

ASES ON-CHAIN PROTOCOL

ECOSYSTEMS AND SOCIAL SAFEGUARDS STANDARD

Version 2.1



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INTRODUCTION

The ASES Nature-Positive Climate Action On-Chain Protocol (aOCP) is a standard that aims to make our planet more sustainable and contribute to the fight against the climate crisis. It does so by setting a voluntary global standard for carbon- and nature-positive practices and offering companies and individuals a way to participate in climate action. By using Verified Nature Positive Credits (VNPCs) from Projects registered in the aOCP, anyone can offset their hard-to-abate greenhouse emissions and support nature restoration.

Using blockchain, tokenization, and smart contracts, the aOCP makes it possible to finance ecosystem restoration initiatives in a transparent, efficient, and secure way. Regenerative agriculture, afforestation, soil health restoration, and restoring or preserving water flow in rivers or streams are some of the projects that can participate under the standard. These projects are aligned with the ReFi philosophy.

Through field and satellite verification of projects, the aOCP promotes openness and accountability, guaranteeing that carbon credits are only awarded if GHG emissions have been really reduced or eliminated and that credits for biodiversity, soil, and water are only issued if beneficial effects have been demonstrated. Each Project's verification reports are available to the public and can be consulted by anybody with an interest.

According to the FAO, the goal of environmental and social safeguards is to minimize and mitigate negative project impacts on the ecosystem and impacted people when avoidance is not possible.

Climate action and nature-positive projects registered under the aOCP can increase the quality of its credits by demonstrating their contribution to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The *aOCP Ecosystems and social safeguards standard* (this document) establishes the guidelines to do so. These guidelines are to be followed by Project proponents, the aOCP Internal Team of Technical Experts (ITTE), independent validators and verifiers, and all interested parties.

This standard serves as a roadmap for the incorporation of ecosystems and social safeguards, the assessment of Projects' contribution to the achievement of the UN SDGs, and the factors to be considered throughout Projects' validation and verification stages to this regard.

Disclaimer: In the carbon markets industry as well as in the development programs, it is widely used the term “environment” to refer the natural realm, in contrast to “society”, referring to human populations. The aOCP opts for the use of the term “ecosystems” instead of “environment” as it stands from the ecological science perspective. As a reminder, “ecosystem” refers to all biotic (living) and abiotic (non-living) factors that coexist in a defined space at the same time, while “environment” lays primarily on the abiotic components.

I. OBJECTIVES

- To safeguard ecosystems and society from adverse impacts caused by Project activities.
- To safeguard Projects from risks posed by natural ecosystemic factors and/or society.
- Incentivize and demonstrate Projects registered under the aOCP contribute to the achievement of the UN Sustainable Development Goals (SDGs);
- Define the criteria to be used by the aOCP Internal Team of Technical Experts, independent 3rd party aOCP-approved Project validators/verifiers, external scientific committee, and Steering Committee) to determine whether the parameters being monitored have a positive impact on society or the environment.

II. GENERAL GUIDELINES FOR SOCIAL AND ECOSYSTEMS SAFEGUARDS, AND SDG CONTRIBUTIONS.

This standard establishes four stages to ensure both Projects' harmless towards ecosystems and society, and their contribution to sustainable development. The outcome of each stage shall be reported and added to the Project's documentation for public display in the Nat5 website.



The requirements to be considered in each stage are further detailed in the following sections.

II.1. SDGs PROJECT CONTRIBUTION

With its 17 Sustainable Development Goals (SDGs) and 169 targets, the 2030 Agenda for Sustainable Development of the United Nations advocates for the sustainable transformation of societies all over the world. One of the most significant and ambitious international agreements in recent memory. The SDGs and their specific targets are meant to be implemented by all UN member states by 2030 in order to provide a sustainable future for all people. The aOCP adheres to this global effort, by requiring all Nature Positive Projects willing to be registered in the aOCP to conduct their correspondent SDG impact assessments.

The contribution of project activities to the SDGs will be recognized and used to label the issued Verified Nature-Positive Credits (VNPCs) only if it can be demonstrated as an improvement in the values of the relevant indicators. At the moment of Project submission for registration, Project proponents are required to state in the PSF which SDGs their Project activity will contribute to. All SDGs enlisted in the PSF shall be accompanied by the number of the indicator that can be used to monitor Project's contribution. Without indicators, Project's contribution to SDGs cannot be demonstrated and claimed.

The Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs) developed and published the *Final list of proposed Sustainable Development Goal indicators*, which will serve as the official reference for the assessment of aOCP Projects' contribution to the UN SDGs. The list of indicators can be accessed via the following link:

<https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

The aOCP recommends the *Gothenburg Centre for Sustainable Development's SDG Impact Assessment Tool*¹, a freely available public tool, for the presentation of their expected contributions. However, Project proponents are free to choose any assessment methodology as long as the results clearly display the indicators that can be monitored to reasonably demonstrate Project activities contribution to each claimed SDG.

II.2. DO-NO-HARM (SOCIAL AND ECOSYSTEMS) RISK ASSESSMENTS

II.2.1. LEGAL AND REGULATORY COMPLIANCE

Project proponents are required to demonstrate their commitment to responsible and sustainable development practices, promoting social equity, ecosystems protection, and respect for human rights within their project activities. Therefore, in order to adhere to the *aOCP Ecosystems and Social Safeguards Standard V2.1* (this document), Project proponents shall comply with national and local laws, objectives, programs, and regulations governing their respective project areas.

¹ <https://sdgimpactassessmenttool.org/en-gb>

Additionally, where applicable, project proponents must adhere to relevant international conventions and agreements, such as the International Bill of Human Rights² and the United Nations Declaration on the Rights of Indigenous Peoples³. This commitment ensures that projects operate within legal frameworks and uphold fundamental human rights, including those of indigenous communities and vulnerable populations.

II.2.2. INCLUSIVE STAKEHOLDER ENGAGEMENT AND COMMUNITY CONSULTATION

Project proponents must prioritize the engagement of Indigenous Peoples (IPs) and Local Communities (LCs) where applicable, ensuring the Free, Prior, and Informed Consent (FPIC) processes are respected and upheld. Additionally, as established in the *aOCP Project procedures V2.2*, Project proponents are required to conduct a Local Stakeholder Consultation (LSC), in a manner that is culturally appropriate, inclusive, and respectful of local knowledge and traditions. This consultation shall be conducted during the project design phase, and project proponents are expected to take into account the perspectives and concerns raised by local stakeholders. Furthermore, project proponents must demonstrate a commitment to responding to local stakeholders' views and integrating them into project planning and decision-making processes. This ensures that projects are implemented in a manner that respects the rights, interests, and aspirations of affected communities, fostering a collaborative and mutually beneficial approach to sustainable development.

Additionally, the aOCP ITTE and the independent aOCP-approved validators/verifiers are entitled to delve further into the LSC and engage with local stakeholders to ensure their perspectives and concerns have been comprehensively acknowledged and addressed.

II.2.3. IDENTIFYING AND RATING THE PROJECT'S POSITIVE AND NEGATIVE IMPACTS

The aOCP has developed the "*Risk assessment and follow up action aOCP-V2.0*" form, which is a screening tool, aligned with the Social and Environmental Screening Procedure from the UNDP Social and Environmental Standards⁴. This tool is used by the aOCP ITTE to identify potential social and ecosystems risks and define the scale of analysis of the measures that should be implemented to attend to the impacts.

The impact assessment evaluates the risks from 11 different areas:

² <https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights>

³ https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf

⁴ <https://www.undp.org/publications/undps-social-and-environmental-screening-procedure-sesp>

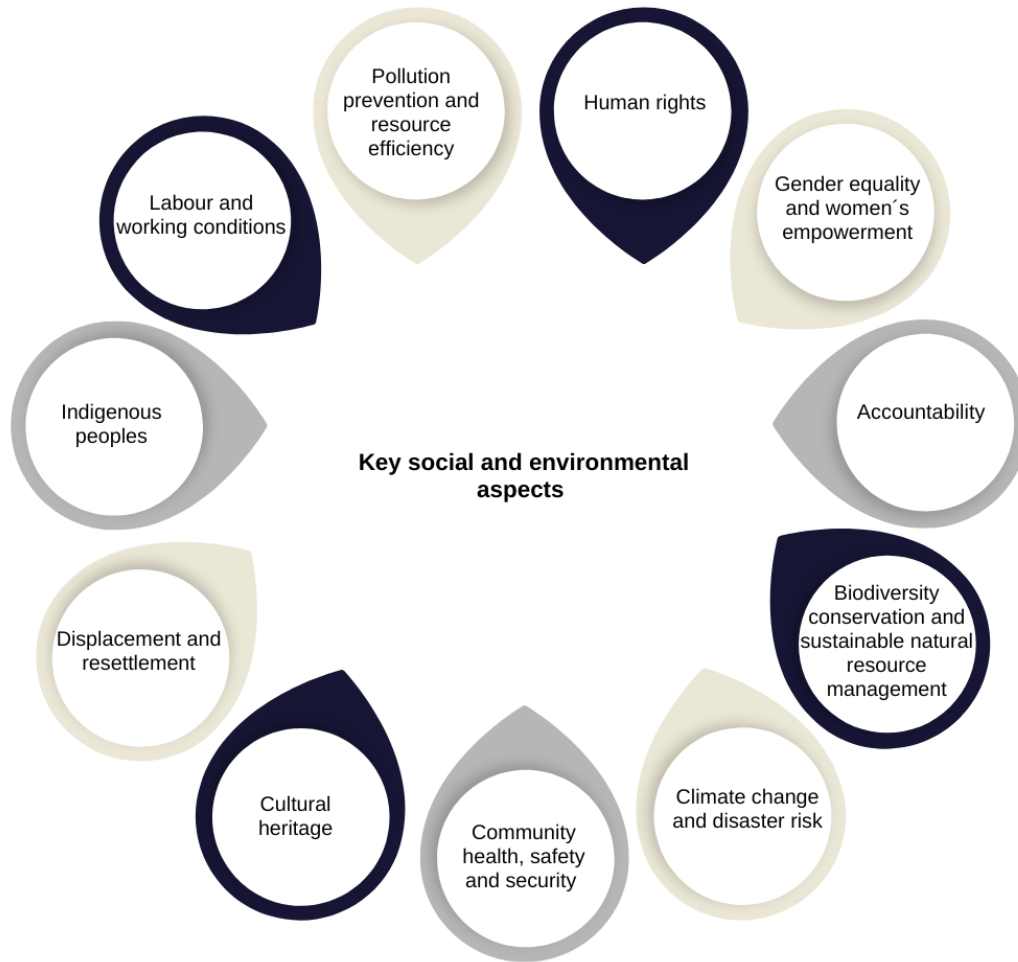


FIGURE 1. KEY SOCIAL AND ECOSYSTEMS ASPECTS

The assessment consists of identifying ecosystems and social risks and classifying them according to:

- Type and location
- Magnitude or intensity
- Duration
- Reversibility
- Manageability
- Likelihood
- Significance

II.2.3.1. Biodiversity Conservation and Sustainable Natural Resource Management

Biodiversity conservation and restoration is one of the pillars of the aOCP. All the Project activities participating in the aOCP are assessed for their contribution to biodiversity conservation and/or restoration. Furthermore, delivering benefits to biodiversity is a prerequisite for projects to be registered. One of the main differentiators of the aOCP from other carbon programs is the acknowledgment of ecosystem services beyond carbon capture. As described in the *aOCP Manual*, the aOCP issues different types of credits representing benefits to carbon capture, biodiversity, soil, and water. This mechanism incentivizes Project proponents to design their Project activities in a way that maximizes the ecological benefits delivered. As a result, all projects registered in the aOCP are causing carbon removals, biodiversity conservation and/or restoration, soil erosion reduction, and water infiltration enhancement.

While Projects are incentivized to voluntarily pursue significant and measurable positive impacts on ecosystems they are required as a minimum to avoid causing adverse effects on both terrestrial and aquatic biodiversity. This entails safeguarding habitats crucial for rare, threatened, and endangered species, including areas essential for maintaining habitat connectivity. Projects are also not allowed to convert natural forests, grasslands, wetlands, or habitats of high conservation value. In addition, soil degradation and erosion, water consumption, and pressure on water resources shall be minimized.

II.2.3.2. Respect for human rights, stakeholder engagement.

The aOCP places paramount importance on upholding human rights and fostering meaningful stakeholder engagement throughout all registered Project activities. In adherence to this commitment, all Project proponents are required to observe the following principles:

1. Non-discrimination and human rights respect: projects must actively avoid any form of discrimination and demonstrate respect for the fundamental rights and dignity of all individuals involved, irrespective of race, gender, religion, ethnicity, nationality, disability, or any other characteristic.
2. Compliance with international standards: projects are obligated to comply with the principles outlined in the International Bill of Human Rights⁵ and other relevant international instruments endorsed by the host country. This includes respecting universally recognized human rights conventions and standards, ensuring fair labor practices, and promoting equitable treatment for all stakeholders.
3. Stakeholder engagement and responsiveness: recognizing the significance of local perspectives and concerns, Project proponents shall actively engage with and respond to the views and feedback of stakeholders within the Project's vicinity. This entails establishing transparent and inclusive communication channels, conducting meaningful consultations, and incorporating stakeholder input into decision-making processes.

⁵ <https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights>

By upholding these principles, the aOCP aims to ensure that certified Projects uphold the highest standards of ethical conduct, promote social inclusion and equity, and respect the rights and well-being of all individuals and communities impacted by project activities.

II.2.3.3. Indigenous Peoples, Local Communities and Cultural Heritage

The Nature Market has enormous potential to contribute to the fight against climate change and sustainable development. However, this development must be done fairly and inclusively, respecting the rights of indigenous peoples, local communities (IP and LC), and cultural heritage.

For the aOCP, it is essential that project developers respect the rights of IPs and LCs, and preserve cultural heritage. In adherence to this commitment, all Project proponents are required to observe the following principles:

1. Recognition, Respect, and Promotion of Rights:

- **Recognition of collective and individual rights:** The collective and individual rights of IP and LC over their lands, territories, natural resources, customs, and traditional knowledge must be recognized;
- **Respect for ways of life, cultures, and institutions:** The ways of life, cultures, and institutions of IP and LC must be respected;
- **Promotion of the protection of rights and cultural heritage:** The protection of the rights of IP and LC, and the protection of cultural heritage, must be promoted by applicable international human rights law.

2. Non-Displacement:

- **Respect for territories and cultural heritage:** The territories inhabited by indigenous peoples and local communities (IP and LC) and their cultural heritage must be respected;
- **Respect for the right to non-displacement:** The right of IP and LC to not be displaced physically or economically must be respected;
- **No forced displacement:** IP and LC should not be forced to abandon their lands or territories;
- **No restrictions on access to natural resources:** No restrictions should be imposed on the access and use of natural resources by IP and LC;
- **Contribution to social and economic development:** When a project is located in a territory inhabited by IP and LC, it must contribute to its social and economic development.

3. Free, Prior, and Informed Consent:

- **Obtaining consent:** The free, prior, and informed consent of IP and LC must be obtained before any activity that may affect their rights is initiated;
- **Transparency and participation:** The FPIC process must be transparent, participatory, and culturally appropriate;
- **Information:** IP and LC must be provided with complete and comprehensible information about the project, its potential impacts, and its benefits. This information must be provided in their native language/dialect.

II.2.3.4. Gender Equality

Gender equality is a crucial component for the success of projects certified under the aOCP framework. When women and men participate equitably in the planning, implementation, and management of projects, better results and project perspectives are obtained.

The participation of women and men in decision-making and the implementation of activities increases the sense of ownership and responsibility towards the project. Likewise, involvement in the projects can generate income for women and families, improving their quality of life and economic autonomy.

In adherence to this commitment, all Project proponents are required to observe the following principles:

1. Equal Opportunities:

- Guarantee equal access to employment and training opportunities, regardless of gender;
- Promote equal participation of women and men;
- Eliminate barriers that hinder women's participation in the labor market.

2. Protection against Violence:

- Adopt a zero-tolerance policy against violence against women and girls;
- Implement prevention and response measures to violence, including harassment and discrimination.

3. Equal Pay:

- Offer the same remuneration for the same work, regardless of gender;
- Promote transparency in salary practices.

II.2.3.5. Fair and transparent benefit-sharing

The aOCP is committed to ensuring that benefit-sharing arrangements are effectively designed, transparently implemented, and socially inclusive, thereby contributing to the equitable distribution of project benefits and fostering positive relationships with Project's stakeholders. Consequently, Project proponents shall comply with the following requirements:

1) Incorporation of Benefit-Sharing Arrangements: When submitting their Project for registration, Project proponents must include comprehensive information detailing how benefit-sharing arrangements will be formulated and executed in a manner that aligns with the project's context and complies with relevant national regulations. This involves the development of a structured benefit-sharing plan that outlines the distribution of benefits derived from Project activities. For instance, this may involve revenue-sharing agreements, employment opportunities, capacity-building initiatives, or community development projects tailored to local needs.

2) Engagement with Affected Indigenous Peoples and Local Communities (IPs & LCs): Project proponents are obligated to ensure that both draft and final versions of the benefit-sharing plan are effectively communicated to the concerned IPs & LCs. This communication shall be conducted in a manner that is accessible, culturally sensitive, and comprehensible to the stakeholders involved. For example, engaging in community meetings, providing translated documents, or utilizing local representatives as mediators can facilitate meaningful dialogue and understanding.

3) **Transparency in Benefit-Sharing Outcomes:** The aOCP will make the outcomes of benefit-sharing activities publicly available by publishing the reports together with the corresponding Project documentation, provided that such disclosures adhere to applicable legal constraints. This transparency strengthens accountability and fosters trust among Project stakeholders.

Additionally, the aOCP's engagement in hosting and participating in public forums enhances transparency and demonstrates the tangible benefits for Ips, LCs, and project stakeholders in general.

II.2.3.6. Displacement and Resettlement

The aOCP upholds the highest standards of human rights and social safeguards, prioritizing the protection of individuals and communities affected by project activities. In alignment with this commitment, Project proponents are mandated to ensure that proposed Project activities do not result in forced physical or economic displacement of individuals or communities. Any project that involves such displacement will be deemed ineligible to participate in the aOCP certification process.

As a prerequisite for registration within the aOCP, Project proponents shall provide, in the Project Submission Form, evidence of landownership and/or a signed agreement with the landowner(s) consenting to the commitment of the land for the duration of the project's lifespan. This document(s) ensures that the land will be dedicated to the project activity throughout its lifecycle, thereby safeguarding against any potential disputes or conflicts related to land use. These measures help to mitigate the risk of adverse social impacts from and towards Project activities.

II.2.3.7. Labor and Working Conditions

The aOCP stands to promote responsible and ethical business practices while ensuring the well-being and rights of workers involved in certified projects. To ensure that Project activities meet social safeguards, the aOCP requires Project proponents to ensure the implementation of the following measures:

- 1. Health and Safety Standards:** Project proponents must adhere to established health and safety standards to provide safe and healthy working conditions for all employees. This includes implementing appropriate safety protocols, providing necessary protective equipment, and conducting regular safety training sessions.
- 2. Fair Treatment and Equal Opportunities:** Fair treatment of all employees is essential to promoting a positive work environment. Project proponents must enforce policies that prohibit discrimination based on factors such as race, gender, religion, or sexual orientation. Equal opportunities for career advancement and professional development should also be provided to all employees.
- 3. Elimination of Forced Labor, Child Labor, and Human Trafficking:** The use of forced labor, child labor, or trafficked persons is strictly prohibited. Project proponents must implement measures to ensure that all workers are employed voluntarily and are of legal working age. Additionally, safeguards should be in place to prevent any form of human trafficking or exploitation within the project's workforce.

- 4. Protection of Contracted Workers:** Project proponents are responsible for ensuring that contracted workers employed by third parties receive fair treatment and are afforded the same rights and protections as direct employees. This includes adherence to labor laws, fair wages, and access to appropriate working conditions and benefits.

Projects that fail to comply with any of the above-mentioned measures will be deemed ineligible to participate in the aOCP.

II.2.3.8. Resource Efficiency and Pollution Prevention

The aOCP's overarching principle is to deliver climate action through nature-based solutions. Ecosystem restoration and regenerative projects inherently adhere to these premises, as they aim to restore and enhance ecological integrity while minimizing negative impacts on the ecosystems. The following requirements ensure that certified projects contribute to resource efficiency, pollution prevention, and, ultimately to ecosystem sustainability and the conservation of natural resources:

- 1. Minimization of Pollutant Emissions:** Project proponents are required to implement measures that minimize pollutant emissions to the air, including but not limited to greenhouse gases, particulate matter, and volatile organic compounds. These measures should be aimed at reducing the project's operations impact on ecosystems and promoting air quality improvement.
- 2. Reduction of Pollutant Discharges to Water:** Project activities must aim to minimize pollutant discharges to water bodies, including rivers, lakes, and oceans. This entails implementing practices to prevent contamination from runoff, wastewater discharge, and other sources, thereby safeguarding aquatic ecosystems and water quality.
- 3. Mitigation of Noise and Vibration:** Project proponents are tasked with mitigating noise and vibration generated by project activities to minimize disturbances to surrounding communities and wildlife. This may involve implementing noise-reducing technologies, scheduling noisy activities during off-peak hours, and implementing vibration-dampening measures where applicable.
- 4. Waste Generation and Hazardous Materials Management:** The generation of waste and the release of hazardous materials must be minimized throughout the project lifecycle. Project proponents should prioritize waste reduction, reuse, and recycling initiatives, as well as adopt practices for the safe handling, storage, and disposal of hazardous materials, chemical pesticides, and fertilizers to prevent ecosystem contamination.

II.2.4. RISK MITIGATION ACTION PLANS

Following the ecosystems and social risks assessment, the aOCP ITTE develops a risk mitigation plan for all the risks evaluated as *high*. Both are reported in the *aOCP Risk assessment and follow-up action* document. The primary objective of this plan is to ensure that all highly hazardous risks are appropriately addressed, mitigated and monitored throughout the life of the project. It is the responsibility of the Project proponent to execute the strategies outlined in this plan, with oversight provided by the Internal Team of Technical Experts at various stages of project

registry/certification on the aOCP platform. At a minimum, the risk mitigation action plans must include the following details:

- Describe the ecosystems /social impact risk that needs to be mitigated;
- Describe the actions to implement to mitigate the impact;
- Parameter to measure;
- frequency of monitoring;
- Operational / Management Controls;
- Action and targets;
- Responsible entity for the implementation of the risk mitigation action plan;
- Resource Requirement;
- Targets achieved;
- Key Performance Indicators (KPI).

The parameters to measure and KPI must be included in the pre-project scenario.

II.3 MONITORING PLAN FOR ECOSYSTEMS AND SOCIAL SAFEGUARDS AND SDG CONTRIBUTION

The aOCP ITTE is responsible for creating, for each Project activity, a *Monitoring plan for ecosystems and social safeguards and SDG contribution*. The implementation of such a monitoring plan supports the demonstration of compliance with legal, regulatory, and corporate requirements on social or environmental/ecosystems aspects, Project activities' "no-net-harm" characteristics and their contribution to SDGs.

The structure of this plan must facilitate Project activities' validation and verification. The plan shall incorporate, at minimum, the following components:

- Type of impact (positive/negative, social/ecosystems/SDG)
- Purpose
- Mitigation or enhancement activities to manage the impact.
- Parameter/indicator to be monitored
- Frequency of monitoring
- Legal /regulatory/corporate constraints (if any)
- QA/QC

The tools and methods used to assess the SDG impacts are defined by the aOCP ITTE for each Project activity, based on the set of indicators selected to describe such contributions. As the most likely contributions of aOCP Projects are related to ecosystems restoration, many of the tools and methods used belong to disciplines such as ecology, edaphology, hydrology, etc, comprising both on-site and remote sensing approaches. Other approaches will be included as necessary, based on the characteristics of each indicator included in the assessment.

III. CONSIDERATIONS DURING PROJECT VALIDATION AND VERIFICATION

III.1 VALIDATION OF SAFEGUARDS AND SDG CONTRIBUTIONS

As part of the Project Validation before Project registration, the independent, 3rd party aOCP-approved Validator shall review the risks assessment and judge if the risk management plan is adequate to ensure the “no-harm” requirement all aOCP Projects shall comply with. Additionally, Validators shall assess the completeness and correctness of information provided by Project proponents regarding the expected contributions to SDGs.

This process may involve virtual or presential interviews with the stakeholders and requests for additional information, as required. If, after considering all the additional information, the project is considered to not adhere to social and ecosystem safeguards, the registration proposal will be rejected as this requirement is essential for certification in the aOCP.

III.2 PERFORMANCE MONITORING AND VERIFICATION

On each monitoring campaign, the aOCP ITTE will use the Risk monitoring plan to assess and report if the safeguards established in the *aOCP Risk assessment and follow-up action* have been implemented as prescribed, with satisfactory results. The Project proponent shall provide the aOCP ITTE with all the information that evidences the measures that were implemented in the corresponding period and the results obtained. Additionally, the aOCP ITTE shall monitor and report on the indicators selected at the moment of registration for the assessment of the Project's contribution to SDGs, and analyze their change from the Project start until the ongoing monitoring period.

As part of the Project Validation before Project registration, the independent, 3rd party aOCP-approved Verifier shall review the Monitoring report and all the evidence gathered by the aOCP ITTE. The Verifier will assess if the risk management strategies have been correctly implemented and the obtained results according to the expected. The Verifier will conduct its assessment based on the evidence presented by the aOCP ITTE, which shall also be evaluated in terms of quality and quantity as part of the Verification process. If these conditions are not met, the Verifier can request the aOCP ITTE for additional information to be able to provide an informed opinion. The final Verifier's opinion shall be stated in the Verification Report

DOCUMENT HISTORY		
Version	Date	Comments
V2.1	20/03/2024	<ul style="list-style-type: none">• Edition to the second version, including details on the guidelines for safeguarding against specific impacts (section II.2.3).
V2.0	27/06/2023	<ul style="list-style-type: none">• The second version released for review by the aOCP Steering Committee under the aOCP Version 2.
V1.0	11/01/2023	<ul style="list-style-type: none">• The initial version released for review by the aOCP Steering Committee under the aOCP Version 1.