary rights (for all project types)
- For AFOLU projects:
  - Smallholder farmers involved in shifting to sustainable agricultural land management (ALM) practices
  - Pastoralists impacted by changes to grazing lands or livestock management
  - Stakeholders consuming or using water impacted by upstream withdrawals, pollution, or flow alterations
- For energy and industrial (E&I) projects:
  - Nearby communities affected by noise, construction, or land use of renewable energy facilities
  - Individuals or companies who own land, manage, or operate sites with installed or improved infrastructure
  - Users of products or customers of services that will be affected by the project (e.g., communities being billed for water services, stakeholders consuming water with upstream pollution)
  - Personnel responsible for running, maintaining, or upgrading equipment and whose employment will be affected
  - Utility providers or energy customers impacted by the integration of new, renewable energy into the grid
  - End users of devices provided as part of project activities
  - Local manufacturers, distributors, or vendors directly involved in producing, assembling, and selling devices or equipment that will be impacted by project activities

#### Key Enabling Stakeholders

- Government agencies or offices providing approvals, permits, or implementing programs that may overlap with projects
- Legislators or policymakers
- Stakeholders who implement the project activity on behalf of the project proponent (e.g., local CSOs delivering technology and training in cookstove projects)

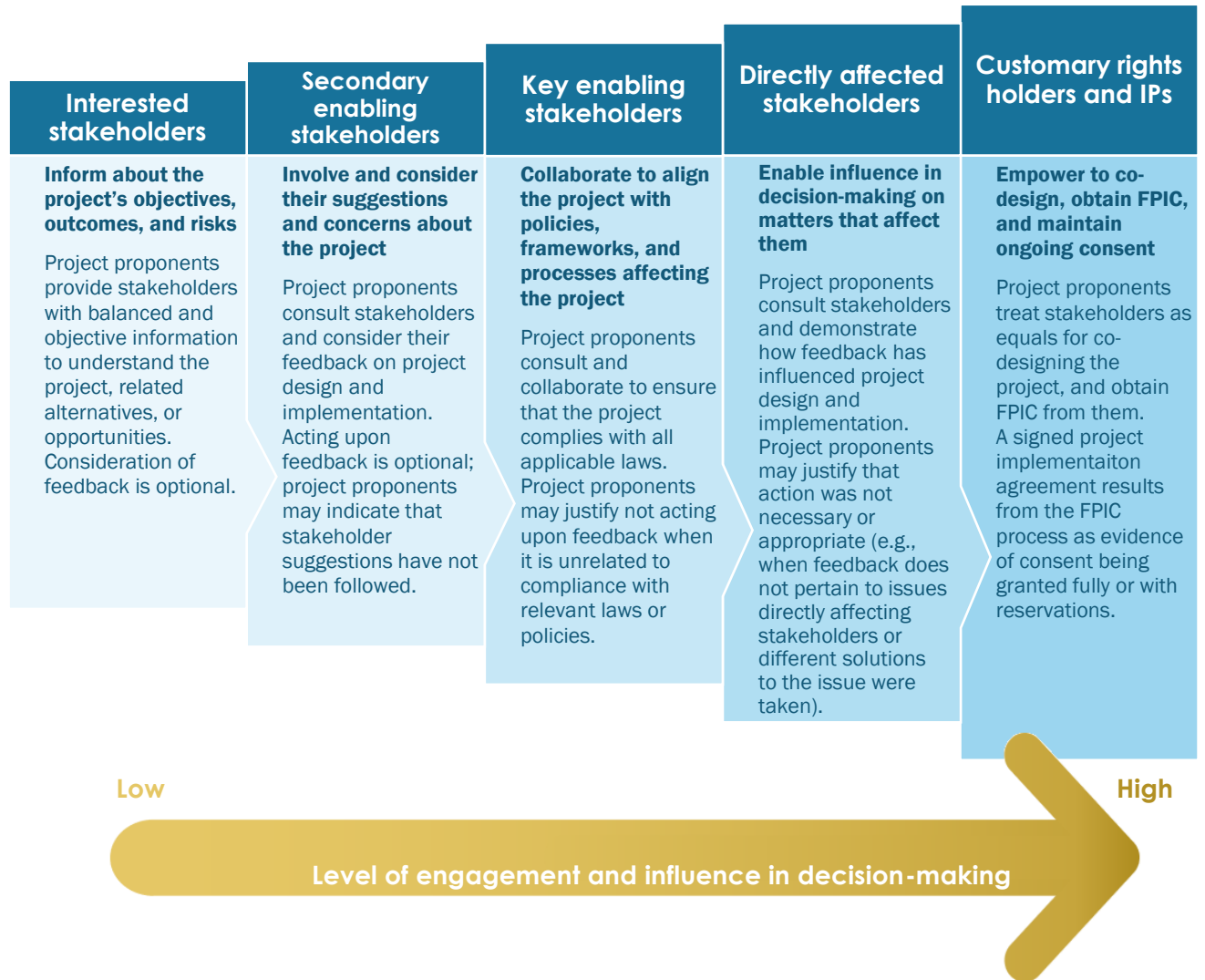
#### Secondary Enabling Stakeholders

- CSOs empowering or providing technical assistance to stakeholders
- Elders, religious leaders, community-based organizations, and other influential figures
- Academic and research institutions providing information or studies relevant to the project
- Financiers, from microfinance institutions and cooperatives to development banks and impact investors
- Local retailers and entrepreneurs, including those that provide after-sales service and repairs to delivered devices
- Technology providers and industry associations

### Level of Engagement

Table 11 in the *VCS Standard, v5.0* indicates the level of engagement required for each stakeholder group classification. Figure 4 provides more detail and examples of the expectations for each level of engagement. See Step 2.1 in Section 2.5.4 and Section 2.5.5.1 of this document for more information on the term “consult.”

Figure 4. Levels of stakeholder engagement and influence in project design and implementation



### Customary Rights Holders and Indigenous Peoples

IPs have the collective right to self-determination, recognized in Articles 3 and 4 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which:

- provides them with freedom to determine their political status and pursue their economic, social, and cultural development.
- grants them autonomy over their identity, culture, and development priorities.
- protects them from undue influence by the surrounding colonial or dominant society.

Another fundamental right of IPs is to determine their own identity or membership, independently of official state recognition or other community acceptance.

LCs holding customary rights share characteristics with IPs, even where their rights are not explicitly covered by the UNDRIP.

Requirements in Sections 3.17.1(1), 3.17.11, 3.17.12(1), and 3.18.18 of the *VCS Standard, v5.0* refer to customary rights holders (which can be IPs or LCs) or IPs (even if they do not hold customary rights) who are “present” in the project area. In this context, presence includes actual occupation, whether permanent or temporary (e.g., nomadic uses, seasonal agricultural activities), as well as the presence of customary rights to lands, territories, and resources (see Step 3 in Section 2.3.3 of this document).

Best practices for identifying customary rights holders and IPs include partnering with local experts who have knowledge of local land or resource use, customary governance systems, and seasonal or secondary rights that may not be evident through desk-based research. Such experts may help identify patterns of mobility, overlapping or adjacent customary uses, and historical agreements or practices that shape how rights are exercised in and around the project area. For example, a local expert may help a project identify IPs with customary grazing rights within the project area and understand how those rights extend into adjacent areas during certain seasons. If the project area were to become a protected area where activities are restricted, this contextual understanding would help anticipate displacement of such activities into adjacent lands. Where local communities in those adjacent areas also hold customary grazing rights, FPIC from those communities would be necessary, as their rights would also be affected by the project.

### Impact of the Project on Stakeholder Group Interests

Project proponents should analyze the project's impact on stakeholders based on the perspectives, beliefs, and values of the stakeholders, which may differ from those of the project proponent.

#### **Box 12. Guiding questions for identifying the project's impact on stakeholders' interests**

- What are the group's expectations of the project?
- How does the group perceive the project (e.g., positive, negative, neutral) and why? What are the implications of this perception?
- What does the group stand to gain or lose as a result of the project?
- What resources might the stakeholder be able and willing to mobilize?
- Which stakeholders have the most influence on project outcomes?
- Whose capacity needs to be supported to enable their participation?

### Stakeholder Group Governance Structure and Legitimate Representation

Understanding how stakeholder groups are represented, including their decision-making structures, specific constituencies, and accountability, is critical. Self-selection should be supported, particularly for women, marginalized people, and vulnerable people.

IPs have the right to self-organize and to be represented by institutions and individuals of their choosing. Representatives of stakeholders may vary at national and local levels.

The representativeness of stakeholders should be confirmed in relation to the project (e.g., by speaking directly with a sample of project-affected stakeholders). At the same time, project proponents should exercise caution to avoid overstepping cultural boundaries (e.g., seeking access to groups that should not be spoken to in private, or undermining decision-making structures established by stakeholders).

In certain contexts, representatives of IPs and LCs with customary rights may not have absolute decision-making power or be authorized to enter into or sign contracts on behalf of said groups. It is critical that project proponents understand stakeholders' representation, including the extent of the authorizations given or capacity that representatives hold. For example, customary practices may require representatives to obtain endorsement or approval; representation often requires endorsement of collective bodies (e.g., assembly).

### Barriers to Engagement

Barriers linked to sociopolitical, societal conflict, educational, or practical factors may influence a certain group's capacity to articulate their concerns and priorities regarding project impacts. Barriers are likely to exist for ethnic, linguistic, and religious minorities; low-income households; women; youth; persons with limited mobility; and persons with disabilities. Tailored strategies should be deployed to reduce the barriers, focusing on accessibility, communication, empowerment, and confidentiality.

#### Box 13. Examples of tailored strategies to reduce barriers

- Where the group is only “familiar with the concept” of the auditing process, considerations should include targeted information or capacity building on auditing, according to Section 3.17.5(1) of the *VCS Standard, v5.0*.
- Where stakeholders do not speak the local language, identified as language barriers, considerations must include translations, according to Section 3.17.4(3) of the *VCS Standard, v5.0*.
- Where gender norms or societal roles that limit participation have been identified as a barrier to engagement, considerations may include holding separate sessions with stakeholder sub-groups, according to Section 3.17.4(7) of the *VCS Standard, v5.0*.

### 2.5.4. Stakeholder Engagement Plan

The steps outlined below are documented in the *VCS Stakeholder Engagement Plan Template, v5.0*.

#### *Step 2.1. Describe Activities for Consulting and Communicating with Stakeholders*

#### Stakeholder Engagement Considerations for Meaningful Engagement

To enable meaningful engagement, project proponents should determine how each stakeholder group can best participate in engagement activities. This involves identifying the considerations necessary to support meaningful engagement based on each stakeholder group's characteristics, such as barriers to engagement or their level of knowledge about carbon markets and the carbon crediting process.

#### Box 14. Examples of considerations for meaningful engagement

- Translations, verbal explanations, an introduction to carbon markets, and avoiding technical jargon for stakeholders who do not speak English, are illiterate, or are unfamiliar with carbon markets
- Separate sessions with women, marginalized people, or vulnerable people, providing special considerations, such as care services, to enable their meaningful participation
- Documents in Braille or tactile graphics, or captioned materials for people with visual or hearing disabilities
- Information focused on rights implications for customary or statutory rights holders

- Targeted technical information focused on compliance for engaging with government officials
- Dashboards or executive presentations highlighting financial information, such as returns on investment and risks, for investors and financial institutions

### Appropriateness of Planned Activities to Consult and Communicate with Stakeholders

The plan to consult each stakeholder group should be appropriate for the required level of engagement, as well as the characteristics described in the previous step (see Step 1.2 in Section 2.5.3 of this document), and should include timing considerations. For example:

- holding one or two sessions with directly affected stakeholders may be appropriate for an energy project where technologies will be implemented in existing facilities for which existing staff will be trained, and the technologies represent a low risk of social or environmental impacts.
- holding regular sessions (weekly at the outset and monthly thereafter) with directly affected stakeholders may be appropriate where an entirely new facility or plant is installed, resulting in job displacement or potential adverse effects on health, social interactions, or noise.

Justification of the appropriateness of the plan should consider the project's type of activities, environmental, social, and governance risk assessment, size, and context.

#### Box 15. High-level examples of stakeholder identification and engagement plan

##### 1. A REDD avoided deforestation project in a forested area with IPs and smallholder farmers

- Stakeholders identified: IPs whose logging rights will be restricted (community directly affected by activity restrictions), IPs who may be indirectly affected through displacement of activities (neighboring or seasonally affected community), smallholder farmers, forestry agency, local CSOs
- Grouping, classification, and engagement plan:
  - IPs with customary rights (two interconnected IP communities)
 

These communities have a supportive relationship and their interests are likely to be affected in interconnected ways. Therefore, they are grouped together for engagement purposes.

    - Classification: Customary rights holders and IPs (high impact on land or resource rights, so FPIC is required)
    - Characteristics: Collective governance; strong cultural ties to land; low familiarity with carbon markets; low literacy; women appear to have limited participation in decision-making due to social norms
    - Engagement approach: FPIC process through community assemblies and traditional governance structures; use of local languages and visual materials; separate or facilitated spaces for women to ensure free expression and meaningful participation
  - Smallholder farmers
    - Classification: Directly affected stakeholders (livelihoods depend on forest access)
    - Characteristics: Dependent on forest resources for income; seasonal availability; mixed literacy levels; potential time constraints due to agricultural cycles; women may have less access to extension services and decision-making spaces
    - Engagement approach: Combination of in-person consultations and accessible communication channels (e.g., SMS, local radio, community meetings); engagement scheduled around agricultural cycles to enable participation; use of simple language and practical demonstrations (e.g., field-based training); targeted outreach to women farmers (e.g., separate sessions or adapting timing and location)
  - Forestry agency
    - Classification: Key enabling stakeholder (provides permits, regulatory oversight, and alignment with national forest policy)

- Characteristics: High technical knowledge; formal mandate; focus on compliance and enforcement; structured decision-making processes
- Engagement approach: Formal consultations and coordination meetings; provision of technical documentation and compliance information; ongoing engagement to ensure alignment with legal and regulatory requirements
- Local CSOs
  - Classification: Secondary enabling stakeholders (support community engagement, capacity building, and technical assistance)
  - Characteristics: Strong local knowledge; trusted by communities; experience working with IPs or smallholder farmers; may represent or advocate for marginalized groups
  - Engagement approach: Regular coordination meetings and information sharing; involvement in facilitating stakeholder engagement and capacity building; use as intermediaries to support participation of marginalized or vulnerable people

## 2. An improved agricultural land management soil carbon project supporting improved practices across 5000 farmers

- Stakeholders identified: Smallholder farmers, farmer cooperatives, extension services, local government agencies, local CSOs
- Grouping, classification, and engagement plan:
  - Smallholder farmers
    - Classification: Directly affected stakeholders (project affects land-use practices, productivity, and income)
    - Characteristics: Dispersed across a large geographic area; varying literacy levels; time constraints due to agricultural cycles; reliance on seasonal income; women farmers may have less access to training and decision-making spaces
    - Engagement approach: Combination of in-person consultations and mobile-based communication tools (e.g., SMS, WhatsApp); engagement scheduled around agricultural cycles to enable participation; use of simple language and practical, field-based demonstrations; targeted outreach to women farmers (e.g., separate sessions, adapted timing and locations)
  - Extension services and local government agencies (e.g., agricultural advisory services or field-based technical support providers)
    - Classification: Key enabling stakeholders (provide technical support, policy alignment, and oversight)
    - Characteristics: High technical knowledge; formal mandate; focus on compliance with agricultural policies and programs
    - Engagement approach: Formal consultations and technical coordination meetings, alignment with national or regional agricultural strategies, provision of technical documentation and reporting updates
  - Farmer cooperatives
    - Classification: Secondary enabling stakeholders (support aggregation, training, and engagement)
    - Characteristics: Organized structures representing groups of farmers; moderate technical knowledge; existing communication channels with members
    - Engagement approach: Regular coordination meetings and workshops; use as a channel to disseminate information and collect feedback; engagement to support training and capacity-building activities
  - Local CSOs
    - Classification: Secondary enabling stakeholders (support outreach and inclusion of marginalized groups)
    - Characteristics: Trusted by communities; strong local knowledge; experience working with marginalized people or vulnerable people

- Engagement approach: Collaboration in outreach and facilitation of engagement activities; support targeted inclusion of women, marginalized people, and vulnerable people; participation in capacity-building and training activities

### 3. A grid-connected solar photovoltaic installation on privately owned land with nearby communities

- Stakeholders identified: Landowners, nearby residents, project workers, local authorities, utility company, local CSOs
- Grouping, classification, and engagement plan:
  - Nearby residents
    - Classification: Directly affected stakeholders (impacts from land-use change, noise, and construction activities)
    - Characteristics: Moderate awareness of project impacts; potential concerns about land use and quality of life; women, elderly people, or persons with disabilities may face barriers to attending meetings
    - Engagement approach: Community meetings and household visits; accessible communication channels (e.g., notice boards, phone contact); smaller focus groups or alternative formats to enable participation of women, marginalized people, and vulnerable people
  - Landowners
    - Classification: Directly affected stakeholders (property rights and contractual arrangements are directly affected)
    - Characteristics: Formal land tenure; contractual relationship with project; greater awareness of project implications
    - Engagement approach: One-on-one consultations and contract discussions; clear communication of rights, obligations, and benefits; ongoing engagement for project updates and grievance handling
  - Local authorities and utility company
    - Classification: Key enabling stakeholders (provide permits, approvals, and grid connection)
    - Characteristics: High technical and regulatory knowledge; formal decision-making roles; compliance-driven
    - Engagement approach: Formal consultations and coordination meetings, provision of technical and regulatory documentation, ongoing coordination to ensure compliance and operational alignment
  - Local CSOs
    - Classification: Secondary enabling stakeholders (support engagement and community outreach)
    - Characteristics: Trusted intermediaries; experience engaging local communities; may advocate for marginalized people and vulnerable people
    - Engagement approach: Support communication and engagement with local communities; facilitate inclusion of marginalized and vulnerable stakeholders; provide feedback on social risks and community concerns

### 4. A methane capture and energy generation project at an existing landfill site

- Stakeholders identified: Waste pickers, landfill operator, municipal authorities, nearby communities, local CSOs
- Grouping, classification, and engagement plan:
  - Waste pickers
    - Classification: Directly affected stakeholders (livelihoods depend on access to landfill resources)
    - Characteristics: Economically vulnerable; informal workers; low literacy; may face social marginalization; limited trust in authorities; high dependency on daily site access
    - Engagement approach: In-person consultations near the landfill in accessible locations; use of verbal communication and trusted facilitators; provision of safe spaces for raising concerns; flexible timing to accommodate daily livelihood activities

- Nearby communities
  - Classification: Directly affected stakeholders (exposure to environmental impacts such as odor, emissions, or traffic)
  - Characteristics: Mixed socioeconomic backgrounds; concerns about health and environmental quality; women or elderly people may face barriers to participation
  - Engagement approach: Community meetings and information sessions; accessible communication formats (e.g., nontechnical information, local language materials); separate or targeted sessions, where needed, to support marginalized people and vulnerable people
- Municipal authority
  - Classification: Key enabling stakeholder (ownership, regulation, and oversight of landfill operations)
  - Characteristics: Formal authority; regulatory mandate; high level of technical knowledge; focus on compliance and service delivery
  - Engagement approach: Formal coordination and regulatory consultations; alignment with municipal waste management strategies; ongoing reporting and compliance engagement
- Landfill operator
  - Classification: Key enabling stakeholder (operational control of the site)
  - Characteristics: Responsible for daily operations; technical expertise; contractual relationship with project proponent
  - Engagement approach: Operational coordination meetings; integration into project implementation processes; regular communication on safety, environmental, and operational issues
- Local CSOs
  - Classification: Secondary enabling stakeholders (support marginalized people, vulnerable people, and engagement processes)
  - Characteristics: Experience working with marginalized communities (e.g., waste pickers); trusted actors; advocacy role
  - Engagement approach: Facilitation of engagement with marginalized people and vulnerable people; support for capacity building and awareness raising; feedback on social risks and grievance mechanisms

### 2.5.5. Stakeholder Engagement and FPIC Processes

This section includes guidance regarding the stakeholder engagement processes documented in Steps 2.2–2.4 of the *VCS Stakeholder Engagement Plan Template, v5.0*, the *VCS Project Description Template, v5.0B*, and the *VCS Monitoring Report Template, v5.0B*.

#### 2.5.5.1 Stakeholder Consultation and Ongoing Communication

##### Consulting Stakeholders

In the *VCS Standard, v5.0*, Section 3.17.3, the term “consult” should be understood broadly as the actions or processes of formally discussing a project with stakeholders, in a manner that is appropriate to the level of engagement required for the stakeholders’ classification and identified needs and is culturally appropriate and gender-sensitive.

**Box 16. Examples of what consultations could look like**

- Sharing a meal with elders from an Indigenous group, as part of the FPIC engagement process (customary rights holders and IPs)
- Community assembly with residents living near a new facility (directly affected stakeholders)
- Presentation to government officials or representatives (key enabling stakeholders)
- Focus group with local CSOs working with communities (key enabling stakeholders)
- Technical workshop with academics (secondary enabling stakeholders)
- Interview with the municipal chronicler or historian (secondary enabling stakeholders)
- Newsletter for local businesses that are unrelated to project activities (interested stakeholders)
- Updates on a project's social media account (all stakeholders)

Consultations may use several channels and methods. While Section 3.17.8 of the *VCS Standard, v5.0* establishes in-person consultations as the general expectation, they are not required in all circumstances. Where in-person consultations are not used, the project proponent should provide a clear and context-specific justification, based on defined criteria, demonstrating why alternative arrangements are appropriate for the project.

The acceptability of alternative arrangements (e.g., virtual consultations) is project- and context-specific, and should be substantiated for each consultation by demonstrating that the requirements for meaningful engagement are met (e.g., freedom from coercion; stakeholder input is meaningfully considered; women, marginalized, and vulnerable people are effectively included).

Alternative arrangements may be justified where one or more of the following criteria apply:

- In-person consultations with all affected stakeholders not reasonably feasible

For example, certain grouped projects may include a very large number of instances (e.g., over 10 000 farmers), where conducting in-person consultations with all stakeholders would be unfeasible. In such cases, project proponents may engage stakeholders through existing representatives or collective structures (e.g., farmer unions or associations), particularly where these are embedded in local governance systems.

When relying on such structures, project proponents should confirm that information is effectively reaching all constituents and that feedback is not filtered or limited. This may include consulting a sample of stakeholders outside of the system of formal representatives, especially women, marginalized people, and vulnerable people, to confirm that views are being adequately captured.

- Nature of the project activity and degree of impact on land or resource rights

Certain project activity types may have limited or indirect impacts on stakeholders, particularly where land or resource rights are not affected. In such cases, alternative engagement methods (e.g., mobile-based communication tools or digital platforms) may complement or partially substitute in-person engagement, provided they still enable meaningful participation and feedback.

As project impacts on stakeholders increase, including impacts on rights to access, use, or transfer land or resources, the level of evidence provided to justify alternatives to in-person consultation should be strengthened.

- Engagement approaches proposed by stakeholders themselves

Stakeholders may propose culturally appropriate or context-specific engagement methods. Where such approaches are identified through stakeholder engagement processes, adopting them may strengthen participation, provided the alternative processes meet the requirements for meaningful engagement.

The following are generally not acceptable as justifications for replacing in-person consultations:

- Cost or resource constraints related to stakeholder engagement, as stakeholder engagement is a core project responsibility and must be adequately resourced
- A desire to accelerate project timelines (e.g., to advance the project start date or implementation)

In all cases, project proponents must conform to Section 3.17 of the *VCS Standard, v5.0*, particularly Sections 3.17.4 and 3.17.5, ensuring meaningful engagement through free and open dialogue, respect for stakeholder autonomy, and appropriate timing for stakeholder input.

### **Frequency, Methods, and Timing of Engagement**

The planned activities to consult and communicate with stakeholders should include key dates to undertake stakeholder consultations that are aligned with the project's assessment process.

The consultation process will often require several separate activities and different formats, as well as follow-up and engagement with the same stakeholders at different times. Different methods and types of events will be appropriate for different groups. Examples include:

- holding consultations in different locations to increase attendance for projects spread over a large geographical area.
- reaching stakeholders on a weekend or in the evening rather than during working days.
- arranging for the transportation of some elderly people or people with disabilities if discussions are held at a distance from people's homes.
- undertaking additional outreach or targeted efforts to reach stakeholders who have not yet engaged.
- providing a safe space for stakeholders who are informal or illegal occupants (e.g., urban slum dwellers or foreign migrants).

Sufficient time must be planned to allow communities to discuss issues internally, resolve differences of opinion, and reach a majority-supported conclusion. This is particularly relevant for IPs and LCs with customary rights.

### Building Stakeholder Capacity Related to Carbon Markets

Meaningful stakeholder engagement is grounded in equal terms. Where stakeholders' knowledge of carbon markets or projects is low, building capacity is a critical enabler. Market actors have developed practical, helpful resources in different languages that provide introductory information on carbon markets, with a focus on IPs.

#### Box 17. External resources for supporting stakeholder capacity building

- Rainforest Foundation US – Carbon Markets and Our Rights: A Guide for Indigenous Peoples and Local Communities (also available in French, Portuguese, and Spanish)<sup>21</sup>
- Forest Peoples Programme – Carbon Markets, Forests and Rights: An Introductory Series for Indigenous Peoples and Communities (also available in Brazilian Portuguese, French, Indonesian, and Spanish)<sup>22</sup>
- Forest Trends:
  - Understanding Climate Finance (also available in Portuguese and Spanish)<sup>23</sup>
  - Resources center (also available in Portuguese and Spanish)<sup>24</sup>
- Alianza Mesoamericana de Pueblos y Bosques (AMPB) – Comprehensive Guide on Rights and Transparency in Carbon Markets and REDD+ Projects<sup>25</sup>

Project proponents should consult external resources as complementary guidance to the VCS Program rules. External resources are intended to provide a broader context and enable further exploration of complex topics, such as FPIC. To avoid confusion, VCS Program rules should always be interpreted in accordance with the *VCS Program Definitions* and other related Verra resources (e.g., templates, guidance).

### Ongoing Communication

Ongoing communication should be planned in accessible formats and delivered through channels appropriate to stakeholders' needs. Regular updates and information dissemination through various media (e.g., newsletters, press releases, project websites) can keep stakeholders informed and engaged.

To the extent necessary, investment in communication and engagement tools is recommended. Digital platforms, social media, online surveys, forums, interactive platforms, and specialized stakeholder management software can significantly enhance engagement efforts, enable real-time communication, facilitate broader outreach and quicker response to enquiries, and provide valuable data on stakeholder sentiments and feedback.

#### 2.5.5.2 FPIC from Customary Rights Holders and IPs

The *VCS Standard, v5.0* requires project proponents to demonstrate free, prior, and informed consent from customary rights holders (which can be IPs or LCs) or from IPs (even if they do not hold customary rights). In practical terms, FPIC can be summarized as the following:

<sup>21</sup> Available at: <https://rainforestfoundation.org/carbon-markets/>

<sup>22</sup> Available at: <https://www.forestpeoples.org/publications-resources/reports/article/carbon-markets-forests-and-rights-an-introductory-series-for-indigenous-peoples-and-communities/>

<sup>23</sup> Available at: <https://www.forest-trends.org/publications/understanding-climate-finance/>

<sup>24</sup> Available at: <https://www.iplcresourcescenter.org/>

<sup>25</sup> Available at: <https://alianzamesoamericana.org/wp-content/uploads/2024/09/The-Guidance-on-Principles-for-Carbon-Markets-in-Indigenous-Peoples-and-Local-Communities-IPLCs.pdf>

- Free – Decision-making processes on IPs’ and customary rights holders’ lands, territories, or resources are defined by the rights holders themselves without pressure, undue influence, coercion, or intimidation. Respecting this principle means engaging through IPs’ and customary rights holders’ governance and decision-making systems rather than imposing external consultation models. Meaningful inclusion of women, marginalized people, and vulnerable people is required.

Behaviors that do not respect stakeholders’ freedom may be subtle and are not limited to evident coercion. Other examples include quid pro quo approaches; language that places undue or artificial pressure to decide (e.g., “now or never” narratives); invoking societal pressure to consent (e.g., “a neighboring community already agreed”); conditioning access to benefits, services, or compensation on consent; selectively sharing information to soften risks or exaggerate benefits; repeated requests for consent after a clear refusal; and engaging only with leaders or representatives while excluding dissenting voices or groups within the community.

- Prior – Legitimate community representatives, chosen in accordance with the community’s own decision-making processes, grant consent before any project is approved or started. In other words, consent is sought early enough that refusal can be respected, or conditions from the community to grant consent can be integrated into project design. Last-minute decisions by the project proponent or last-minute requests for community consent are not aligned with the principle of prior consent.
- Informed – Communities receive all material information in their spoken language and in accessible, culturally appropriate terms to enable decision-making about projects, including:
  - complete information on the nature, size, schedule, duration, reversibility, purpose, and geographic scope of proposed activities; the potential economic, social, cultural, and environmental impacts; and the potential risks and benefits.
  - consequences of giving or withholding consent.
- Consent – Communities explicitly approve any transfer of, change to, or impact on the use of their land or natural resources before the project start date. Genuine consent requires a meaningful ability to refuse or to impose conditions. Consent from governance representatives alone is not sufficient. Project proponents should make targeted efforts to confirm that information is effectively reaching all members of the group and that feedback is not filtered or limited.

Since FPIC is also a process, consent must be granted before the project start date and revisited at key decision points throughout the project lifetime (i.e., ongoing). It includes the right to reconsider, renegotiate, or withdraw consent at any time, regardless of whether a key decision point is under discussion. This includes circumstances where material changes to the project design, scope, duration, impacts, or agreed terms occur.

Free, prior, and informed consent is:

- a right of IPs linked to their right to self-determination, is recognized under UNDRIP, and is an international good practice standard for interactions with LCs holding customary rights.
- derived from IPs' or LCs' right to the lands, territories, and resources that they have traditionally owned, occupied, used, or acquired.
- a multidimensional concept: part international requirement, part ongoing process, part relationship.
- deeply rooted in a spirit of preventing historical injustices that resulted from colonization and dispossessed IPs and LCs of their lands.

Section 3.17.17 of the *VCS Standard, v5.0* requires project proponents to provide a signed project implementation agreement with IPs or LCs holding customary rights. This is the documented evidence that consent was granted for the project.

The *VCS Standard, v5.0* captures the ongoing nature of FPIC. All known elements of the project, including risks to the community, must be part of the initial FPIC process before the project start date. A key part of the FPIC process is that IPs or LCs with customary rights have the right to withdraw or withhold their consent at any stage. Therefore, transparency and honesty are necessary from the initial stages to set an appropriate relationship with communities, which supports ongoing FPIC. Requirements also reflect that ongoing consent may lead to changes in the project implementation agreement resulting from FPIC (see Section 3.17.19 of the *VCS Standard, v5.0*).

Good practices for FPIC include the following:

- understanding what constitutes consent, including the process and actual indicators for achieving consent (e.g., show of hands, ballots, elders' decision).
- documenting the process followed and decisions made, using methods that are relevant and useful to all (e.g., in written form and a recording of the representative speaking).
- determining the frequency and triggers for reviewing consent, including periodic check-ins and reviews at key decision points, as well as where material changes to the project design, scope, duration, impacts, or agreed terms occur.
- clarifying any decision-making thresholds or conditions agreed by the community to establish consent (e.g., a minimum level of participation or support such as 60%, 70%, or 80%), where such thresholds are defined by the community's own governance and decision-making systems, or by local regulations.

**Box 18. External resources on FPIC and related topics**

- Association of Southeast Asian Nations (ASEAN) – Regional FPIC Handbook<sup>26</sup>
- Landesa – Protocol on Consultation and Free, Prior, and Informed Consent<sup>27</sup>
- The Nature Conservancy – Human Rights Guide, Module 2. Free, Prior, and Informed Consent<sup>28</sup>
- UNDP – Social and Environmental Standards, Standard 6: Indigenous Peoples<sup>29</sup>

Project proponents should consult external resources as complementary guidance to the VCS Program rules. External resources are intended to provide a broader context and enable further exploration of complex topics, such as FPIC. VCS Program rules should always be interpreted in accordance with the *VCS Program Definitions* and other related Verra resources (e.g., templates, guidance).

### Distinguishing between Consultation and Consent under FPIC

All stakeholders have rights to information and meaningful participation in decision-making processes for activities that will impact them. However, such rights do not equate to the level of protection required under FPIC for IPs and customary rights holders. The essential value and power of FPIC is the ability to give or withhold consent (i.e., to say yes, yes with conditions, or no).

Consultation involves gathering or expressing views and opinions for consideration when making decisions. Consent, on the other hand, represents the outcome of an independent and collective decision-making process regarding a specific project. Consultation and participation are pivotal to the consent process. Therefore, FPIC is not a form of stakeholder consultation. Key distinctions between consultation and consent are illustrated in Figure 5.

Figure 5. Key distinctions between consultation and FPIC

	<b>Consultation</b>	<b>FPIC</b>
<b>Applies</b>	To all stakeholder groups in all projects, with differing levels of engagement according to the stakeholder group classification	Where IPs or customary rights holders are present in the project area, or where customary rights are affected by the project
<b>Approach</b>	Meaningful, effective, and informed engagement throughout the project lifetime  Processes are inclusive, culturally appropriate, and gender-sensitive	Good-faith dialogue to co-design the project with affected rights holders, grounded in a rights-based approach  Processes are inclusive, culturally appropriate, and gender-sensitive, with parameters (e.g., who, what, how often) agreed with communities as early as possible
<b>Objective</b>	Enhance project acceptance, local stewardship, and the sustainability and durability of outcomes	Respect and uphold the rights of IPs and customary rights holders
<b>Outcome</b>	Stakeholder group feedback influences or informs project design and implementation, according to the required level of engagement	Consent granted or withheld; the project cannot proceed without consent

<sup>26</sup> Available at: <https://landportal.org/library/resources/regional-fpic-handbook>

<sup>27</sup> Available at: <https://www.landesa.org/wp-content/uploads/2026/02/Protocol-Consultation-FPIC-for-Rights-Based-Carbon-Projects-Mar-2026.pdf>

<sup>28</sup> Available at: <https://www.tnchumanrightsguide.org/module-2-free-prior-informed-consent/>

<sup>29</sup> Available at: [https://ses-toolkit.info.undp.org/sites/g/files/zskgke446/files/SES%20Document%20Library/Uploaded%20October%202016/UNDP%20SES%20Indigenous%20Peoples%20GN\\_Final\\_December%202020.pdf](https://ses-toolkit.info.undp.org/sites/g/files/zskgke446/files/SES%20Document%20Library/Uploaded%20October%202016/UNDP%20SES%20Indigenous%20Peoples%20GN_Final_December%202020.pdf)

### 2.5.5.3 Benefit-Sharing Mechanism

#### Concept

The concept of benefit sharing is derived from several articles in the UNDRIP (e.g., 10, 28, 32(3)) and the International Labour Organization's (ILO) Convention No. 169 on Indigenous and Tribal Peoples (e.g., 15(2), which establishes benefit sharing as an obligation linked to the rights of IPs over their lands and resources and how those rights are affected by projects). The VCS Program rules for benefit sharing extend to land or resource rights holders, both customary and non-customary, who are directly impacted by the project.

A benefit-sharing mechanism (BSM) distributes project revenue among rights holders to compensate for the effects on their rights, and, where agreed, to support broader benefits aligned with rights holders' priorities. Accordingly, Sections 3.17.12(1) and 3.17.13 of the *VCS Standard, v5.0* require project proponents to jointly design a BSM with rights holders, based on transparent information on projected or actual revenues and costs associated with the project. This enables BSM participants to determine what constitutes appropriate compensation, considering both the impacts on their rights and the project's financial viability.

Whether an activity qualifies as a BSM benefit depends on its nature and on agreement with rights holders.

Demonstrating that the BSM was designed jointly with rights holders before the project start date may be done in two ways, depending on whether customary rights are involved:

- 1) Affected land or resource rights are held by IPs or LCs with customary rights (whether legally recognized or not), or customary rights holders or IPs are present in the project area

For this scenario, the BSM is developed through, and follows the same principles as, the required FPIC process, and is documented in the project implementation agreement (see Sections 3.17.12 and 3.17.17(4)(e) of the *VCS Standard, v5.0*). The agreement must include key elements such as the BSM's scope, intended benefits, a schedule for reporting on implementation, and a plan for the continued functioning of any in-kind benefits involving infrastructure unrelated to project activities.

As both FPIC and benefit sharing are ongoing processes, rather than one-time events, the BSM should be based on the best available information at the time (e.g., projected revenues and costs) and updated as part of the ongoing consent process over the project lifetime.

- 2) Affected land or resource rights are held by statutory rights holders (i.e., private landowners) who do not hold customary rights

For this scenario, benefit sharing through the BSM may be demonstrated with other appropriate instruments, such as contracts or formal arrangements, provided these are jointly designed with rights holders prior to project start. Signed agreements may be necessary to demonstrate the project's right to operate and right to reductions and removals (see Section 3.6 of the *VCS Standard, v5.0*).

As an ongoing process, the BSM may be updated to reflect changes in the project or in response to requests by rights holders.

Stakeholders with land or resource rights who do not hold customary rights should be classified as directly affected stakeholders, and project proponents must consult them accordingly.

However, unlike IPs and LCs, these stakeholders do not require FPIC.

In all cases, according to the *VCS Standard, v5.0*, Sections 3.17.5(4), 3.17.12, and 3.17.13, prior to the project start date, rights holders must be informed of the project's expected revenues, costs, risks, and mitigation measures, and must jointly determine the benefits to be shared, whether monetary or in-kind. The substantive elements of the BSM must be jointly agreed upon with rights holders (referred to as BSM participants) prior to the project start date. The considerations described in Section 2.5.5.1 of this document, regarding consulting stakeholders, the frequency of engagement, and ongoing communication, may also be applied when developing the BSM.

For grouped projects, the requirement in Section 3.17.12(1) that the BSM be jointly designed with affected rights holders prior to the project start date applies to the initial participants using the best available information, as follows:

- the initial design establishes the overall structure and principles, and
- subsequent participants should be informed, meaningfully engaged, and able to provide input over time, including updating the BSM, where necessary. In other words, the mechanism should remain transparent and responsive to their input.

Where new instances are expected to be added, project proponents should, to the extent feasible, engage anticipated future participants or representative groups early in the process, so that the initial design reflects their context and facilitates faster alignment and agreement upon enrollment.

### *Distinguishing among BSM Benefits, Project-related Activities, and SD Benefits*

There are two types of project-related activities that cannot be considered benefits under the BSM (see Figure 6):

- 1) Project activities: Section 3.17.15(1) states that implemented project activities are not considered BSM benefits, as to do so would undermine the BSM's purpose. Project activity is defined in the *VCS Program Definitions*. Also included are project activities that may have positive spillover effects for stakeholders.
- 2) Activities required to conform to VCS Program rules: This includes activities such as stakeholder engagement, FPIC, and mitigation measures necessary to address environmental, social, and governance risks. These activities are considered implementation-related and thus fall outside the scope of BSM benefits.

In practice, some activities may support project implementation while going above and beyond to support broader community interests. In such cases, project proponents need to distinguish between: (i) what is required for project implementation or conformance to VCS Program rules (e.g., affecting land or resource rights only where FPIC has been granted) and (ii) any additional actions

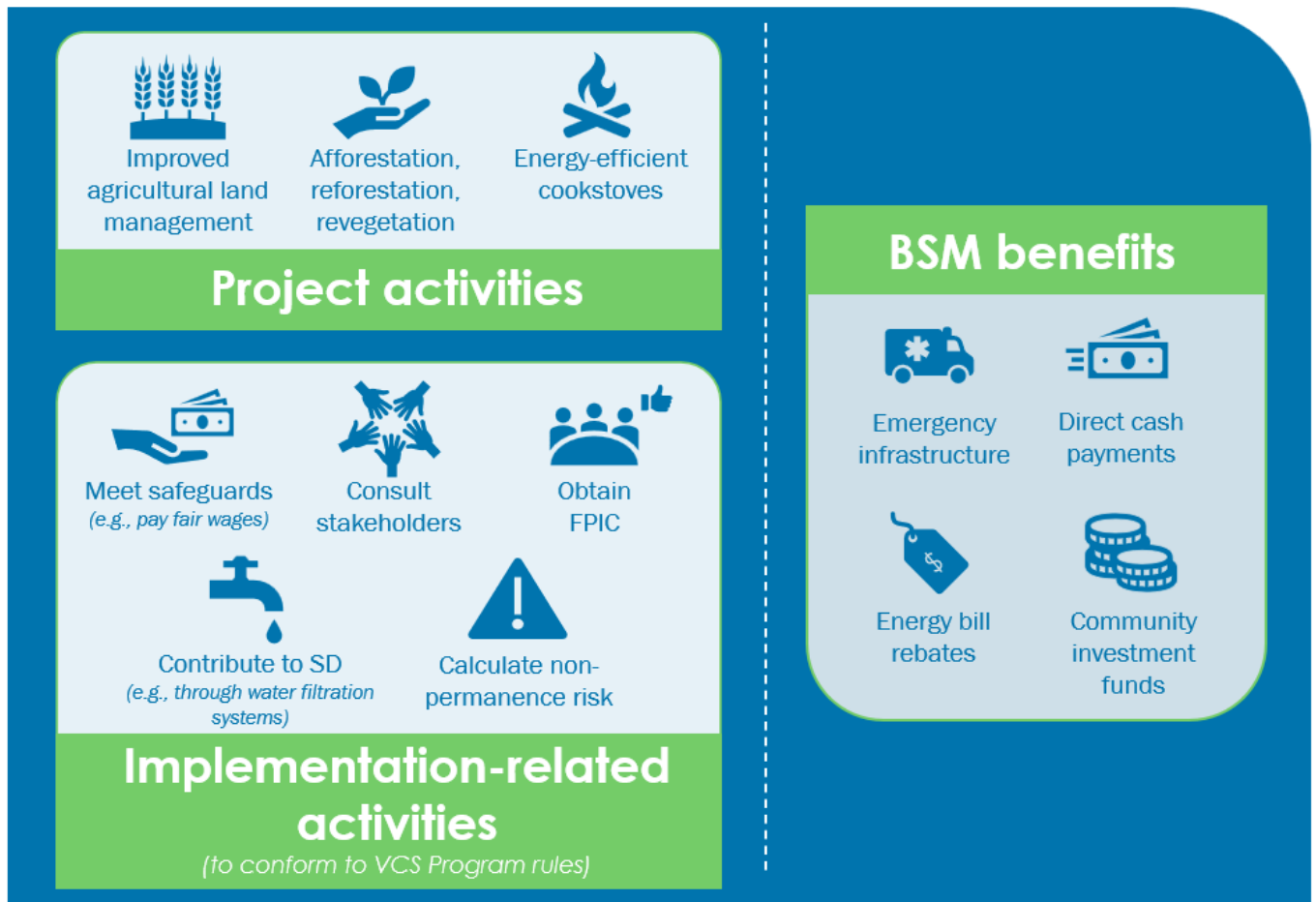
that go beyond requirements (e.g., legal assistance for securing rights holders' rights). Only the latter may be considered BSM benefits, and only where agreed upon with BSM participants. Examples of what can and cannot constitute benefits are shown in Table 1.

**Table 1. Examples of activities that can and cannot be considered benefits**

What does not count as a BSM benefit	What counts as a BSM benefit
<p>The following examples are generally considered implementation-related and cannot be considered BSM benefits.</p> <p><b>Capacity building</b></p> <ul style="list-style-type: none"> <li>• Governance-related capacity building that enables project decision-making or effective consultation, grievance reporting, or other project functions</li> <li>• Awareness raising and training needed to support FPIC, informed participation, and understanding of the project (or carbon projects in general) and project risks</li> </ul> <p><b>Land titling and securing land rights</b></p> <ul style="list-style-type: none"> <li>• Support for land titling (e.g., documenting rights, dispute clarification, procedural support to engage with authorities)</li> </ul> <p><b>Project worker salaries and other compensation</b></p> <ul style="list-style-type: none"> <li>• Project worker salaries are generally considered project operating costs, regardless of whether wages meet or exceed legal minimums or prevailing market rates. Incremental portions above the minimum wage reflect project workers' skills, qualifications, experience, and the technical or managerial expertise required for specific project roles.</li> <li>• Non-salary compensation (e.g., life insurance, private healthcare, childcare) is generally part of employment terms and operating costs and is therefore not typically considered a BSM benefit.</li> </ul>	<p>The following examples may generally be considered BSM benefits, where this is agreed upon with BSM participants.</p> <p><b>Capacity building</b></p> <ul style="list-style-type: none"> <li>• Governance-related capacity strengthening, such as training and increasing the agency of community-led governance bodies that operate independently of the project</li> </ul> <p><b>Land titling and securing land rights</b></p> <ul style="list-style-type: none"> <li>• Support (e.g., legal assistance, cost coverage, or grassroots advocacy) that extends beyond safeguards requirements or requirements for the project's right to operate and right to reductions and removals</li> </ul> <p><b>Project worker salaries and other compensation</b></p> <ul style="list-style-type: none"> <li>• Support provided to employees may be considered a BSM benefit, where:             <ul style="list-style-type: none"> <li>○ employees are directly affected by the project in a way that impacts their livelihoods or working conditions (e.g., displacement from previous employment such as logging, need to relocate or undertake substantially longer commutes), and</li> <li>○ the support (e.g., relocation, transport assistance) is agreed with BSM participants and goes beyond standard employment terms or project operating costs.</li> </ul> </li> </ul> <p><i>Notes –</i></p> <p>1) <i>Benefit sharing is generally intended to compensate rights holders rather than employees.</i></p> <p>2) <i>Another option is to treat non-salary compensation as SD benefits to highlight its positive value without conflating with BSM benefits.</i></p>

BSM benefits should not be conflated with or considered to be SD benefits derived from SD contributions (see Section 2.4.1 of this document).

Figure 6. Difference among project activities, implementation-related activities, and BSM benefits



*Equitable Access to Benefits*

Equitable access to benefits is critical to avoid the risk of conflicts arising if benefits are concentrated among local elites. Any BSM should reflect and respect the community’s social structure, while enabling distribution of benefits across gender, generational, and other relevant social dimensions.

Women’s ability to equitably share benefits from projects depends on the legal and customary land systems in place, as well as social norms. Often, these factors weaken women’s rights and reduce their opportunities to access, manage, or benefit from productive assets. Meaningful engagement of women’s perspectives throughout project design ensures that key project decisions are informed by diverse experiences. Expanding the approach to include a generational lens also strengthens inclusivity, encouraging meaningful participation of girls, youth, and elders with specific needs and concerns.

### Financial Transparency

Project proponents are expected to engage BSM participants throughout the design and implementation phases of the BSM. During the design phase, project proponents must share projected revenues and expected costs in a format that is understandable. This may involve translating financial information into visual formats or local languages. The purpose of the related requirements (see Sections 3.17.4(2)–(3) and 3.17.13(1) of the *VCS Standard, v5.0*) is to ensure that participants are informed when negotiating or agreeing to the terms of the benefit-sharing mechanism.

Once the benefit-sharing mechanism is implemented, the project proponent must report annually to BSM participants on actual operating costs and gross or projected revenues, and on the implementation of the BSM (see Sections 3.17.12(2), 3.17.13(2), and 3.17.14(6) of the *VCS Standard, v5.0*). Transparent disclosures help to maintain trust and accountability over the project lifecycle. Where actual project costs or revenues differ from earlier projections, project proponents should explain the reasons for the difference.

#### 2.5.6. Stakeholder Input Tracker

Stakeholder input comprises all feedback received from the stakeholder engagement and FPIC processes, at any point during the project’s lifetime, including contributions, suggestions, or concerns raised while consulting stakeholders or during FPIC processes, comments submitted within or outside the 30-day public comment period hosted on the Verra Registry, project grievances, and feedback provided through ongoing communication.

Tracking stakeholder input can feel overwhelming. Setting up a system that is appropriate for the project’s characteristics is key to success. Best practices to track stakeholder input include:

- using an identifier for each log in the tracker.
- centralizing the logging of input using a single, shared, and secure location for tracking (e.g., a shared spreadsheet, project management software, or specialized stakeholder relationship management (SRM) software).
- categorizing input and including standardized data fields to enable easy filtering and reporting of information, such as recording the channel through which feedback was received (e.g., email, WhatsApp), category (e.g., benefit-sharing mechanism, social risks), and risk or priority (e.g., urgent, high-risk).
- recording all input immediately to ensure accuracy.
- treating the tracker as a living document, with regular reviews and continual updates.
- informing stakeholders how their input has been considered.
- using the tracker to monitor general stakeholder sentiment (e.g., positive, neutral, or negative input) and track changes throughout project implementation.

### 2.5.7. Grievance Redress Mechanism

#### *Relevance of the Grievance Redress Mechanism*

Designing and committing to a preliminary grievance mechanism is crucial, so that once stakeholders are identified, they have a safe, trusted way to raise concerns from the very start of the project. As stakeholders are identified, the grievance redress mechanism should be updated based on newly identified stakeholders' input. People are more likely to use a system they helped design, and this also helps ensure it is accessible.

Project grievances provide an early indication of stakeholders who believe that they (or others) have been negatively impacted or harmed by a project. Disagreement that stays hidden doesn't go away; it festers and spreads. By the time it surfaces, it has often surpassed a simple concern. The grievance redress mechanism serves as a proactive measure to avoid future disagreements.

Effectively addressing project grievances enables project proponents to identify incidents and promptly remediate or proactively address them. In other words, project proponents should approach the grievance redress mechanism as an opportunity and an effective tool to strengthen project risk management.

#### *Grievance Redress Mechanism-related Processes*

##### **Receiving Project Grievances**

Examples of channels through which stakeholders can submit project grievances include phone hotline, email, mail, SMS, WhatsApp, webpage, or face-to-face. Once a grievance is received, it is key to have a process to systematize and follow up on project grievances. Project proponents should consider methods used by or acceptable to stakeholders. For example, if SMS or WhatsApp channels are already broadly used by the community and all stakeholders have access to mobile phones, these may be appropriate channels.

Anonymity and confidentiality in the grievance redress mechanism minimize the fear of retaliation, a major barrier to reporting misconduct, and encourage early reporting of issues. They also enable project proponents to uncover hidden risks and foster a culture of trust. The *VCS Standard, v5.0* requires project proponents to enable anonymous submissions of project grievances and to keep the confidentiality of self-identified stakeholder private and confidential information.

Best practices include:

- assigning an easily accessible and well-publicized focal point or user-facing “help desk” in a credible and accessible location.
- building the grievance redress mechanism with user-friendly systems, accompanied by simple procedures and clear roles and responsibilities.
- publicizing and advertising via local media, local partners, and where relevant, contractors, with clear and simple information about:
  - the channels to receive project grievances.

- the procedures that set out expectations (including time) on acknowledgment of, response to, resolution of, and prevention of retaliation for project grievances.
- the relevance of anonymous submissions and how confidentiality is treated.
- logging complaints received verbally as soon as possible for consideration.
- never attempting to identify, even in private, a person who has submitted an anonymous project grievance.

### Resolving Project Grievances

The grievance redress mechanism should include a filter to exclude issues unrelated to the project. However, orienting stakeholders or helping them connect with relevant authorities for concerns not related to the project can help build trust and support project proponents' integration into the local context.

#### **Box 19. Example of a grievance that is not relevant to the project**

A complaint that a neighbor has expanded their crops onto a stakeholder's property is unrelated to the project and, therefore, outside the scope of the grievance redress mechanism.

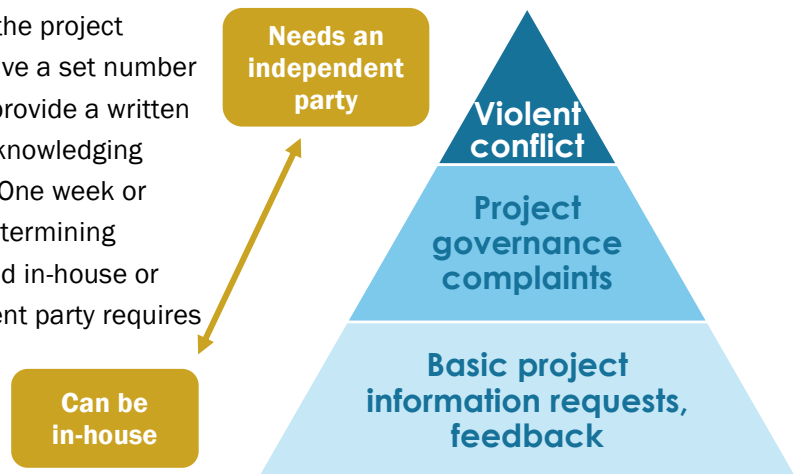
In such cases, it is good practice to inform the complainant that the grievance redress mechanism is not the appropriate forum, and where possible, refer them to the relevant authority. For this reason, it is good practice to provide a relatively low barrier to entry to using the mechanism, with a quick turnaround, rather than preventing users from accessing the mechanism.

Project grievances should be:

- categorized by the type of issue raised, the effect on the environment or stakeholder if the impacts described in the project grievance were to occur, and who is responsible for responding to the project grievance (including if it is already being handled in a local court or other authority).
- prioritized based on risk (i.e., impacts) and assigned for appropriate follow-up. For example, project grievances relating to land may be referred to an existing land claims court for resolution. Assigning cases for follow-up is generally more successful when done with the complainant's agreement. Figure 7 depicts the relationship between categorization and identification of the entity responsible for resolving project grievances.

Project grievances that cannot be resolved quickly (e.g., information requests or feedback) should be directed to the project grievance focal point, who will have a set number of days to assess the issue and provide a written response to the complainant, acknowledging receipt and detailing next steps. One week or less is recommended for this. Determining whether the issue can be resolved in-house or requires referral to an independent party requires judgment on the part of the project grievance focal point.

Figure 7. Project grievance categorization and identification of the entity responsible for resolution



Like the entire stakeholder

engagement process, the grievance redress mechanism is to be free from coercion, manipulation, harassment, or any other form of pressure against stakeholders.

Best practices include:

- checking-in periodically with project decision-makers, regulators, and other key stakeholders to confirm and renew commitment to the functioning of the mechanism.
- widely publicizing and advertising:
  - the governing structure and identification of decision-makers.
  - stakeholders’ satisfaction with the resolution of their project grievances, while maintaining anonymity where requested.
- documenting progress on the project grievance resolution, including signed minutes of interim or final agreements.

**Appealing Resolutions**

Where a grievance has been closed, the stakeholder should be offered an appeals process. The appeal may escalate to a stage of:

- mediation through a senior and independent panel of individuals with representation from both government and civil society.
- arbitration led by government agencies with a related mandate.
- court ruling by national, local, or specialized courts.

## 2.6 Environmental, Social, and Governance Safeguards

(VCS Standard, v5.0 Section 3.18)

### 2.6.1. Background

#### *Project Risks in the Safeguards Context*

All projects generate impacts in the places where they operate. Some impacts are positive and intended, such as improved access to clean energy or new employment opportunities, while others may be unintended and/or negative. In the context of safeguards, a risk refers to the possibility that a project could harm stakeholders or the environment if it is not carefully designed and managed; in other words, project-introduced risks, as illustrated in Figure 8.

Not all risks have the same level of impact; some may be relatively minor, such as a temporary rerouting of a footpath, while others may have life-altering consequences, such as restricting access to resources essential for sustaining livelihoods. This variation constitutes the risk level, which is influenced by multiple factors. The two primary factors are the likelihood of occurrence and the severity of potential impacts, along with the project activity type and location.

**Figure 8. Project proponents' risk accountability spheres for project proponents regarding risks**

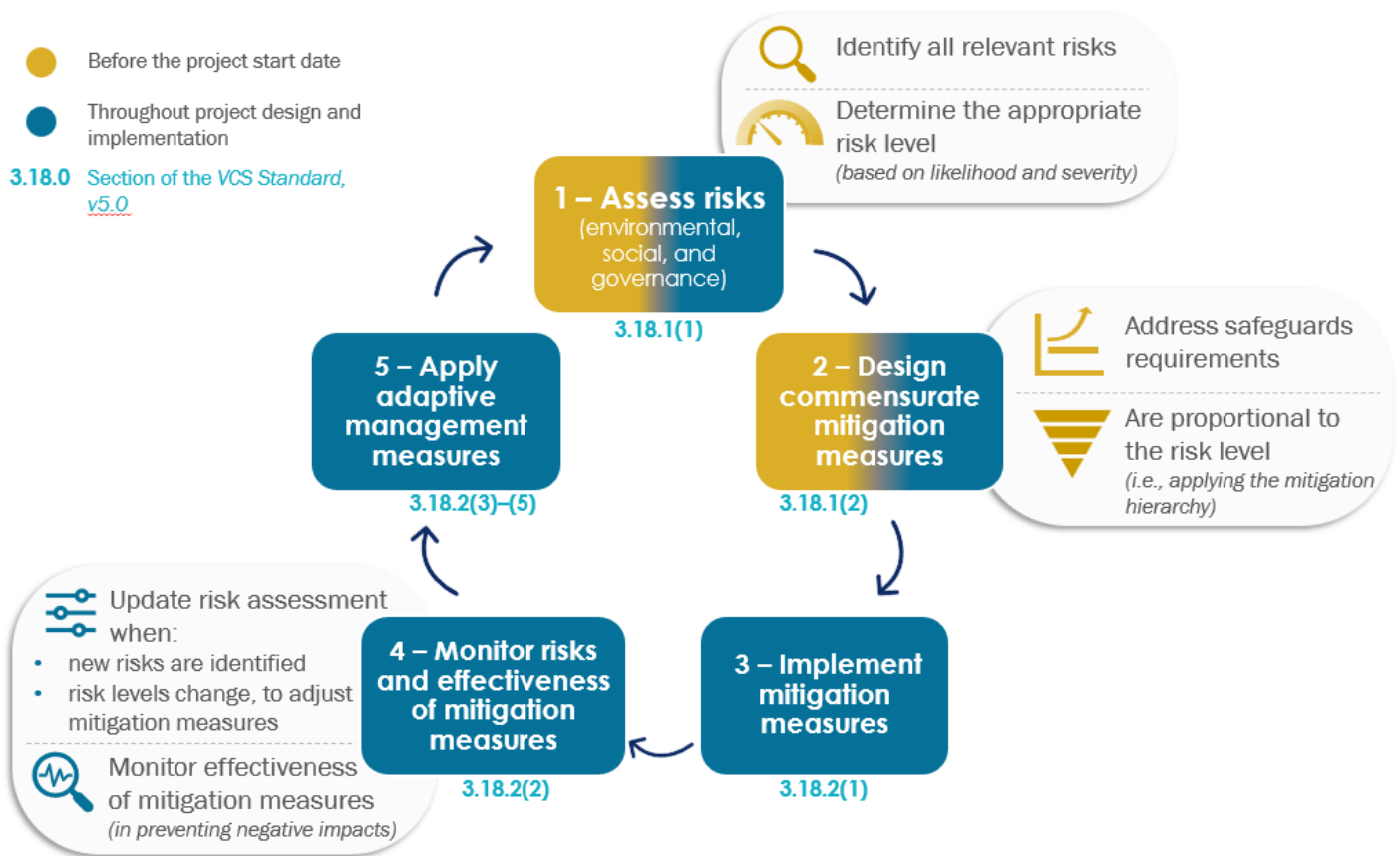


*Relationship Between Risks and Safeguards*

In line with international good practices, the VCS Standard, v5.0 establishes a risk-based approach to ESG safeguards, depicted in Figure 9. Under this approach, project proponents assess risks specific to their project to better understand where harm could occur, who could be affected, and how severe the impacts could be. This enables project proponents to focus attention and resources on the most significant issues, supporting stronger project design, implementation, and credibility.

People manage risks in their daily lives. Organizations do so as well, and carbon projects are no different.

**Figure 9. Risk-based approach to safeguards in the VCS Standard**



**2.6.2. Justifying the Safeguards Category Applicability**

Not all safeguards categories will be relevant to every project. Given the diversity of project activity types and contexts, certain categories may be inapplicable (e.g., “armed personnel” for projects without security forces). The VCS ESG Risk Assessment Template, v5.0 includes an applicability section to enable project proponents to determine which categories apply to their project’s socioeconomic or environmental context through a series of targeted questions.

Any justification should be clear and consistent with the conditions prior to project initiation, the description of the project activity, and any other narrative information included in the project description. Justification should show that concluding an absence of risk is reasonable and well

considered, enabling VVBs to understand the rationale and reach the same conclusion. Robust justifications support consistency, transparency, and confidence in the assessment, while avoiding the omission of potentially relevant risks.

### 2.6.3. Assessing the Risks of Negative Impacts

The safeguards requirements in the *VCS Standard, v5.0* establish the minimum protections that apply for each category. Risk assessment, illustrated in Figure 10, helps project proponents determine whether mitigation measures beyond the safeguards are needed for their project, and the level of effort required to implement the mitigation measures effectively in practice.

Figure 10. Key questions for assessing risks in practice

## 1 – Assess ESG risks

Through structured, practical questions to systematically identify and understand potential negative impacts



### Identify all relevant risks

- What could go wrong, even if unintentionally, because of changes introduced by the project or its activities?
- Who or what could be affected, and in what way?  
(e.g., stakeholders, project workers, ecosystems, or specific marginalized people or vulnerable people)



### Determine the appropriate risk level

- How likely is this to happen? (likelihood)
- If it does occur, how severe would the impact be? (severity)

### Identifying Relevant Risks

For each safeguards category, the *VCS ESG Risk Assessment Template, v5.0* includes a section with questions that help project proponents to identify risks for their projects, in line with good international practices. Risks other than those derived from the included questions may also be identified.

#### Environmental Risks

Environmental risks in carbon projects often involve less visible or slow-moving threats, such as gradual loss of biodiversity, soil degradation, the introduction of invasive species, or pollution of water bodies. In AFOLU projects, focusing solely on reductions or removals risks inadvertently implementing solutions that fall short on ecological resilience. In energy and industrial (E&I) projects, major risks could be the unmonitored release of hazardous air pollutants or the over-extraction of local water sources for industrial cooling, both of which can permanently damage surrounding ecosystems.

Safeguards mitigate these risks by requiring monitoring of criteria such as environmental conditions and waste management to prevent climate solutions from causing unintended ecological harm or depleting the natural resources on which stakeholders depend.

### Social Risks

- Human Rights

Projects can create human rights risks where they unintentionally affect access to essential resources and services, such as clean water, sanitation, or a safe and healthy environment, or where they reinforce existing power imbalances and discrimination in the project area. If these risks are not managed, they may lead to community complaints and legal issues. Safeguards help project proponents identify and address these risks and adjust activities where needed to protect the health, well-being, and dignity of all affected stakeholders. A useful resource on this topic is the *Guiding Principles on Business and Human Rights* from the United Nations Office of the High Commissioner for Human Rights.<sup>30</sup>

- Land or Resource Rights

Some of the most fundamental project risks relate to restrictions on land or resource rights that are held by IPs and customary rights holders (e.g., restricting access to sacred sites, traditional water sources, or communal lands). The *VCS Standard* prohibits certain land or resource rights restrictions:

- Encroachment, which refers to illegal or unauthorized occupation, use, or expansion onto land, particularly state-owned, protected areas, or Indigenous territories, often driven by development pressures, agricultural expansion, or weak governance
- Forced eviction, which involves the permanent or temporary removal against the will of individuals, families, or communities from the homes or land which they occupy, including through access restrictions to land or resources. Against their will means without prior consent, appropriate compensation, and compliance with all applicable international, national, and local regulations.
- Forced economic displacement, which occurs when access to land or resources important to stakeholders' means of livelihood or economic well-being is partially or fully restricted
- Forced physical displacement, which occurs when stakeholders are fully or partially no longer able to occupy an area due to project-related activities and need to relocate

If these risks are not managed, projects can face legal battles, local opposition, and the loss of international credibility. Safeguards, including obtaining FPIC and developing a grievance redress mechanism, allow project proponents to identify potential rights violations early and adjust implementation to respect the dignity and heritage of all affected IPs and customary rights holders.

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<sup>30</sup> Available at: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

- Customary Rights, Indigenous Peoples, and Cultural Heritage

Indigenous Peoples' and customary rights holders' cultural heritage is a holistic system of tangible and intangible elements that are passed down through generations and are integral to the identity, well-being, and survival of Indigenous Peoples or local communities. It may be:

- tangible – tools, clothing, art, culturally relevant places, and traditional medicine
- intangible – traditional knowledge, languages, practices, spiritual beliefs, songs, laws, dances, ceremonies

Traditional knowledge is a relevant part of cultural heritage. It is understood as knowledge derived from centuries of IPs' and LCs' observation of and interaction with nature and their environment. It is often embedded in a cosmology that respects the oneness of life, considers nature as sacred, and therefore, acknowledges humanity as a part of it, encompassing practical ways to balance human needs with the environment in which humans live, so that the environment may continue to provide services such as water, fertile soil, food, shelter, and medicines.

FPIC is required where a project affects the cultural heritage of IPs or uses their traditional knowledge. This may have a broad meaning, depending on the project, ranging from affecting spiritual or religious locations to using traditional knowledge.

- Gender Equality

Women often feel the biggest impacts when local environments change. In many communities, they are responsible for providing their families with water, food, and fuel. However, they frequently lack legal rights to the land they use. This creates a participation gap, where the people who depend most on the land have the least say in how it is managed.

Because women's work, such as gathering forest products, farming small family plots, or caring for children and the elderly, is regularly unpaid or informal, it is easy to overlook their needs during project planning. For example, without specific safeguards, a project might accidentally take away the resources women rely on for their children's health and education.

Gender equality safeguards prevent climate actions from making existing problems worse. By setting clear rules against discrimination and preventing gender-based violence, project proponents create a safe and fair environment. These safeguards are necessary to make the project successful and respectful of human rights for everyone.

- Labor Rights and Safe Employment Conditions

Projects inherently entail risks of labor exploitation, unsafe working conditions, and the use of child and forced labor within complex supply chains. Physical risks, such as exposure to hazardous chemicals or dangerous machinery, can result in accidents that permanently disable project workers, disrupt operations, and damage the project's reputation. Safeguards to mitigate these risks include adhering to International Labour Organization standards (e.g., implementing mandatory safety training, providing appropriate protective equipment, and

putting in place measures to prevent discrimination), which contribute to a safe, fair, and lawful working environment that protects both workers and the project's continuity.

- **Armed Personnel**

Where projects use security or armed personnel, risks of “escalation” can lead a defensive presence to turn into intimidation, harassment, or the use of excessive force against local stakeholders. Such incidents can lead to human rights abuses and the permanent collapse of community trust. Safeguards mitigate these risks by requiring rules of engagement. By vetting security forces and providing training in de-escalation, project proponents can protect project stakeholders and project assets without creating a climate of fear or exacerbating conflict.

### **Governance Risks**

The governance categories carry unique risks because illegal activities, including corruption and money laundering, are inherently intended to remain hidden. These risks often exist in shadow transactions or informal agreements that are difficult to detect during standard site visits or document reviews. If left unmanaged, these hidden threats can lead to the sudden seizure of project assets, legal prosecution, or the project being jeopardized by fraud. Safeguards mitigate these risks by implementing transparency tools and preventive measures, including training project workers on these topics, thereby strengthening the project and its outcomes.

#### *Determining the Risk Level, Based on the Risk's Likelihood and Severity*

Where risks are identified, project proponents must determine the risk level and design commensurate mitigation measures. Determining the risk level requires estimating the likelihood of the risk occurring and the severity of its impacts, which is not an exact science. The estimation requires multiple sources of evidence, including initial desk research, stakeholder engagement, expert input, preliminary field observations, the political context of the country or jurisdiction where the project is located, and the complexity of the local ecosystem. The scales in Table 2 and Table 3 support consistent and transparent analysis.

## Likelihood

Likelihood reflects the probability that the risk will occur, on a scale from “very unlikely (1)” to “expected (5),” considering the project’s specific context.

**Table 2. Risk likelihood scale and considerations**

Likelihood scale	Considerations
<p><b>1 – Very unlikely</b> <i>(under 5% chance of happening)</i></p> <p>The risk is theoretically possible, but is not anticipated under normal project design or implementation.</p> <p>Example: Land-use conflict risks in an industrial methane project located in a fully fenced, regulated landfill with no community access or land-use interface</p>	<ul style="list-style-type: none"> <li>• No similar situations are documented locally or in comparable projects.</li> <li>• Strong legal, institutional, or physical barriers prevent occurrence.</li> <li>• Stakeholders do not have feedback related to this risk.</li> </ul>
<p><b>2 – Not expected</b> <i>(roughly 5–20% chance of happening)</i></p> <p>The risk could occur under unusual circumstances, but is not anticipated under normal project design or implementation.</p> <p>Example: Labor influx risk in a small AFOLU project that plans to rely entirely on local workforce</p>	<ul style="list-style-type: none"> <li>• Limited similar situations are documented locally or in comparable projects.</li> <li>• Legal, institutional, or physical conditions exist that could enable the risk if controls fail.</li> <li>• Interested stakeholders have feedback related to the risk.</li> </ul>
<p><b>3 – Moderately likely</b> <i>(roughly 20–60% chance of happening)</i></p> <p>The risk is probable and may be anticipated under normal project design or implementation.</p> <p>Example: Undue influence risks for a project operating in a jurisdiction with documented governance weaknesses, even if no evidence of wrongdoing exists</p>	<ul style="list-style-type: none"> <li>• Comparable projects have experienced similar situations locally.</li> <li>• Weak legal, physical, or institutional conditions increase exposure.</li> <li>• Directly affected stakeholders have feedback or warnings about the risk.</li> </ul>
<p><b>4 – Very likely</b> <i>(roughly 60–99% chance of happening)</i></p> <p>The risk is expected to occur under normal project design or implementation.</p> <p>Example: Emergency-related risks such as forest fires in regions with historical fire incidence and increasing climate variability.</p>	<ul style="list-style-type: none"> <li>• Similar situations are documented in local history.</li> <li>• There is a direct causal link between the project and the potential impact.</li> <li>• Directly affected stakeholders anticipate impacts.</li> </ul>
<p><b>5 – Expected</b> <i>(already happening or inevitable)</i></p> <p>The risk is already occurring or will certainly occur as part of project design or implementation.</p> <p>Example: Temporary livelihood disruption risk during construction of a renewable energy facility.</p>	<ul style="list-style-type: none"> <li>• Impacts are observable at design or early implementation stages.</li> <li>• There is a direct causal link between the project and the potential impact.</li> <li>• Directly affected stakeholders are already impacted or reporting impacts.</li> </ul>

## Severity

Severity reflects how serious the consequences could be, considering impacts on stakeholders, the environment, and project viability, on a scale from “negligible (1)” to “severe (5).”

**Table 3. Risk severity scale and considerations**

Severity scale	Considerations
<p><b>1 – Negligible</b></p> <p>Minimal impacts that have temporary and easily reversible consequences</p> <p>Example: Minor noise disturbance during daytime site visits during the construction period</p>	<ul style="list-style-type: none"> <li>• No adverse effect on rights, health, livelihoods, or ecosystems</li> <li>• Only inconvenient</li> <li>• No stakeholder grievances anticipated</li> </ul>
<p><b>2 – Minor</b></p> <p>Limited, short-term impacts with manageable consequences</p> <p>Example: Temporary access disruption to non-essential paths with clear alternatives</p>	<ul style="list-style-type: none"> <li>• Does not affect fundamental rights or essential resources</li> <li>• Impacts can be addressed through simple adjustments</li> <li>• Low likelihood of grievances escalating</li> </ul>
<p><b>3 – Medium</b></p> <p>Noticeable adverse impacts that affect stakeholders or ecosystems, but are reversible with reasonable effort</p> <p>Example: Reduced access to certain forest products affecting supplemental income for some households</p>	<ul style="list-style-type: none"> <li>• Affects livelihoods, access to resources, or well-being for a defined group</li> <li>• Impacts should be addressed through targeted measures</li> <li>• May generate grievances or disagreement</li> </ul>
<p><b>4 – Major</b></p> <p>Severe adverse impacts that affect rights, livelihoods, health, safety, or ecosystems</p> <p>Example: Pollutant-release risk in an industrial methane management project causing ongoing air quality deterioration that adversely affects the health and well-being of nearby communities, but where impacts remain potentially reversible through corrective action.</p>	<ul style="list-style-type: none"> <li>• Affects marginalized people or vulnerable people disproportionately</li> <li>• Disruption is prolonged or difficult to reverse</li> <li>• High risk of conflict, reputational damage, or legal challenge</li> </ul>
<p><b>5 – Severe</b></p> <p>Consequences are extensive, potentially irreversible, or systemic, constituting serious harm and requiring substantial intervention and long-term remediation</p> <p>Example: Loss of access to ancestral land or sacred sites without FPIC, or irreversible environmental disasters</p>	<ul style="list-style-type: none"> <li>• Involves human rights violations, forced displacement, or destruction of critical ecosystems</li> <li>• Threatens project viability and legitimacy</li> <li>• Multiple stakeholder groups affected, or impacts intergenerational</li> </ul>

### Risk level

Overall risk level is determined by combining likelihood and severity, and ranges from “very low” to “very high,” as shown in Table 4. A risk-based approach enables project proponents to allocate resources efficiently, focusing attention on “high” and “very high” risks that require immediate and likely constant mitigation and management, while appropriately monitoring “low” and “very low” risks. This prioritization is fundamental, as it enables efforts and resources to be directed where they matter most for preventing harm, while enhancing project outcomes and operational efficiency.

Table 4. Risk levels, based on likelihood and severity

		Likelihood of risk occurrence				
		1 – Very unlikely	2 – Not expected	3 – Moderately likely	4 – Very likely	5 – Expected
Severity of impacts if the risk materializes	1 – Negligible	Very low	Very low	Very low	Low	Medium
	2 – Minor	Very low	Very low	Low	Medium	High
	3 – Medium	Very low	Low	Medium	High	High
	4 – Major	Low	Medium	High	High	Very high
	5 – Severe	Medium	High	High	Very high	Very high

#### 2.6.4. Designing Mitigation Measures Commensurate with the Risk Level

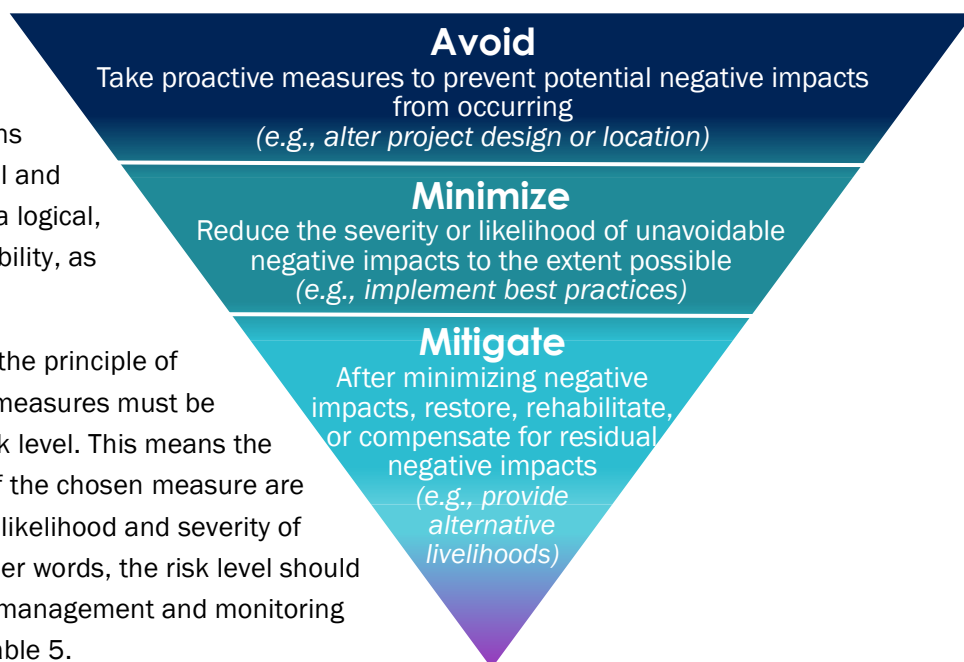
The safeguards requirements in Section 3.18 of the *VCS Standard, v5.0* establish the minimum protections that apply for each category, grounded in international human rights and other treaties, to ensure projects do no harm to stakeholders and the environment. However, it is nearly impossible for safeguards to capture every specific aspect of every project type in every context worldwide. Therefore, project proponents must analyze their project’s specific risks and establish appropriate mitigation measures that may go beyond the minimum safeguards required.

Once project proponents assess their project’s risks, they must determine whether mitigation measures beyond the safeguards are needed, and the level of effort required to implement the measures effectively in practice.

Effective risk management applies the mitigation hierarchy, a structured framework designed to prioritize actions that address environmental and social negative impacts in a logical, descending order of desirability, as shown in Figure 11.

Central to this hierarchy is the principle of proportionality: mitigation measures must be commensurate with the risk level. This means the scale, intensity, and cost of the chosen measure are directly proportional to the likelihood and severity of the potential impact. In other words, the risk level should directly inform the level of management and monitoring required, as indicated in Table 5.

**Figure 11. Mitigation hierarchy for social and environmental risks**



**Table 5. Expected depth of mitigation measures based on the risk levels and examples**

Risk level	Expected depth of mitigation measures	Example
Very low	The risk is acknowledged and monitored through project implementation.  No dedicated mitigation measures are necessary beyond conformance to any applicable safeguards for the category.	Risk of noise and dust resulting from temporary and periodic maintenance activities disturbing stakeholders in a grid-connected solar photovoltaic installation.  Likelihood: 3 – Moderately likely. Justification: Maintenance activities occur routinely during implementation (i.e., under normal operations).  Severity: 1 – Negligible. Justification: Short-term and reversible impacts, with no anticipated effect on rights, livelihoods, or ecosystem condition.  Mitigation measures: Report maintenance log events and noise complaints, and schedule maintenance during the daytime.
Low	Simple mitigation measures are designed, implemented, and monitored throughout project implementation.  Measures focus on preventing escalation or proactively addressing issues where they arise, without requiring dedicated resources or specialized management structures.	Risk of minor workplace injuries that project workers may experience during routine project implementation activities (e.g., slips, minor cuts, heat stress).  Likelihood: 3 – Moderately likely. Justification: Even with basic controls, minor incidents are possible.  Severity: 2 – Minor. Justification: The expected consequence is short-term and reversible.  Mitigation measures: Operational health and safety induction for all workers and contractors; adequate protection equipment; transport plan for clinics.
Medium	Mitigation measures are designed, implemented, and monitored throughout project implementation.  Measures have clear responsibilities and established monitoring periodicity. Measures should be	Risk of perceived inequity in beneficiary selection in a cookstoves project, where some households believe they were unfairly excluded.  Likelihood: 4 – Very likely. Justification: Similar projects commonly face expectation and inclusion challenges, even with good processes.  Severity: 2 – Minor. Justification: Community cohesion may be affected, leading to recurring grievances, but impacts are generally reversible.

	sufficient to prevent the risk escalating and to reduce either its likelihood or severity, as feasible.	Mitigation measures: Publish clear eligibility criteria and selection steps in local language(s), add a “second chance” inclusion pathway (e.g., waitlist), and track uptake and reasons for refusal.
<b>High</b>	<p>Mitigation measures are implemented before the project start date (or as soon as the risk materializes, for existing projects), with accountable staff, dedicated resources, and clear timelines.</p> <p>Justification of measures should include how they are expected to reduce the likelihood or severity of the risk to level 3 (moderately likely or medium, respectively) or below.</p>	<p>Risk of solicitation of informal payments or undue influence during routine interactions with public actors (e.g., approvals, inspections, customs clearance).</p> <p>Likelihood: 5 – Expected. Justification: Repeated interaction with approvals where solicitation risk is known for the project context.</p> <p>Severity: 3 – Medium. Justification: The consequence is not expected to harm stakeholders or their rights.</p> <p>Mitigation measures: Translated zero-tolerance anti-corruption policy, mandatory training for staff, third-party due diligence, and internal financial controls to restrict cash payments.</p>
<b>Very high</b>	<p>Project activities are redesigned, through participatory design, to remove the source of the risk or reduce its likelihood or severity to level 3 (moderately likely or medium, respectively) before the project start date, or as soon as the risk materializes for existing projects.</p> <p>Mitigation measures include accountable staff, dedicated resources, and clear timelines.</p>	<p>Patrols to enforce access restrictions in an AFOLU project are planned in an area where customary rights holders are present, and such restrictions may affect essential livelihoods or cultural heritage.</p> <p>Likelihood: 4 – Very likely. Justification: Where project design includes restrictions that intersect customary use, impacts are expected.</p> <p>Severity: 5 – Severe. Justification: Potential for loss of access to essential resources or cultural sites, escalated conflict, or human rights violations.</p> <p>Mitigation measures: Redesign project activities to include clear terms for access, monitoring, grievance, and benefit-sharing arrangements aligned with rights-holder priorities; and establish independent oversight.</p>

### 2.6.5. Implementing Mitigation Measures

Once risks are identified, their level is determined, and mitigation measures are established, the project proponent should integrate such measures into daily operations. For example, an E&I project might install specialized filtration systems to mitigate air pollution risks, while an AFOLU project might implement wildlife corridors to reconnect fragmented habitats or switch from single-species planting to assisted natural regeneration using a mix of native trees to protect local biodiversity. Mitigation is not a one-time setup; it is an active commitment to change how a project functions to ensure it aligns with strong environmental, social, and governance safeguards.

### 2.6.6. Continually Monitoring the Effectiveness of Mitigation Measures and Adapting

The reality of project environments is that they are dynamic, which is why continually monitoring the effectiveness of mitigation measures is essential. Monitoring acts as an early warning system to review that mitigation measures are working as intended. For example, an E&I project should conduct regular water-quality testing downstream of its facilities to ensure its waste management protocols prevent contamination.

Where monitoring data indicate that a risk is not being lowered, project proponents should adjust their risk mitigation strategies, in a process known as adaptive management. This ongoing cycle of action and review ensures that mitigation measures remain robust throughout the project's life, providing long-term security for both the climate and local stakeholders.







### Distinguishing among Mitigation, Adaptive Management, and Remediation

To align with international human rights standards, project proponents should distinguish among mitigating potential impacts, applying adaptive management, and remediating actual harm, as illustrated in Figure 12.

Mitigation is proactive; it involves taking precautionary steps to prevent a negative impact (e.g., adjusting an E&I project’s pipeline route to avoid a community’s primary water source). Adaptive management is iterative and responsive; it involves adjusting mitigation measures over time based on monitoring results, stakeholder input, or changing project conditions, to manage risks effectively throughout project implementation (e.g., upgrading filtration systems after monitoring data or stakeholder complaints indicate that water quality is below required thresholds). Where mitigation measures, including safeguards, are insufficient to protect stakeholders or the environment, and negative impacts occur, the focus must shift immediately to remediation. This means restoring the situation to what it was before the impact, which might involve financial compensation, physical restoration of damaged land, or public apologies and legal restitution.

Stakeholder engagement is essential to remediation. Where a need for remediation is identified through a grievance redress mechanism, the mechanism should serve as the formal channel for initiating, managing, and documenting the remediation process. For example, if an AFOLU project inadvertently restricts stakeholders’ access to traditional grazing lands, the remediation process should involve affected stakeholders in determining the best solution, such as providing alternative land or restoring access rights. By establishing clear pathways for remediation, project proponents ensure that they are actively taking responsibility for the human rights and well-being of the stakeholders impacted by their operations. This commitment to making things right is what ultimately secures a project’s integrity and long-term social acceptance.

Figure 12. Differences among mitigation, adaptation, and remediation measures

	 <b>Mitigation measures</b>	 <b>Adaptation measures</b>	 <b>Remediation measures</b>
 <b>Purpose</b>	Prevent or reduce anticipated risks of negative impacts <i>(i.e., avoid, minimize, mitigate)</i>	Adjust prevention or reduction when reality changes	Respond when prevention fails or impacts exceed expectations
 <b>Type of response</b>	Proactive <i>(risk-based)</i>	Responsive <i>(risk-based)</i>	Reactive <i>(impact-based)</i>
 <b>Timing</b>	When risks are identified <i>(before the project start date and throughout implementation)</i>	Throughout project implementation <i>(triggered by monitoring results, stakeholder input, or changes in conditions)</i>	After harm has occurred

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# APPENDIX 1. PROJECT ACTIVITIES WITH HIGHER INHERENT RISKS OF AFFECTING LAND OR RESOURCE RIGHTS

VCS sectoral scope	Project category	Project activity type	
1. Energy supply	Renewable energy generation and fuel switch	Wind energy	
		Hydropower energy	
		Geothermal energy	
		Solar energy	
		Biofuel and biomass energy	
8. Mining and mineral production	Mining and mineral production	Mine methane management	
		Mining waste gas capture and use	
		Enhanced weathering applications in mining	
14. Forestry and other land use (forests, wetlands, and grasslands)	Afforestation, reforestation, and revegetation	ARR for plantation forestry	
		ARR for ecosystem restoration	
		ARR for agroforestry	
		ARR for all other purposes	
	Improved forest management	Improved forest management	Reduced impact logging
			Logged to protected forest
			Extended rotation age or cutting cycle
			Low-productive to high-productive forest
			Enhanced sequestration
	Reduced emissions from deforestation and degradation	Reduced emissions from deforestation and degradation	Avoiding planned deforestation
			Avoiding unplanned deforestation and/or degradation
	Wetland restoration and conservation	Wetland restoration and conservation	Restoring wetland ecosystems
			Conservation of intact wetlands (avoiding planned wetland degradation)
			Conservation of intact wetlands (avoiding unplanned wetland degradation)
	Avoided conversion of grasslands and shrublands	Avoided conversion of grasslands and shrublands	Avoiding planned conversion
			Avoiding unplanned conversion
	15. Agriculture	Agricultural land management	Improved cropland management
Improved grazing management			

VCS sectoral scope	Project category	Project activity type
		Restoration of degraded agricultural land
		Enhanced weathering applications in agriculture
	Livestock systems	Enteric fermentation management
		Livestock management
18. Oceans and marine resources	Seabed protection	Avoided bottom trawling
	Seaweed management	Seaweed mariculture
		Seaweed forest afforestation and restoration
		Seaweed forest conservation
	Ocean alkalinity enhancement	Enhanced weathering (mineral-based) applications in ocean alkalinity enhancement
		Electrochemical-based application in ocean alkalinity enhancement

# DOCUMENT HISTORY

Version	Date	Comment
v5.0	9 June 2026	Initial version released under VCS Version 5



## ABOUT VERRA

Verra sets the world's leading standards for climate action and sustainable development. We build standards for activities as diverse as reducing deforestation, improving agricultural practices, addressing plastic waste, and achieving gender equality. We manage programs to certify that these activities achieve measurable high-integrity outcomes. We work with governments, businesses, and civil society to advance the use of these standards, including through the development of markets. Everything we do is in service of increasingly ambitious climate and sustainable development goals, and an accelerated transition to a sustainable future.

Verra's certification programs include the [Verified Carbon Standard \(VCS\) Program](#) and its [Jurisdictional and Nested REDD+ \(JNR\) framework](#), the [Climate, Community & Biodiversity Standards \(CCBS\) Program](#), the [Sustainable Development Verified Impact Standard \(SD VISTa\) Program](#), and the [Plastic Waste Reduction Program](#).



Standards for a  
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**Verified Carbon  
Standard**



**Jurisdictional and Nested  
REDD+ Framework**



**Climate, Community  
& Biodiversity Standards**



**Scope 3  
Standard**



**Sustainable Development  
Verified Impact Standard**



**Plastic Waste  
Reduction Standard**