

PERMANENCE OF DBC-1 CARBON CREDITS AND OVER-ALL SUSTAINABILITY IN INDUS DELTA CAPITAL (IDC)

PERMANENCE OF DBC-1 CARBON CREDITS

DBC-1 Project credits have no permanence issues as explained below:

Effective management of all internal risk factors as per AFOLU Non-permanence Risk has been done as per VERRA requirements. The internal risk factors include project management, financial viability, opportunity cost and project longevity. These risk factors have been assessed and quantified too. Total risk score of these internal risk factors is zero because of our effective management of these risks.

AFOLU external risk factors (land tenure and resource access/impacts, community engagement and political risk) are also being managed and have been quantified. The risk score from all these external risk factors is zero too.

Risk prevention and mitigation strategies and measures are in place for Natural risk factors such as fire damages, pest and disease outbreaks, extreme weather events, and natural risk resulting from geological and all other phenomena. Their total risk score from these natural risk factors is 2.

The grand total risk score from these sources is 2 only because of our well-functioning and rigorous institutional mechanisms that we have put in place. Our calculated and Third-Party verified risk score of 2 is much lower than the threshold risk score of 10. Therefore, the buffer deduction on account of all these factors is 10 percent of the verified credit units. This buffer deduction has already been made and put into VERRA registry as a buffer against any over-crediting of VCU in DBC-1 project.

Please refer to our Third Party verified AFOLU Risk Assessment Report for details.

Similarly, potential risks to mangrove ecosystems due to reduction in freshwater and sediment inflows into the delta area, increase in salinity and sea-level rise related risk factors have been assessed and needed prevention and mitigation strategies have been put in place and are fully operational.

In light of all the above, non-permanence risk of DBC-1 project VCUs is minimal.

SUSTAINABILITY IN IDC OPERATIONS

Sustainability is both a strategic and operational imperative in IDC and DBC-1 project. It has therefore set up an organizational sustainability model for itself that befits the organization.

Vision

Its sustainability **vision** is “A Habitable Planet Earth for All Living Beings.”

Mission

IDC sustainability mission is “To promote and institutionalize processes and solutions that contribute to stable climate, conserve biodiversity and ensure equitable socio-economic development.”

Core Values and Principles

Sustainability related **core values** and **principled stand** of IDC/DBC-1 project include the following:

Safeguarding the Planet: Undertaking actions that protect life on land and life below water through restoring, maintaining and supporting healthy terrestrial, coastal and marine ecosystems and their biodiversity that is fundamental to and underpin all thriving communities.

Improving the well-being of People: Improving the well-being and lives of people and communities we work with through fostering a more equitable and inclusive development.

Excellence in Governance: Producing and maintaining a work environment that is efficient, effective and compliant with human, labor and land rights

Partnerships and Collaboration: IDC believes in and therefore maintains partnerships and diverse collaborative arrangements that produce greater and more resilient outcomes.

At Scale and Replicable Impact: Our approach and solutions produce impact that is at scale and replicable as the knowledge we generate produces lessons learnt for adoption by others.

Strategic and Operational Actions that IDC Undertakes in support of Sustainability

IDC and DBC-1 project have mechanisms in place which minimize non-permanence risk and ensure sustainability in the following key areas:

Different Environmental, Social and Governance Aspects

Environmental ESG Aspects

- Climate change mitigation and adaptation through mangroves restoration and conservation
- Carbon management through ensuring minimal carbon footprint in its operations
- Resource depletion-none to minimal resource depletion
- Pollution-Preventing air, water and soil pollution through mangrove restoration and conservation
- Energy consumption: Promoting the use of renewable and clean energy sources
- Land use: Designing and implementing integrated land-use planning at landscape level
- Loss of biodiversity: Conserving and enhancing biodiversity at all scales-ecosystem, species and genetic level- and in different ecosystems (terrestrial, coastal and aquatic)
- Water consumption: Protection of surface and sub-surface water aquifers through prevention of salt water intrusion into fresh water sources
- Waste management: Minimal waste generation in its operations
- Innovations or products or services that reduce environmental impact: Different products and services generated by IDC activities protect and conserve the environment

Social ESG Aspects

- Job creation: Substantial jobs creation through mangrove planting and conservation activities
- Safe working conditions: Putting in place workers and staff safety and health measures
- Equal opportunity: Equal employment opportunities for all in its different operations irrespective of gender, age, ethnicity, religion, etc.
- Diversity: Diversity is a principle that is closely adhered to in all IDC operations
- Training and Capacity Building: Robust programs in place for training and capacity building

- Impacts on local communities: Measures taken to ensure that there is positive impact on all community groups
- Health and safety: Health and safety measures are a priority and different actions are taken to ensure health and safety for all
- Child and forced labor across supply chains: There is no child and forced labor in its operations and across its supply chains
- Grievance mechanisms: A rigorous feedback and grievance redress mechanism is in place to get feedback and address any grievances
- Human rights: Human rights protection is a priority
- Social impact of products, services, or company operations: All company operations, products and services are meant to increase positive social impact
- Gender-based violence and harassment: Gender-based violence and harassment is strictly prohibited

Governance ESG Aspects

- Board diversity, structure and oversight: Strictly in accordance with applicable law
- Internal controls: Strict internal control measures are in place
- Risk governance: Risk from all sources is minimized
- Ethics and compliance: Ethics and compliance measures are in place to ensure compliance
- Stakeholders' rights: Rights of shareholders are protected
- Governance of stakeholder engagement: Stakeholders engagement is ensured at all stages
- Disclosure and transparency: Disclosure and transparency is ensured through information dissemination and public availability of all key documents
- Other: Other governance related issues are properly addressed to be compliant and have competitive advantage

Technical Sustainability and Environmental Integrity of Carbon Assets Aspects

- Establishment of baseline: Baseline has been established in a rigorous way
- GHG quantification: GHG quantification has been done conservatively
- Non-permanence issue: non-permanence issues are fully addressed
- Additionality: Additionality issues have been taken care of in light of applicable methodology
- Leakages: All types of leakages are addressed as per methodology
- Reduction in fresh water and sediment inflows: Freshwater and sediments inflows are coming as per thresholds
- Flooding and flood damages: Flooding and flood damages are minimal
- Coastal erosion: Coastal erosion is minimized due to mangrove restoration and conservation and is assessed as per validated PD document
- Sea level rise: Sea level rise related issues are properly taken care of

- Increasing Salinity levels: Salinity levels are as per requirements of species found in the delta area
- Land tenure: Land tenure of land on which IDC implements restoration activities is clear, well-defined and enforceable under the law
- Community rights and access to resources: Communities rights and access to resources is well-protected in all IDC projects
- Non-encroachment on community lands: There is no encroachment on community lands in IDC/DBC-1 project interventions
- Carbon rights: IDC has full and exclusive rights to its carbon credits
- Double counting and double claiming: There are no double counting and double claiming issues with respect to IDC/DBC-1 project credits
- Sites selection: Site selection for restoration is done in a systematic manner
- Heterogeneity in the landscape: Any heterogeneity in the landscape is considered while doing restoration work
- Choice of species; Choice of species is done according to the site conditions
- Nurseries raising: Nurseries are raised close to planting sites to ensure availability of planting stock for replacement of any failures and to plant at difficult sites
- Planting/restoration techniques: Planting and restoration techniques are grounded in ecological principles
- Survival rate: A very high survival rate is ensured through immediate replanting of any failed plants and the substantial amount of natural regeneration that comes due to effective protection measures
- Availability of propagules: Abundant propagules are available for achieving the needed plantation targets
- Crown canopy cover development: Canopy cover development is as per predicted growth model
- Other: All other relevant technical aspects are well-addressed

Biodiversity Sustainability related Aspects

- HCV conservation: IDC/DBC-1 project interventions conserve all six High Conservation Values
- Trigger species conservation: IDC/DBC-1 project restoration and conservation efforts have led to the conservation of trigger species such as Indian Ocean Humpback Dolphin, Fishing Cat, Egyptian Vulture, etc.
- Prevention and Mitigation of Offsite Negative Biodiversity Impacts: It has measures in place that prevent and mitigate any offsite negative biodiversity impacts
- Human Wildlife Conflict: Steps have been taken to prevent and mitigate any human-wildlife conflict
- Contribution to different Biodiversity related Conventions and Treaties: IDC mangrove restoration and biodiversity conservation and community development interventions contribute to the objectives of various international conventions such as UNFCCC, Paris Agreement, UN Biodiversity Convention, UN Convention on Combating Desertification, Wetlands Convention, Migratory Species Convention, CITES, SDGs, etc.
- Exotic species: No exotic species have been introduced under IDC/DBC-1 project interventions
- Invasive species: Strict control is exercised to prevent the introduction or spread of invasive species
- Sustainable Fishing Practices: Measures have been taken to introduce sustainable fishing practices

- Biodiversity adaptation to changing climate: Biodiversity adaptation to climate change is happening as a result of different project interventions
- Offsite negative biodiversity impacts: Negative offsite biodiversity impacts are prevented and minimized
- Other: Any other relevant measures that contribute to biodiversity conservation are taken

Community Sustainability related Aspects

- Stakeholders Engagement Process: An effective stakeholder engagement process is in place in the form of Social and Biodiversity Impact Assessment Workshops which are done in the project zone of IDC/DBC-1 project interventions
- Information Dissemination to Communities and Other Stakeholders: Information dissemination to communities and other stakeholders is a regular feature under IDC and DBC-1 project
- Benefits Sharing: Major part of the IDC spend (on mangrove restoration, biodiversity conservation and community development and over-all project management) is in fact benefit for local communities besides the reduction in cost of living for communities due to their increased access to different community well-being services in the form of health, education, clean and affordable drinking water and hygiene, alternative livelihood sources and other civic facilities
- Contribution to SDGs: IDC/DBC-1 interventions contribute to different SDGs related to people, planet, prosperity, peace and justice, as well as partnerships
- Women Empowerment: Women empowerment is in integral component in all IDC activities
- Access to Project Benefits by Marginalized Groups: Access to project benefits by marginalized groups is ensured in various ways including their inclusion in different decision-making bodies, implementation of specific training and capacity building programs for them and their networking
- No Harm Principle: No harm principle is strictly adhered to in all IDC operations
- Mitigation of any potential negative impacts on specific community groups: Measures have been taken to prevent and mitigate any potential negative impacts on specific community groups
- Other: Any other relevant measures related to community sustainability is addressed and taken care of

Over-all Institutional and General Sustainability Related Aspects

- Professional Management team: IDC/DBC-1 project has a team of professionals who excel in their respective expertise areas
- Systems and Processes: IDC has organizational systems and processes in place which contribute to and ensure the realization of core business objectives of the organization
- Structure of IDC: The organizational structure of IDC is well-suited to the achievement of its objectives
- Compliance with regulatory regimes: IDC and DBC-1 project are fully compliant with all applicable legal/regulatory regimes
- Physical landscape of the project area: Physical landscape of IDC projects is well protected and under its management control
- Social parameters in the project zone: IDC fully understands the existing social parameters in its project zone and implements its interventions which are socially acceptable

- Labor laws and policies including child labor: IDC/DBC-1 project is fully compliant with applicable labor laws, policies including child and forces labor laws
- Employment laws and policies including equal employment: IDC/DBC-1 project is fully compliant with applicable employment laws and policies including employment of marginalized groups
- Fair wages and minimum wage requirements: IDC/DBC-1 project ensures fair wages and meets the requirements of applicable minimum wages
- Non-discrimination: There is no discrimination in any of its project activities
- Bribery and anti-corruption: Bribery and anti-corruption related laws and policies are fully complied with
- Feedback and grievance redress mechanism: Feedback and grievance redress mechanism are in place, operational and are regularly reported on
- Community engagement: Community engagement is core principle of IDC and DBC-1 project work
- Other stakeholders' engagement: All other stakeholders' engagement is also ensured