SOCIALCARBON® STANDARD

VERSION 5.0

JULY 2013

SOCIALCARBON®

Acknowledgement

The SOCIALCARBON® Standard version 5.0 was written in cooperation with several volunteers and members of the SOCIALCARBON team covering different areas of expertise and sharing a highly enthusiastic passion for the SOCIALCARBON STANDARD.

The resulting material comes from a thorough compilation of research, interviews, stakeholder consultation, voluntary carbon market studies and mostly from actual cases team members witnessed over the years.

A lot of people are to be thanked for their valuable insights, efforts and time. They include: Cassandra Nastrass, Cecilia Michellis, Cinthia Carvalho, Heloisa da Mota, Larissa Tega and Raissa Costa. I would also like to thank all SOCIALCARBON Project Developers and Certifying Entities that made the SOCIALCARBON one of the most exclusive voluntary Standards in the world.

Divaldo Rezende

SOCIALCARBON officer.

Introduction

SOCIALCARBON® Standard is a standard developed to strengthen co-benefits of carbon offset projects.

Most offset project standards welcome co-benefits, but do not require them. To fill this gap, Ecologica Institute (EI) is managing the SOCIALCARBON Standard. Located in northern Brazil, EI is a non-profit organization focused on climate change mitigation through scientific research, environmental preservation, and community development.

The Standard guarantees a transparent and participatory method of monitoring projects' co-benefits through a tool box of indicators that point to degrees of sustainability correlated to six resources:

- Social
- Human
- Financial
- Natural
- Biodiversity or technology
- Carbon

SOCIALCARBON is considered a complementary (add-on) standard for co-benefits and does not include specific criteria for emission reductions itself, such as additionality and baseline methodologies. Therefore, it is always used along with a carbon accounting offset standard (e.g. VCS, CDM, CAR or other) to demonstrate the rigorous requirements used to generate "real, additional, and permanent" verified emissions reductions.

During the last ten years SOCIALCARBON has been applied to different types of projects, ranging from small projects focused on income generation in local communities, to initiatives of large companies, such as hydroelectric plants, both of which participate in the international carbon credit market.

SOCIALCARBON´s theoretical framework is based on the Sustainable Livelihood Approach (SLA), a methodology used for planning the development of new initiatives as well as assessing the contribution that existing initiatives have made to sustaining livelihoods. Due to its flexibility, SOCIALCARBON may be adapted to suit the initiatives of various project types, including Hydroelectric Power Plants, Landfills, Fuel-Switch, Forestry and others. Moreover, SOCIALCARBON may also be used to evaluate and monitor climate change adaptation initiatives.

SOCIALCARBON differs from other standards because its most important attribute is the flexibility of its criteria and procedures, which contrasts the conventional rigid requirements of other co-benefit standards. Building in project by project element.

The concept of the Standard was created using the knowledge gained from the Bananal Island Carbon Sequestration Project; a pilot Sustainable development forestry project in Brazil. It became clear during this time that a carbon project must

include the participation of the local people or it will not be sustainable in the long-term.

Since the pilot project SOCIALCARBON considers the importance of adopting flexibility as a basic guideline, and includes the political and social contexts in the approach, which have been proved to be essential to an accurate evaluation, especially when considering projects hosted by Developing and Least Developed Countries.

SOCIALCARBON® is an internationally registered trademark. The trademark communicates that emissions reductions result from efforts that benefit and improve living conditions for stakeholders involved in climate change projects, in ways that strengthen their welfare and civic consciousness without degrading their resources base.

This manual aims to standardize the use of the SOCIALCARBON for carbon offset projects: any developer that wishes to use the SOCIALCARBON® brand or register credits on the SOCIALCARBON Registry must meet the criteria set out in this document, which is to be used as a reference for project developers and certifying bodies.

Contents

Version 5.0 and Transition Period

As of July 16th, 2013 the SOCIALCARBON Standard version 5.0 is effective.

In the last four years, since version 4.0 was launched, the SOCIALCARBON Standard has grown in market share and expanded its chain of Authorized Developers, Certifying Entities, Buyers and projects.

Thanks to these individuals and organizations that truly believe that the investment in co-benefits is the key to effective climate change mitigation actions, the SOCIALCARBON Standard has, since, reached new countries, project types and communities.

This new version intends to clarify the criteria for the use of SOCIALCARBON Standard for all parties, and make it more clear and objective.

The SOCIALCARBON Concept is still the backbone of the SOCIALCARBON Standard, but certain guidelines have changed.

SOCIALCARBON is all about inclusion and in order to make sure that no project gets left behind **we will continue to accept the version 4.0 guidelines for all reports certified until December 31st, 2013**.

If there is a disagreement between two of the SOCIALCARBON documents, the language on the most recent document will prevail.

As continual improvement is one of SOCIALCARBON's most treasured values, the SOCIALCARBON Team is constantly working on how to create better solutions and experiences for our stakeholders. The new SOCIALCARBON version is not the end, but just another step toward a more robust and inclusive co-benefit certification. Suggestions and comments, especially during the transition period, will be highly appreciated.

Section 1 - SOCIALCARBON elements

SOCIALCARBON may be defined as the carbon reduced as a result of actions that benefit and improve the living conditions for stakeholders who are involved or interact with climate change projects, in ways that strengthen the welfare and citizenship, without degrading their resources base (the 'SOCIALCARBON). Users may find this and several other definitions of capitalized terms used in this document in Annex I – Definitions.

SOCIALCARBON arose from the need to develop a transparent means of measuring social gains from carbon projects. The concept was conceived in 1998 initially as a methodology for the evaluation of carbon sequestration initiatives, based on first-

hand experience acquired during the development of a project on Ilha do Bananal, in the Brazilian state of Tocantins. The SOCIALCARBON elements are:

1. Basic guidelines: for initiatives undertaken with local stakeholders;

2. Conceptual framework: The methodology is based on the Sustainable Livelihood Approach, and considers six basic resources: Social, Human, Financial, Natural, Biodiversity and Carbon.

3. Indicators: developed using the six resources of the methodology.

Basic guidelines

    I.   Centered on stakeholders perception

   II.   Values people's potential and resources

  III.   Participatory, holistic, dynamic and flexible

  IV.   Deals with local and global issues

   V.   Geared towards analysis of local ecosystems and their biodiversity potential

  VI.   Geared towards problem solving and the pursuit of sustainability

 VII.   Strives for social inclusion and recognizes gender issues and other forms of social differences

VIII.   Takes into account existing governmental relationships and political context

Conceptual framework

SOCIALCARBON uses the basic structure of the Sustainable Livelihood Approach, originally developed by Robert Chambers and Gordon Conway, and subsequently modified by Scoones:

> "A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base."[1]

It was also Scoones who developed a working system to investigate the degree of sustainability of a livelihood, applicable on various scales including individual,

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[1] 1 CHAMBERS, R. & CONWAY, G. Sustainable rural livelihoods: practical concepts for the 21st century. Discussion paper 296, Institute of Development studies (IDS), 1992.

family, community, city, region and even country. The author argues that the ability to attain different livelihoods depends on the possession of material and social goods. He uses this to define five different types of goods which he terms "resources": natural capital, economic or financial, human, social and physical. SOCIALCARBON adopted four of the resources defined by Scoones, and added two: biodiversity and carbon.

Biodiversity Resource: The combination of species, ecosystems and genes that form biological diversity. Relevant aspects of this component are: the integrity of natural communities, the way people use and interact with biodiversity, the degree of conservation, pressures and threats imposed on native species, and the existence of high-priority areas for conservation.[2]

Natural Resource: The stock of natural resources (soil, water, air, etc.) and environmental services (soil protection, maintenance of hydrological cycles, pollution sinks, pest control, pollination, etc.), from which resources for livelihoods are derived.

Financial Resource: Basic capital in the form of cash, credit/debit and other economic goods which are available or may become available.

Human Resource: Measurable skills, knowledge, professional qualifications and health and welfare. Social Resource: Working networks, social duties, social relationships, affiliations, and associations.

Carbon Resource: The type of carbon project developed, encompassing the methodologies utilized and project performance.

Schematic representation of SOCIALCARBON Resources

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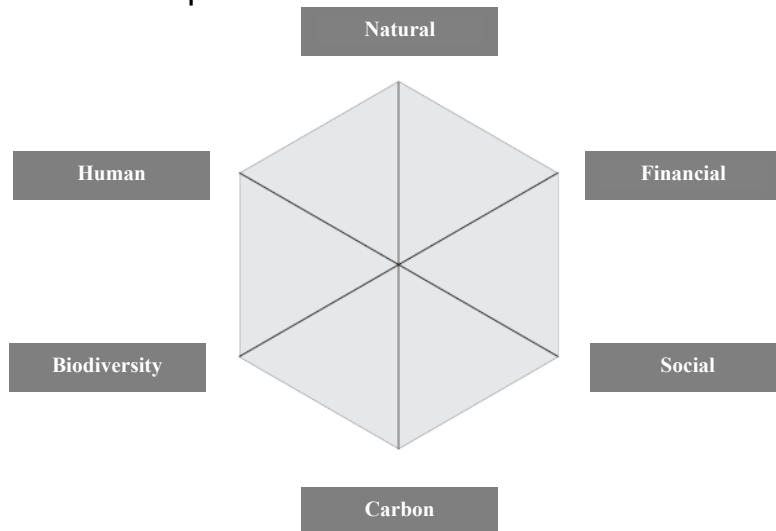
[2] Initially designed to evaluate the condition of communities involved in forestry projects, the SOCIALCARBON has been adapted to other types of climate change mitigation projects, while keeping its original characteristics. In some projects where impacts on biodiversity cannot be measured in a direct way, this resource is replaced by the Technological Resource which evaluates the conditions of access to technological assets, including the innovation of equipment and processes focusing on their contribution to economic, social and environmental development.

Indicators

SOCIALCARBON indicators should be outlined and used to detail the benefits and impacts generated by a carbon offset project encompassing the six resources of the methodology: Social, Human, Financial, Natural, Biodiversity and Carbon.

These indicators receive scores ranging from the worst scenario (level 1) to the ideal situation (sustainable use of resource – level 6).

Schematic representation of the gradient of SOCIALCARBON Indicators
Human Resources – Capacity building

Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
No capacity building programs, in the last 12 months.	Results from capacity building programs are not evident or measurable.	Results from capacity building programs are evident, but not measurable.	Results from capacity building programs are evident and measurable, but the benefit is limited (e.g. few people, small changes, etc.).	Results from capacity building programs are evident, measurable, and satisfactory (e.g. reasonable amount of people involved, significant changes, etc.)	Results from capacity building programs are evident, measurable and benefits lot of people with significant impact on their lives.

Most of the data used to score the indicators is collected through participatory methods, including:

- Interviews

- Questionnaires

- Meetings with stakeholders.

The average score of the indicators from each resource is obtained from a simple average, as indicate below, and is plotted on the respective section of the hexagon:

$$\sum_{i=1}^{n} \frac{x_i}{n}$$

The center of the hexagon represents zero access to resource assets, while the external border represents maximum access. The resource hexagon illustrated below is a useful tool to identify the current situation of a given project and to help project developers make choices and define goals for improvement.

Schematic representation of the SOCIALCARBON Hexagon
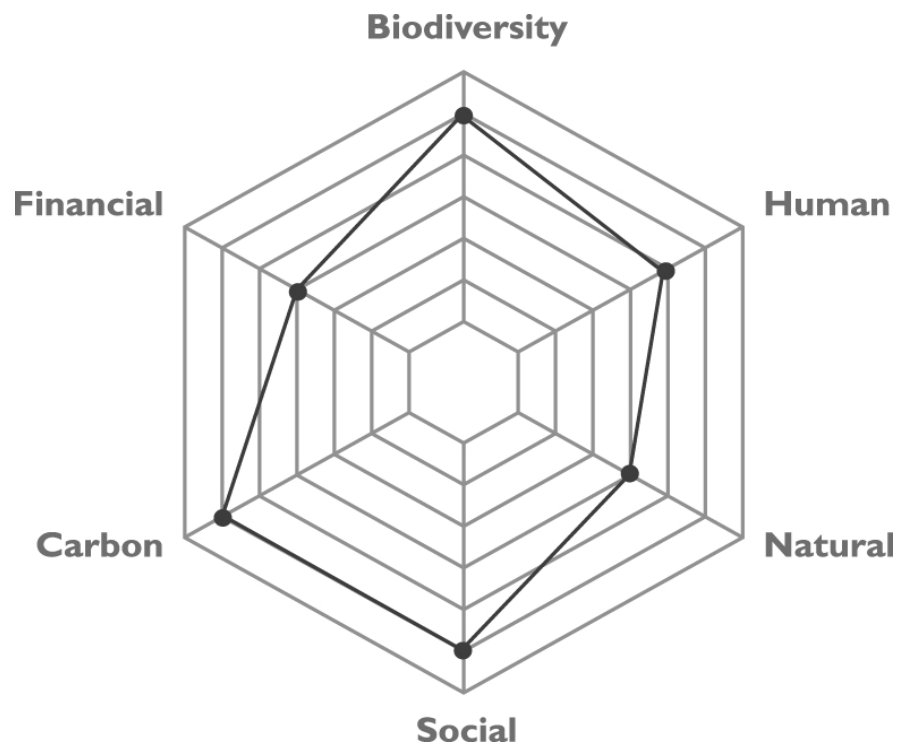
Section 2 – Roles of the involved Organizations

Ecologica Institute

The Ecologica Institute – or in its original denomination in Brazil *Instituto Ecológica Palmas* - is the legal holder of the group of SOCIALCARBON® social technology that includes: the SOCIALCARBON concept, SOCIALCARBON Methodology and the SOCIALCARBON Standard.

The Ecologica Institute is a non-profit organization, located in northern Brazil, that focuses on initiatives in the Amazon Rainforest and Brazilian Savannah. Ecologica Institute's mission is to help reduce the effects of climate change through scientific research, conservation, environmental preservation, and sustainable community development.

The SOCIALCARBON Team is formed by consultants and volunteers from the Ecologica Institute who are responsible for the following:

- Support organizations that would like to use SOCIALCARBON Standard.
- Supervise activities and compliance of Standard requirements.
- Provide technical assistance for project developers and certifying entities.
- Manage SOCIALCARBON procedures and methodologies:

    o Periodically update and revise SOCIALCARBON Standard documents
    o Support the development of new indicators
    o Assess and approve revisions in existing or new SOCIALCARBON indicators
- Supervise registrations with the SOCIALCARBON certification.

SOCIALCARBON Authorized Developers

Authorized Developers are organizations authorized by the Ecologica Institute to apply the SOCIALCARBON Standard to their own projects or to third party' projects as service providers.

The SOCIALCARBON Standard promotes a hands-on, independent approach for all parties. Thus, any organization wishing to become an Authorized Developer must first implement SOCIALCARBON in a 'Pilot Project' under the supervision of the SOCIALCARBON Team in order to demonstrate capacity to create new indicators or to adapt existing ones, and to write SOCIALCARBON Reports.

An organization interested in becoming an Authorized Developer must:

1. Comply with *Criteria 1 – Offset Project Eligibility* outlined in Section 3 to select an offset project (the 'Pilot Project'), consistent with the SOCIALCARBON requirements;

2. Formally apply by submitting the *FORM I – Approved Organization; Organization Information* and *FORM I.I – Approved Organization; Project Information* to the SOCIALCARBON Team via e-mail to info@socialcarbon.org. Both forms are available at http://www.socialcarbon.org/documents/;

3. Comply with *Criteria 2 – Use of SOCIALCARBON Methodology* to select, adapt or create indicators for the Pilot Project and submit them to the SOCIALCARBON Team via e-mail to info@socialcarbon.org;

4. After consultation and/or approval of the indicators and monitoring of the relevant period, the results must be compiled into a SOCIALCARBON Report – Point Zero;

5. The SOCIALCARBON Report – Point Zero must then be Validated by a Certifying Entity, as per the guidelines and requirements outlined by *Criteria 5 - Independent audits of SOCIALCARBON Reports by a Certifying Entity* as described in Section 3;

6. The project must then be registered with the SOCIALCARBON Registry, as per *Criteria 6 – SOCIALCARBON registration and issuance* as described in Section 3.

Certifying Entities

A Certifying Entity is an independent organization authorized to validate and verify SOCIALCARBON Reports.

In most cases, Designated Operational Entities (DOEs) accredited by the UNFCCC are chosen. Nevertheless, others types of organization may be accepted provided they meet the following requirements:

- The organization is accredited by the carbon standards acknowledged by SOCIALCARBON (e.g. VCS, CDM, CAR or other); and/or

- The organization and/or the auditing team have proven experience in project validation/verification in compliance (mandatory) and/or non-compliance (voluntary) markets.

- The organization and/or the auditing team have proven experience in certification of ISO, OHSAS or similar social and environmental standards.

If your organization would like to become a certifying entity please follow the steps below:

1. Formally apply by submitting the *FORM II – Certifying Entities* via e-mail to info@socialcarbon.org. The form are available at http://www.socialcarbon.org/documents/;

2. Participate in a Pilot Validation or Pilot Verification; and

3. Send first validation report to the SOCIALCARBON Team for approval.

The steps above are more thoroughly described in *Criteria 5 – Independent Audits of SOCIALCARBON Reports by a Certifying Entity* hereunder.

The Ecologica Institute can provide new validators with technical assistance, if required.

Ideally, the validation/verification of SOCIALCARBON Reports should be done in conjunction with PDD and monitoring reports, so any organization able to certify an emissions reductions project should be able to certify SOCIALCARBON as well, although it's not an actual requirement.

Section 3 - Criteria

The SOCIALCARBON Standard certification requires that carbon offset projects meet the following criteria:

1. Offset Project Eligibility;

2. Use of SOCIALCARBON methodology;

3. Project Monitoring;

4. Continual improvement of project performance;

5. Independent audits by a Certifying Entity.

6. SOCIALCARBON registration and issuance

Criteria 1 - Offset Project Eligibility

Guidelines:

Because SOCIALCARBON is as a complementary (add-on) standard meant to measure co-benefits, it provides no set criteria regarding project type, location, size, crediting-period, baseline or monitoring methodologies. Those criteria will already be evaluated under any accounting standard accepted by SOCIALCARBON.

The SOCIALCARBON Standard establishes criteria for monitoring social and environmental impacts of the project (co-benefits), but not for emission reduction

accounting. This means SOCIALCARBON permits a dynamic interaction with other existing Standards.

For a list of the approved accounting Standards, please consult www.socialcarbon.org/document/ or contact info@socialcarbon.org. Other Standards may be accepted; however, they are subject to previous consultation by the SOCIALCARBON Team.

Eligibility Requirements:

It is required that the offset project activities are bound to directly or indirectly impact the local community and environment, because offset projects with minimal connection to the surrounding people and nature may prove hard to evaluate.[3]

In addition, SOCIALCARBON Eligibility criteria are:

i. The Project activity must not directly or indirectly result in extreme negative environmental impact[4];
ii. The Project Activity must not directly or indirectly result in extreme negative social impact[5]
iii. Developer must demonstrate that project has been (or is being) designed according to a SOCIALCARBON-approved carbon accounting standard (ex. VCS, ISO, CDM, CAR , etc.); and
iv. The project must go through validation of the Project Design Document and periodic verification by an independent third party, based on the carbon accounting standard used.

Criteria 2 – Application of the SOCIALCARBON methodology
(Authorized Developers; SOCIALCARBON Indicators; Gathering information; SOCIALCARBON Reports)

Guidelines and Requirements:

The SOCIALCARBON methodology delegates Authorized Developers the responsibility of creating SOCIALCARBON indicators and SOCIALCARBON reports. An Authorized Developer should follow the following steps for any SOCIALCARBON Project:

1. SOCIALCARBON indicators should be outlined and used to detail the benefits and impacts generated by a carbon offset project, encompassing the six resources of the methodology: Social, Human, Financial, Natural, Biodiversity and Carbon.
2. New indicators or revision of existing indicators must be submitted for approval by a Certifying Entity and the SOCIALCARBON Team.

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[3] Such as an isolated wind farm which does not provide power to any community.

[4] Such as deforestation or flooding of forest areas for an Ultra-hydro power plant.

[5] Such as massive relocation of communities within project area and surroundings.

3. Data used to score the indicators must be collected through interviews, questionnaires and/or meetings with stakeholders.
4. All information collected must be organized in the form of a report, following the guidelines in the *Template* and *Guide for Completing SOCIALCARBON Reports*, available at www.socialcarbon.org/documents.

Authorized Developers

The SOCIALCARBON documents and indicators are public documents which may be used by any organization as a guide for action plans and monitoring. However, if an organization wishes to use the SOCIALCARBON® brand, the SOCIALCARBON indicators and reports must be completed by an Authorized Developer or by an organization in the process of becoming an Authorized Developer. For more information about Authorized Developers, see Section 2 – SOCIALCARBON Authorized Developers.

SOCIALCARBON Indicators

Indicators that have already been approved are available at www.socialcarbon.org/documents. In case a project´s activity presents characteristics which are not addressed by any of the approved indicators available, new indicators may be created and submitted for approval by the SOCIALCARBON Team. These should be created using the *Template for submission of new indicators,* also available at www.socialcarbon.org/documents.

New indicators should be designed to outline the main benefits and impacts arising from the carbon offset project for the six SOCIALCARBON Standard resources.

The number of indicators that need to be created may vary according to the specific needs of project. However, the SOCIALCARBON Team recommends at least three and a maximum of ten indicators for each of the six resources.

Authorized Developers should list and assess the main:

  i.   Impacts;
 ii.   Risks;
iii.   Stakeholders; and
 iv.   Best practices or existing sustainability indicators for project activity.

After identifying all relevant aspects above that can be monitored over the project lifetime, the Authorized Developer must allocate each indicator to the corresponding SOCIALCARBON Resources: Social, Human, Financial, Natural, Biodiversity/Technology and Carbon.

Each new indicator must create scenarios for scoring. The scores should range from the worst scenario (level 1) to the ideal scenario (sustainable use of resource – level 6), according to the guidelines provided in the *Template for submission of new indicators* available at www.socialcarbon.org/documents.

Authorized Developers are encouraged to use objective and quantitative criteria to separate scores as much as possible. Generic language, subjective scenarios and too extensive scenarios ought to be avoided.

Once indicators are completed, the Authorized Developer shall send them to the prior evaluation of the Certifying Entity and, to the SOCIALCARBON Team after that. If the information concerning the impacts of the project or its indicators is insufficient or controversial, the SOCIALCARBON Team or Certifying Entity may ask for revisions and/or complementary studies. Upon SOCIALCARBON Team acceptance the indicators will be submitted to a public consultation period before they can be considered approved.

Gathering information

Data used to score the indicators must be collected through interviews, questionnaires and/or meetings with stakeholders (ex: working groups). Therefore, a selection of stakeholders who will be involved and/or impacted by the project also needs to be identified.

- **Interviews:** Key informants are interviewed in a semi-structured form, aiming to indirectly obtain information about the six resources approached by the methodology.
- **Questionnaires:** Questionnaires may be applied by qualified personnel to involved community members as well as to key informants of the organization in order to collect information.
- **Working groups:** Participatory stakeholder meetings with representatives of the organization and/or community members involved in the project. The meeting is coordinated by a responsible professional, who must orient participants to discuss the indicators.

The organization responsible for carrying out the initial assessment may select a single method of application or combine them. Using more than one method allows for a more comprehensive analysis of the project´s current situation. The results of the survey must be registered, compiled and assessed, according to each indicator.

The evaluation of social and environmental impacts and risks does not demand specific assessment, but can be based on existing sources of information, such as reports, stakeholder consultation, reports for similar projects or expert opinions. Official environmental impact reports and mitigation programs must be considered if such documents are legally required by the host country.

For grouped projects, the Authorized Developers are encouraged to consult the *Basic Guidelines for SOCIALCARBON Assessment in PoAs or Bundling Projects* available at www.socialcarbon.org/documents.

SOCIALCARBON Reports

The SOCIALCARBON Report is the formal document compiled by the Authorized Developer to be audited by a Certifying Entity.

The SOCIALCARBON Report is designed to contain the key information collected during the relevant evaluation periods (ex: Point Zero, Point 1, etc) and should be consistent with the monitoring period of the carbon accounting standard, as indicated in Criteria 3 – Monitoring.

The key information shall be distributed in the six sections of the SOCIALCARBON Report:

i. Identifying the project;
ii. General description of the Project activity and GHG emissions reductions;
iii. Applying the SOCIALCARBON Methodology;
iv. Results;
v. Analysis of Results;
vi. Prospects.

Authorized Developers are required to use the SOCIALCARBON Report template or the joint template for the accounting standard + SOCIALCARBON, when such documentation is available. All current and valid templates and *Guidance for completing SOCIALCARBON Reports* are available at www.socialcarbon.org/documents.

Criteria 3 – Baseline Validation and Periodic Monitoring

Guidelines

SOCIALCARBON's criteria for co-benefits are conceptually similar to the criteria for emission reductions accounting standards: the project is first submitted for validation, whereafter periodic monitoring is subject to verification.

Authorized Developers establish a baseline ('Point Zero') using the SOCIALCARBON standard's indicators at the first assessment, which are then formalized in the first SOCIALCARBON Report, using the template available at www.socialcrbon.org/documents/.

Because Point Zero of the SOCIALCARBON Report - demonstrates the project baseline, its certification is referred to as *Validation*.

To maintain the Standard, the project must be periodically monitored according to the approved indicators and produce a new SOCIALCARBON Report. Ergo SOCIALCARBON Report - Point Zero is followed by SOCIALCARBON Report - Point 1, which is then followed by SOCIALCARBON Report - Point 2, and so on.

The periodic certification of the SOCIALCARBON Reports from Point 1 on is referred to as *Verification*.

The SOCIALCARBON hexagon will display the progress graphically, as seen in the following sample:
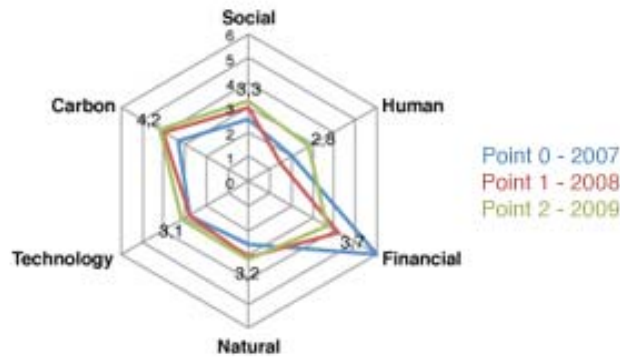
Requirements

It is ideal that the Point Zero considers a time period before the implementation of project activity up until the end of the first monitoring period of the accounting standard, so it represents social and environmental scenarios related to project activity in the early stages. However, SOCIALCARBON may be also applied to ongoing projects or in cases where there is no possibility of a priori application.

For ongoing projects, baseline assessment should be according to the current situation, thus avoiding retroactive assessments, even if the project has already influenced social and environmental factors.

Attention! Although the Standard can be applied at any stage in a project's life-cycle, Authorized Developers can only use the SOCIALCARBON brand **after the project is registered**. Please refer to criteria 6 for further information on registration.

The SOCIALCARBON monitoring periods must be determined by the Authorized Developers in alignment with SOCIALCARBON requirements. A SOCIALCARBON monitoring period starts once the Authorized Developer begins systematically gathering information (the start date) and ends as decided by the Authorized Developer. It is recommended that progress be monitored annually. However, shorter or longer periods may be accepted depending on the periodicity of monitoring and verification of the accounting standard.

Each SOCIALCARBON Report will correspond to a maximum of one offset accounting standard monitoring report.

The Report period must overlap at least 100% of the relevant offset accounting standard monitoring period.[6] There should be no gaps between the end of one SOCIALCARBON Report and the start date of the next one.

Developers must demonstrate continual improvement during the project's lifetime in comparison to the Point Zero baseline as per *Criteria 4 - Continual Improvement of Project Performance*.

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[6] edited to correspond to the VCS Additional Label requirements.

Credits of any monitoring period are only eligible for the use of SOCIALCARBON brand, tradenames and trademarks **if issued** after the relevant SOCIALCARBON Report has been completed and Validated (if Point Zero) or Verified (reports following Point Zero) by a Certifying Entity.

Criteria 4 - Continual improvement of Project performance

Guidelines

SOCIALCARBON Standard is different from most other co-benefit standards because it does not establish absolute requirements for scoring all indicators, but instead requires proof of commitment from the authorized developer to continuously improve the project´s social, environmental and economic performance.

Thus, two different organizations that engage in similar activities, but are at different levels of social, environmental and economic performance, might both be in compliance with the requirements as long as they are improving performance in comparison to their own previous situations at each point.

Ecologica Institute believes that adopting rigid criteria would exclude several projects, especially those developed by small organizations, and thus it is flexible in accepting projects that do not present strong performance in social, environmental, and economic issues from the beginning. As long as the project demonstrates continual improvement during the crediting period and complies with local environmental and working legislation, it has the potential to be certified by SOCIALCARBON.

The project owners along with Authorized Developers will determine their own voluntary prospects for the following SOCIALCARBON period. The number of new prospects in the SOCIALCARBON Report for every new Point should be at least one and up to 3 per resource evaluated.

Continual Improvement Requirements

During the periodic verifications of the SOCIALCARBON Report, the project:

i.   Must demonstrate prospects for improvement;
ii. Must report progress attained and/or justify underachievement of the prospects included in previous reports;
iii. Must demonstrate evidence that a significant amount of the prospects are being attained in comparison to the last report certified. Efforts that are underway but not yet complete will still be considered as improvements; and
iv. Must not decrease in score for the same resource two consecutive times.

The compliance of the continual improvement criteria will rely on the judgment of the Certifying Entity and be evaluated on a case by case basis, and may be subject to confirmation or reform via Special Request.

Authorized Developers and/or Certifying Entities may write to the SOCIALCARBON Team to request that one or more of the Criteria is disregarded due to a specific situation (the 'Special Request'), if one of the following exceptions is applicable:

i. Breach of any of the criteria above is caused by external forces [7] and/or force majeure;

ii. Breach of criteria (ii) while project owner can demonstrate that no portion of the project offset units have been negotiated since the end of the latest SOCIALCARBON monitoring period, and therefore no income was available to fund improvements;

iii. Breach of criteria (ii) when the overall score of the resource[8] has improved AND Project Owner can evidence other improvements unforeseen in the previous perspectives of the Project.

Special Requests shall be sent to the SOCIALCARBON Team via e-mail at info@socialcarbon.org, containing the name of the project; the indicator and/or resource affected; thorough description of the breach; and evidence of the exception.

Once sent by an Authorized Developer or by a Certifying Entity, the SOCIALCARBON Team will respond to any Special Request via e-mail to both parties, communicating the final decision, which may be one of the following:

(a) Approval of the Special Request;
(b) Denial of the Special Request;
(c) Solicitation of further information and/evidence from the requesting party or the other parties.

The SOCIALCARBON Team decisions shall be final and will not be subject to appeal.

Criteria 5 - Independent audits of SOCIALCARBON Reports by a Certifying Entity

(Getting Started; Reference Documents; Validation and Verification Reports; Evidence; Reforming Indicators; Accounting standard - separate or joint audits?)

Guidelines and Requirements

The SOCIALCARBON methodology is a holistic tool that uses indicators compiled in six different resources to measure the additional benefits in each of these areas as the result of a carbon project.

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[7] For example: decrease in the financial resource performance due to macro-economic factors.
[8] Same resource, but not necessarily the same indicator.

The auditor's job is to assess if the information explicitly described in the indicators is reliable and properly evidenced by the Authorized Developers.

The SOCIALCARBON Standard is molded to each specific project situation. There is certain flexibility for Authorized Developers to create their own indicators and this is also extended to the Certifying Entity, who is entitled to work according to their specific procedures and auditing protocols. There are no Validation and/or Verification report templates to date.

Notwithstanding there are certain requirements and recommendations to be considered by organizations willing to perform the independent audits of SOCIALCARBON Reports.

Getting Started

Only organizations approved by the SOCIALCARBON Team can validate and/or verify SOCIALCARBON Reports.

As indicated in Section 2 – *Certifying Entities*, organizations accredited by the carbon standards acknowledged by SOCIALCARBON and/or by the UNFCCC are the preferred profile for applicants. Other profiles may be accepted upon proof of experience in similar certifications.

In order to be approved as a Certifying Entity the organizations interested are required to follow the steps below:

1. Fill out the *FORM II – Certifying Entities available at* www.socialcarbon.org/documents. The main contact person responsible for SOCIALCARBON certification activities needs to be clearly identified. Completed forms should be e-mailed to: info@socialcarbon.org.
2. Independently audit SOCIALCARBON as a trial run (a Pilot Validation) guided by the *SOCIALCARBON Standard* and by the *Additional information for auditors of SOCIALCARBON Reports*, both available at www.socialcarbon.org/documents;
3. Send the first draft Validation Report to the SOCIALCARBON Team for evaluation;
4. Comply with the SOCIALCARBON Team instructions and requirements (if any) until the Pilot Validation is approved.

There are no costs involved in the process above.

A Pilot Validation is the applicant's first independent audit of an actual SOCIALCARBON Report – Point Zero[9]. It is up to the organization applying for approval as a Certifying Entity to reach an agreement with an Authorized Developer or a potential Authorized Developer working on its Pilot Project.

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[9] A Pilot Validation may be replaced by a pilot Verification when the first audit of an applying organization is on a project that has already completed its Point Zero Validation.

The document *Additional information for auditors of SOCIALCARBON Reports* contains further guidance on the Validation and Verification procedure and requirements for new applicants and is available for consultation online. Nevertheless, it is advisable for the organizations applying to become a Certifying Entity to prepare its auditors via the fast track training program provided by the SOCIALCARBON Team, before doing the Pilot Validation.

After the first successful Pilot Validation, approved organizations will be listed as Certifying Entities for SOCIALCARBON at: http://www.socialcarbon.org/Developers/Certifying-Entities/

Once the Certifying Entity is approved, the future Validations and Verifications performed will no longer be subject to prior approval of the draft certification report.

Reference Documents

In addition to the guidelines and requirements provided herein, every Certifying Entity must follow the guidelines and certify compliance with the requirements outlined in the following SOCIALCARBON documents:

   i.   *Guidance for completing SOCIALCARBON Reports*
  ii.   The relevant SOCIALCARBON approved indicators
 iii.   PowerPoint - *SOCIALCARBON: Criteria and procedures for certification*
  iv.   *Additional information SOCIALCARBON Report auditors*

All documents above are available at www.socialcarbon.org/documents.

If there is a disagreement between two of the SOCIALCARBON documents, the language on the most recent document will prevail.

Validation and Verification Reports

Unless there is a specific template available online, the Certifying Entities are free to develop their own methods for auditing SOCIALCARBON Reports, including the Validation/Verification protocols and findings report format, provided that the procedures comply with the following minimum requirements:

   i.   Certify that the SOCIALCARBON Report contains all information required by the Template and guidance for the writing of SOCIALCARBON Reports;
  ii.   Certify that the information provided by Authorized Developer in response to each indicator is relevant and true;
 iii.   Certify that the self-evaluation score chosen by the Authorized Developer in each indicator is consistent with the scenarios described in the indicators;
  iv.   Certify that continual improvement criteria has been accomplished during the evaluated period.
   v.   Certify that the prospects foreseen in the latest SOCIALCARBON Report were indeed achieved as reported by the Authorized Developer.

vi. Perform objective assessment of compliance with the criteria of the SOCIALCARBON Standard, based on evidence presented by the Authorized Developer.

vii. Perform at least one in-loco visit to collect information and evidence.

viii. Final product must include the Validation Report (for Point Zero) or Verification Report (for Point One and those following), which shall indicate the findings and results of the evaluation of the relevant SOCIALCARBON Report made by the Authorized Developer.

ix. When performing independent audits of program of activities and bundled projects the Certifying Entity must be attentive to the special conditions set at the *Basic Guidelines for SOCIALCARBON Assessment in PoAs or Bundling Projects* available at www.socialcarbon.org/documents.

Other requirements may be added to the reference documents indicated herein.

Each Certifying Entity may add its own protocols to the minimum requirements list. Nevertheless, the auditing process must be limited to the information explicitly required or described in the indicator or else the scope of validation is likely to become virtually unlimited. SOCIALCARBON certification must not be made into auditing process for other issues not related or relevant to the carbon project, such as fiscal, salary, social security or confidential information.

The SOCIALCARBON Team may, upon request, develop and provide specific protocols to a Certifying Entity. However, fees may be charged for the use of this service.

Evidences

The collection of information and evidence to score indicators should be done preferably using the same resources suggested for the gathering of evidence, as indicated in Criteria 2 –Use of SOCIALCARBON Methodology - namely **working group, interviews and questionnaires**. Other **physical and documental** evidence may be required to prove information provided in the SOCIALCARBON Report.

Each indicator provides a list of examples of evidences that can be collected. Sampling may be used to evaluate evidences where the auditor deems it as applicable.

Reforming Indicators

During the Validation it is allowed, and even encouraged, that Certifying Entities should ask Authorized Developers for changes in the approved indicators, either because some indicators cannot be audited or because collecting evidence for the indicator is possible, but not feasible.

That is often the case for indicators that contain the words "all", "none" or "never".

If the Certifying Entity asks for changes in the indicators, the Authorized Developer must submit the indicators revised to the SOCIALCARBON Team for approval before Validation can be concluded.

Accounting Standard - separate or joint audits?

SOCIALCARBON is flexible to both models, although is left at the Authorized Developer discretion.

Following a market tendency, the SOCIALCARBON Team is considering to merge the SOCIALCARBON Standard procedures with certain offset accounting standards. Thus, procedures evolving into merged templates for the joint evaluation will be available at www.socialcarbon.org/documents from time to time. The independent audit of SOCIALCARBON in those cases should preferably be consolidated into a single validation or verification procedure with the accounting standard, whenever possible.

The joint process is likely to facilitate evaluation of information which may be relevant for both standards, saving time and funds.

Regardless of joint or separate procedures, in terms of the auditing team it is advised to involve two different auditors, who may or may not work for the same organization: one for the offset carbon accounting standard; and one for the SOCIALCARBON Standard.

Dividing tasks is likely to save time during the validation process. It is worth to mention that SOCIALCARBON Reports are more similar to Sustainability Reports than Project Design Documents and auditors with experience in certifying ISO 14.000 or sustainability reports are more efficient in certifying SOCIALCARBON Reports than those involved in the carbon accounting procedures, although some knowledge in the area is recommended.

Thus, certification regarding to the offset accounting standard may be made jointly or separately from the SOCIALCARBON Standard at the Authorized Developer discretion. The Authorized Developer may also choose if the independent audits of both Standards will be performed by a single Certifying Entity or by two different organizations.

It is important to stress that an individual that has participated on the creation or gathering of information for a SOCIALCARBON Report as a consultant, employee or in any other role is not allowed to participate on the Validation/Verification of such report.

Criteria 6 - SOCIALCARBON Project Registration and Offset Issuance

Guidelines

The SOCIALCARBON Registry is managed by 'Markit Environmental Registry'[10], a service provider which also manages registries of several offset accounting standards acknowledged by the SOCIALCARBON Standard.

Whenever SOCIALCARBON offset units from projects registered in the SOCIALCARBON Registry are issued within the Markit Environmental Registry platform, a unique serial number will be granted for each offset unit. By listing under unique serial numbers, the system guarantees traceability and transparency in all transactions.

The SOCIALCARBON manuals and indicators are public documents, which may be used by any organization as a guide for action plans and monitoring. However, if an organization wishes to use the SOCIALCARBON® brand in connection to projects and offset units, in addition to all other guidelines and requirements established herein, the project must first be registered and the offsets issued within the SOCIALCARBON Registry, according to conditions set by the 'Markit Environmental Registry' and the requirements outlined below.

Preliminary Requirements

In addition to other instructions in the SOCIALCARBON Standard, and before requesting project registration or issuance of SOCIALCARBON offsets as per Criteria 6 – SOCIALCARBON registration and issuance, the project should also comply with the following:

i. The project must have successfully completed the **SOCIALCARBON Report – Point Zero** validation and obtained a validation statement from a Certifying Entity;

ii. The project must have successfully completed the **offset accounting standard** validation and obtained a validation statement from a Certifying Entity;

iii. The Authorized Developer of the project must write the SOCIALCARBON Report (for the relevant Point), using approved indicators, current template and reliable information from the Project, as indicated in the Criteria provided by the SOCIALCARBON Standard.

iv. The time period considered in the **SOCIALCARBON Report** must overlap the period considered by the offset accounting standard monitoring report by at least

v. The verification by the offset accounting standard must have been successfully completed and relevant verification statement from the certifying entity obtained.

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[10]Available at [http://www.markit.com/en/products/environmental/markit-environmental-registry-public-view.page?]

Requirements:

Registration vs. Issuance

Registration refers to projects. Issuance refers to offset units.

Only projects already validated by an offset accounting standard and the SOCIALCARBON Standard can be **registered** as SOCIALCARBON projects. A project previously listed in any offset accounting standard database may be also registered as SOCIALCARBON.

The SOCIALCARBON project registration is free of charge.

Only offset units from monitoring periods already verified using an offset accounting standard and SOCIALCARBON can be **issued** as SOCIALCARBON units. The SOCIALCARBON certification **does not apply retroactively** to offset units that were already issued without contemplation of the SOCIALCARBON Standard guidelines. Only issued offset units may be transferred to buyers or used to offset greenhouse gas emissions.

Issuance of SOCIALCARBON offsets are subject to a fee per unit. The issuance fee maybe adjusted periodically. For the current value of the issuance fee please inquire at info@socialcarbon.org.

Steps for Registration

The **steps to register** a project on the SOCIALCARBON Registry are the following:

1. Notify the SOCIALCARBON Team via email at info@socialcarbon.org of the up-coming registration;
2. Complete and sign the Terms & Conditions for SOCIALCARBON Registration Process provided by the SOCIALCARBON Team in response to the notice in step 1;
3. Open an account with Markit Environmental Registry, if the Authorized Developer does not have one. As a rule, an account with Markit Environmental Registry may be used for the SOCIALCARBON Standard as well as other standards.
4. Upload the following documents into the Authorized Developer's account on Markit Environmental Registry.

   i. The offset accounting standard documents required for registration, in case they have not been uploaded yet;

   ii. SOCIALCARBON Report – Point Zero; and

   iii. SOCIALCARBON Validation Report.

   iv. Signed Terms & Conditions for SOCIALCARBON Registration Process;

   The Markit Environmental Registry will forward the Registration request to the SOCIALCARBON Team along with items (ii) to (iv) above;

The SOCIALCARBON Team will either (a) request clarification or corrections from the Authorized Developer and/or Certifying Entity if there is any non-conformity pending; or (b) authorize registration.

The **steps for issuing** SOCIALCARBBON offset units are the following:

1. Notify the SOCIALCARBON Team via email at info@socialcarbon.org of the up-coming issuance;
2. Complete and sign the Terms & Conditions provided by the SOCIALCARBON Team in response to the notification in step 1;
3. Pay the SOCIALCARBON issuance fee relevant. Invoice will be sent by the SOCIALCARBON Team in response to step 1.
4. Upload an issuance request along with following documents into the Authorized Developer's account on Markit Environmental Registry:

    i.   The offset accounting standard documents required for issuance of offset units, including the verification report corresponding to the relevant monitoring period;

    ii.   The SOCIALCARBON Report monitoring period, covering at least 100% of the offset accounting standard monitoring period.[11] and

    iii.   SOCIALCARBON Validation/Verification Report, corresponding to the SOCIALCARBON Report above.

    iv.   Signed Terms & Conditions for the SOCIALCARBON Issuance Process;

The Markit Environmental Registry will forward the issuance request to the SOCIALCARBON Team along with items (ii) to (iv) above.

The SOCIALCARBON Team will either (a) send a clarification or correction request to the Authorized Developer and/or Certifying Entity if there is any non-conformity pending; or (b) authorize issuance.

When project registration and first issuance are requested at the same time, the procedures are simplified to avoid repeated steps.

Loss of SOCIALCARBON Certification

As provided in *Criteria 4 – Continual Improvement,* the progress of the resources evaluated is fundamental for SOCIALCARBON certification. Therefore a project **will lose the additional certification** and the right to use the SOCIALCARBON brand and trademarks if a SOCIALCARBON project suspends the use of the SOCIALCARBON methodology, fails verify a SOCIALCARBON Report or does not fulfill the guidelines and requirements of the SOCIALCARBON Standard.

The offset units generated during the monitoring periods before the loss of SOCIALCARBON will maintain its + SOCIALCARBON status, but no emissions reductions from periods after the loss will be considered or issued as offset units + SOCIALCARBON.

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[11] edited to correspond to the VCS Additional Label requirements.

Summary of SOCIALCARBON Criteria

Criteria	Criteria	Who	Summary	Observation	Documents
1	Offset Project Eligibility	Authorized Developer	no extreme negative environmental impacts	SOCIALCARBON is a complementary standard and must always be used along with a carbon accounting standard. A list of the approved Standards is available at www.socialcarbon.org	Project Design Document or equivalent
		Authorized Developer	no extreme negative social impacts		
		Authorized Developer	designed according to approved carbon accounting standard		
		Certifying Entity	certified by independent auditor		
2	Application of the SOCIALCARBON Methodology	Authorized Developer	create or adapt SOCIALCARBON indicators when writing reports.	The thorough reading of the SOCIALCARBON Standard and the consultation of other guidance manual available at www.socialcarbon.org/documents are highly recommended in all steps of the SOCIALCARBON project.	Form I and Form I.I
		Certifying Entity and SOCIALCARBON Team	approve new indicators		List of approved SOCIALCARBON indicators
		Authorized Developer	gather information following the guidelines of the Standard		SOCIALCARBON Reports
		Authorized Developer	Create the SOCIALCARBON Report using available template.		
3	Baseline Validation and Periodic Monitoring	Authorized Developer	describe baseline and project initial prospects on SOCIALCARBON Report - Point Zero	The SOCIALCARBON Methodology was conceived to evaluate the progress of the impacts of the project over the resources during its entire lifetime. For each monitoring period a new SOCIALCARBON Report must be written.	SOCIALCARBON Reports
		Authorized Developer	monitor the improvement on SOCIALCARBON Report - Point 1		

4	Continual improvement of project performance	Authorized Developer	demonstrate prospects for improvement;	The voluntary prospects set by Authorized Developer are the key to the solid improvement of the project co-benefits. The lack of continual improvement will result in the loss of the SOCIALCARBON certification.	SOCIALCARBON Report, Section 6 - Prospects
		Authorized Developer	report progress and justify under-achievements;		
		Authorized Developer	evidence the prospects attained; and		
		Authorized Developer	not allow a resource to decrease in score twice in a row.		
5	Independent audits of SOCIALCARBON Reports	Certifying Entities	only by Certifying Entities or applicants;	The auditor's job is to assess if the information explicitly required or described in the indicators is reliable and properly evidenced by the Authorized Developers. Evidence required will include working group, interviews, questionnaires and other physical and documental.	SOCIALCARBON Validation Report and/or SOCIALCARBON Verification Report.
		Certifying Entities	Pilot Validation;		
		Authorized Developer and Certifying Entities	minimum requirements that must be met;		
6	SOCIALCARBON Project Registration and Offset Issuance	Markit Environmental Registry	SOCIALCARBON registry database managed by Markit Environmental Registry;	The SOCIALCARBON manuals and indicators are public documents which may be used by any organization as a guide for action plans and monitoring. However, if an organization wishes to use the SOCIALCARBON® brand in connection to Projects and offset units, project must first be registered and its offset issued at a SOCIALCARBON Registry.	Terms & Conditions for SOCIALCARBON Registration and Issuance Process
		Certifying Entity	registration is conditional to preliminary requirements including project Validation;		
		SOCIALCARBON Team	will only authorize use of SOCIALCARBON name and brand upon registration;		
		SOCIALCARBON Team	valid SOCIALCARBON certification is a precondition to issuance.		

Annex I – Definitions

Authorized Developer: Project developer approved by the SOCIALCARBON Team to formally apply the SOCIALCARBON Methodology and Standard.

Certifying Entity: independent third-party organization approved by the SOCIALCARBON Team to perform the validation and verification of SOCIALCARBON Reports.

Pilot Project: the first SOCIALCARBON project developed by an organization applying to become an Authorized Developer.

Pilot Validation: is the first independent audit of an actual SOCIALCARBON Report – Point Zero by an organization applying to become a Certyfing Entity.

Point Zero: Representing the initial application of the SOCIALCARBON methodolody, Point Zero establishes the baseline of a project from which all future monitoring can be compared.

SOCIALCARBON: the carbon reduced as a result of actions that benefit and improve the living conditions for stakeholders who are involved or interact with climate change projects, in ways that strengthen the welfare and citizenship, without degrading their resources base.

SOCIALCARBON Methodology (SCM): the methodology based on the SOCIALCARBON concept which aims to measure the social, environmental, and economic gains of climate change mitigation projects through established and indicators.

SOCIALCARBON Report: Structured document which present the results of the applied SOCIALCARBON Methodology at a given point in time.

SOCIALCARBON Standard: the additional certification that is granted to the **offset units** resulting from projects which comply with the set of guidelines, requirements and criteria determined by the Ecologica Institute in the *SOCIALCARBON Standard* and the other documents available at www.socialcarbon.org/documents as updated from time to time.

Special Request: a communication sent to the SOCIALCARBON Team to require that an exception to the SOCIALCARBON guidelines and requirements is made.

Validation: the independent audit made by Certifying Entity of a SOCIALCARBON Report – Point Zero.

Verification: the independent audit made by Certifying Entity of any SOCIALCARBON Report following Point Zero (Point 1; Point 2, and so on).

Annex II – SOCIALCARBON Timeline

The historic evolution of the SOCIALCARBON concept over time:

1998: The SOCIALCARBON concept was developed

SOCIALCARBON concept may be defined as the carbon reduced as a result of actions that benefit and improve the living conditions for stakeholders who are involved or interact with climate changes project, in ways that strengthen the welfare and citizenship, without degrading their resources base.

2000: The SOCIALCARBON methodology was created

Methodology based on the SOCIALCARBON concept which aims to measure the social, environmental, and economic gains of climate change mitigation projects through established indicators.

Developed in 2000, the methodology is based on the Sustainable Livelihood Approach, and considers six basic resources: Social, Human, Financial, Natural, Biodiversity and Carbon.

2003: Publication of the SOCIALCARBON Book

SOCIALCARBON: Adding value to sustainable development. Copyright© 2003 by Ecologica Institute.

2000-2008: SOCIALCARBON methodology was applied to several projects

The methodology was applied to different types of projects, including: social development projectsthat a focus on climate mitigation and income generation for communities in need; VER projects; CDM projects; Certification and management of agro-forestry products.

2008: The first version of the SOCIALCARBON Standard was published

Standard applied to carbon offset projects that use the SOCIALCARBON Methodology.

2008: The SOCIALCARBON Registry was launched

The SOCIALCARBON Registry is an information system that serves as a platform to all projects in the voluntary emission reduction (VERs) market that have successfully completed the approval procedures set out by the SOCIALCARBON Standard.

Following 2009: SOCIALCARBON Standard updates

Versions of this document:

Version	Date	Main changes
Version 5.0	July 2013	Inclusion of new criteria, revision of the content, changes to the templates
Version 4.0	September, 2009	Changes to the Standard authority and administrative bodies and in text for better comprehension.

Version 3.0	May, 2009	Requirements for verification of emissions reductions were excluded. SOCIALCARBON became a complementary Standard to improve co-benefits in carbon offset projects.
Version 2.0	June, 2008	Incorporation of comments of main stakeholders to the first version.
Version 1.0	May, 2008	First version.

Questions? Please contact us at:

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