



## PORTFOLIO PROJECTS AND OPERATOR CRITERIA

April 2022

### *Preamble*

The Rimba Collective seeks to deliver a variety of impactful conservation outcomes for the benefit of the planet and people. We have set ourselves ambitious and long-term goals in generating climate, biodiversity, and social benefits and outcomes. Our vision is to support projects and project proponents that will help us achieve these goals through a project portfolio approach that delivers a diversified, verified, and permanent mix of beneficial outcomes aligned to local, national and international conservation needs.

To achieve the goals, we aim to support projects that fulfil key criteria that demonstrate project robustness, viability and maximises the likelihood of delivering conservation and social impact. We also recognise that not all projects are able to fulfil the high bar that our due diligence sets. Therefore, we provide a pathway for projects that are on their journey to achieving internationally recognised conservation project certification and aim to work in partnership with others to increase the support we can provide.

The requirements and criteria described in this policy apply to both projects and their project proponents, developers, and operators. In addition to these requirements and criteria, further requirements are in place under warranties and undertakings in our legally binding project agreements.

### *Background*

The Rimba Collective is committed to supporting and promoting projects and project operators that are leading examples of conservation, ecosystem restoration and land use projects that demonstrate verifiable compliance with established norms of best practice in social and environmental performance. Projects, as a minimum, must fit within the typology criteria outlined in Table 1.

Geography	<b>Located within South-East Asian countries (Indonesia, Malaysia and PNG; others to be considered by the Rimba Collective Steering Committee)</b>
Benefits	All Projects must result in positive benefits to forest conservation and restoration (core Environmental Service Outcomes (ESOs)). All Projects must have a measurable and verifiable net positive benefit and impact on climate as a Nature Based Solution <sup>1</sup> . Project ESOs must be additional.
Management and Use Rights	Project areas must have land tenure rights secured for 25 years or at minimum have the option for renewal totalling up to 25 years. Projects can include several land tenure types within one landscape as long as they are managed by one Project Operator. Various land tenure options exist in different countries.
Social Safeguards	Projects shall respect the rights of indigenous peoples and local communities. Projects must take account of the needs and participation of stakeholders in sustainable livelihoods and the use of ecosystem services by local communities. Projects shall align with and respect key international

<sup>1</sup> <https://www.iucn.org/theme/ecosystem-management/our-work/iucn-global-standard-nature-based-solutions>

	agreements such as the Universal Declaration of Human Rights, International Labour Organization Conventions, and the United Nations Declaration on the Rights of Indigenous Peoples, and employ the principles of Free, Prior, Informed Consent (FPIC).
Standards	Projects shall be certified under internationally recognized conservation certification standards such as the Climate, Community and Biodiversity Standard (CCBS), Gold Standard, Plan Vivo or other appropriate standards approved by the Steering Committee. The Verified Carbon Standard (VCS) shall be applied to a CCBS project if it has the potential to issue >50,000 VCUs / year.
Activities Required	All projects must include activities that protect and/or restore natural ecosystems (incl. forests, peatlands or mangroves). In the case of supply chain projects in palm oil sourcing landscapes, e.g., in the same watershed or district, projects shall include a minimum of [50]% designated for forest conservation and restoration hectares. All activities need to demonstrate Additionality.
Additional allowable activities	<p><u>Agroforestry:</u> Activities may include newly established diverse agroforestry on previously open and degraded lands. These areas count toward hectares restored ESOs. Agroforestry involving palm oil or small-scale timber harvesting by local community members is allowed but will only count towards community benefits ESOs (not hectares restored).</p> <p><u>Sustainable Intensification &amp; Regenerative Agriculture:</u> Activities related to sustainable intensification or regenerative agricultural practices for oil palm production (including certification for smallholders) can count towards livelihood benefits ESOs but will not be counted toward hectares restored ESOs.</p>

**Table 1 Project typology criteria**

### *Requirements for Projects and Project Operators*

The requirements of the Rimba Collective for Projects and Project Operators are anchored in internationally recognised standards.

Projects are subject to the following requirements:

- Every project must be legally registered with the host government at jurisdictional and national levels and demonstrate secure tenure of the project area<sup>2</sup> in a manner that demonstrates the legal right to undertake conservation, ecosystem restoration, greenhouse gas emission reduction, or community forestry activities on the land.

<sup>2</sup> In each country this may defined differently, but should embody the basic fundamental rights and securities of similar concessions observed in Indonesia, including the use of village forestry initiatives (hutan desa or hutan adat), licensed ecosystem restoration concessions (ERCs) and carbon sequestration and utilization concessions (PAN/RAPs).



- Projects must have or show potential to comply with the certification of the Climate, Community and Biodiversity Standard<sup>3</sup> (CCBS), Gold Standard, Plan Vivo or other acceptable standards as are approved by the Steering Committee from time to time. Where underlying conservation and ecosystem restoration activities result in verified emission reductions, the project must additionally be certified by the Verified Carbon Standard<sup>4</sup> (VCS). Where a project has not yet been certified, an Environmental and Social Action Plan (ESAP) must be in place detailing a timeline, budget and plan to achieve certification. Projects, shall demonstrate through their verification under the certification standards that their impacts are:
  - Measurable
  - Permanent
  - Additional
  - Independently verified
  - Reported
  - Consistent
- Specific to additionality, project proponents must demonstrate that project activities would not have been implemented under the without-project scenario due to significant financial, technological, institutional or capacity barriers. Actions implemented by the project must not be required by law, or project proponents must demonstrate that the pertinent laws are not being enforced. Project proponents must provide credible and well-documented analyses (e.g., poverty assessments, farming knowledge assessments, or remote sensing analysis) to demonstrate that the without-project land use scenario reflects land use practices that are likely to continue or that otherwise differ from the land use practices expected because of project activities<sup>5</sup>.
- As part of achieving certification, every project we support must also provide details of the project Environmental and Social Management System<sup>6</sup> (ESMS) in place (commensurate with scale and resources of the project<sup>7</sup>) and demonstrate a time bound plan for how the ESMS will be developed. The project must also demonstrate how the ESMS is guided by and consistent with IFC Environmental Health and Safety Guidelines<sup>8</sup>.
- The ESMS should include:
  - a clear and transparent process for screening and categorizing types of environmental and social risks and potential negative impacts,
  - a robust process for conducting and overseeing environmental and social impact assessments,

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<sup>3</sup> <http://www.climate-standards.org>

<sup>4</sup> <http://www.v-c-s.org>

<sup>5</sup> The most recent version of the following Verified Carbon Standard tool may be used: VT0001: Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities." (CCB Standard v3.1, Section G.2, page 14, footnote 37).

<sup>6</sup> [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_esms-general](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_esms-general)

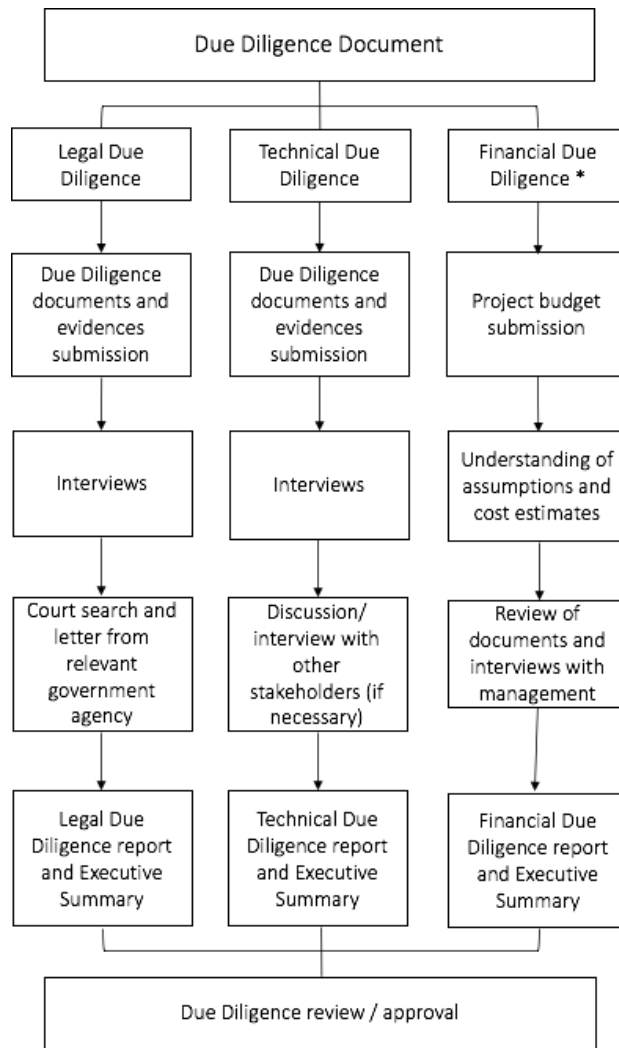
<sup>7</sup> [http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)

<sup>8</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/ehs-guidelines](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines)

- a process for implementing risk mitigation measures of environmental and social impacts, in line with a clear management plan for mitigating identified impacts,
  - a clear organizational chart describing responsibilities for implementing the ESMS,
  - an internal system for monitoring implementation of environmental and social management plans, and
  - a mechanism for disclosing and communicating environmental and social assessments in a way which can be used for reporting on both conservation outcomes and responses to grievances/complaints.
- Every project, in designing its ESMS to conform with best practices of the relevant and approved certification standard, will be required to demonstrate that project design was undertaken according to the principles of Free, Prior and Informed Consent (FPIC) of local communities and stakeholders within and surrounding the project area, and that relevant consent has been obtained from communities affected by the project. Such a process and the resulting community participation in the project should respect the rights of indigenous people, their cultural heritage, and ensure no impact to the traditional use of land or the commercialization of indigenous knowledge without documented consent.
  - Projects must have a clear mechanism for communities or other stakeholders to communicate grievances and seek timely redress and/or reconciliation, ideally involving a 3<sup>rd</sup> party. This is a key mandatory requirement of the certification standards that the projects comply with. The status of grievances are checked through independent 3<sup>rd</sup> party verification.
  - Projects should be designed to minimise any pollution and ensure good stewardship of natural resources.
  - Project activities must not result in loss of biodiversity, the conversion of ecosystems, or cause the draining of peatland areas. Projects must demonstrate through their design, implementation and monitoring, how they contribute to conservation of threatened, protected or endemic species.
  - Specific to labour issues the Rimba Collective sets out the following policy requirements of projects and project operators:
    - Work is conducted on the basis of freely agreed and documented terms of employment
    - All workers are treated equally and with respect and dignity
    - Work is conducted on a voluntary basis
    - All workers are of an appropriate age
    - All workers are paid fair wages
    - Working hours for all workers are reasonable
    - All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively
    - Workers' health and safety are protected at work
    - Workers have access to fair procedures and remedies
    - Land rights of communities, including indigenous peoples, will be protected and promoted
  - All projects must conduct their activities lawfully and with integrity. Projects are subject to Anti-Bribery and Corruption policies (ABC).

*Due Diligence*

Newly onboarded Projects entering the Rimba Collective portfolio must undergo review and evaluation in areas of Technical, Legal, and Financial Due Diligence. Technical and Legal Due Diligence is performed by external assessors based on a standard set of Review Criteria, which will be kept up to date according to market best practice. This includes a verification that projects are meeting relevant legal compliance requirements. The due diligence focuses on the following criteria of evaluation:



\* Conducted internally by Lestari Capital

*Application of the Free, Prior, and Informed Consent Principles (FPIC)*

As per certification systems’ requirements, obtaining Free, Prior, and Informed Consent (FPIC) of local communities affected by projects must be integrated into the project development process. The process will be facilitated by the Project Operator following requirements of the relevant standard, including external



facilitation. Participants must enter into Payment for Ecosystem Services (PES) agreements voluntarily as per standards' requirements.

A fair and equitable benefit-sharing mechanism that has been agreed with the participation of communities involved must be applied. This must identify how PES funding will be distributed among participants and other stakeholders, including the project coordinator.

For further details, FPIC requirements are described in CCBS Section G5.2 and Plan Vivo Requirement 8.3. Project Operators may in addition utilise the guidance of the FAO FPIC Manual.<sup>9</sup>

### *Selection and Review of Appropriate Certification Standards*

Standards selected for Project certification shall

- be internationally applicable and recognized
- be applicable for land use-based forest conservation & restoration projects
- include requirements and sufficient safeguards on Community (incl. FPIC) & Biodiversity (incl. HCVs)
- include requirements for Eligibility, Baseline scenarios, Additionality, Permanence, Project-level Grievance Mechanisms, and measurable and verifiable Monitoring & Reporting
- have a system for independent 3<sup>rd</sup> party Validation & External Verification via qualified Validation & Verification Bodies (VVBs)
- operate since  $\geq 5$  years

The currently selected standards according to these criteria are<sup>10</sup>:

- the Climate, Community, and Biodiversity Standard (CCBS)
- the Plan Vivo Standard (PV)

For quantification and issuance of tradable climate benefits for projects >50,000 tCO<sub>2</sub>e / year, additionally selected is:

- the Verified Carbon Standard (must be on top of CCBS or comparable standard)

The selected and potential new standards for selection, including when standards are updated as per continual improvement needs, will constantly be monitored against compliance with the above criteria by the Rimba Collective Manager. Selection of a new standard requires approval by the Steering Committee.

If the Rimba Collective Manager believes that a standard may no longer fulfil the requirements of the Rimba Collective and fails to represent globally held best practice standards, the matter will be discussed by the Steering Committee for resolution. A Cure Plan for re-certification under a different selected standard may be undertaken upon Steering Committee decision.

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<sup>9</sup> <http://www.fao.org/documents/card/en/c/5202ca4e-e27e-4afa-84e2-b08f8181e8c9/>

<sup>10</sup> The Gold Standard complies with above criteria, except for lacking a methodology for forest conservation



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