CARBON FARMING SCHEME

LIFE Preparatory Project

The socio-economic impact on carbon farming: a scalable and adjustable model for assessing social impacts.

LIFE19 PRE FI001 – SI2.828588
The Life Carbon Farming project has received funding from the LIFE Programme of the European Union

LIFE CarbonFarmingScheme

Expanding carbon sequestration activities by providing best practices and guidance for future farming schemes

The goal of the project is to identify and accelerate the development and adoption of novel incentives for carbon sequestration and the increase and maintenance of the organic carbon stock in soil and biomass in Europe. With the aim of promoting a well-functioning voluntary carbon market the project will uncover the key factors in supply and demand measures to invite the private sector to accelerate climate action. The results of the project will be fed into the development of the EU agricultural and climate policies.

Read more: www.st1.com/st1-life

Coordinator: **Partners:**

Financed by:

LIFE19 PRE FI001 – SI2.828588
The Life Carbon Farming project has received funding from the LIFE Programme of the European Union

Published 28.2.2022.

LIFE CarbonFarmingScheme -project 28/02/2022

Report of Activity C3

Authors

Reetta Loponen, Hanna-Riitta Kurittu, Enact Sustainable Strategies AB
Jenni Strengell, Jenni Kähkönen, Kirsi Tiusanen, St1 Oy

Project Data

Project number: LIFE19 PRE FI/001 – SI2.828588
Project start date: 14/05/2020
Project end date: 13/05/2022
Total Project duration: 24 months
Project Website: https://www.st1.com/st1-life

Beneficiary Data

Beneficiary: St1 Oy
Contact person: Kirsi Tiusanen
Postal address: Firdonkatu 2, 0052 Helsinki
E-mail Kirsi.Tiusanen@st1.com

Table of Contents

1. Introduction and background **7**

2. The process and methodology for Activity C3 **9**

3. Economic impacts related to carbon farming **10**

4. Social impacts related to carbon farming **11**

4.1. Potential positive impacts 12
4.2. Potential negative impacts 13

5. Suggested model for the impact assessment on social issues and human rights **15**

5.1. General principles 15
5.1.1. An integrated approach 15
5.1.2. Principles for stakeholder engagement 17
5.2. The four-phased-assessment 18
5.2.1. Contextual Analysis 18
5.2.2. Mapping potentially affected people 20
5.2.3. Engagement with affected people 21
5.2.4. Analysis and Action Planning 23

6. Discussion on feasibility **23**

6.1. Roles and responsibility 24
6.2. Capacity 25
6.3. Resourcing and collaboration 25

Annexes **26**

Annex 1. Tables 1 – 7. 26
Table 1. Possible sources of information 26
Table 2. Examples of information / documents to be reviewed 27
Table 3. International Standards and Conventions 28
Table 4. Template for stakeholder mapping 28
Table 5. Examples of stakeholder groups 29
Table 6. Stakeholder identification 29
Table 7. 30
Annex 2. Exemplary topics and questions for field visit 31
Annex 3. Parameters for evaluating impact severity 34

References **35**

Definitions

Carbon farming and carbon forestry

Nature-based practices performed in agriculture or forestry in order to sequester greenhouse gases from the atmosphere.

Compliance carbon market

System where a company can use carbon credits as mechanism that contributes to reaching legally binding climate targets

CRC

Carbon removal credit. A credit covering one ton of CO2e removed from the atmosphere and stored.

Voluntary carbon market

Market where parties such as companies and private persons can voluntarily offset their emissions by buying carbon credits. In a voluntary market carbon credits cannot be used to fulfil legally binding climate targets.

1. Introduction and background

The initial purpose and plan of Activity C3 of the Life Carbon Farming project has been to assess the socio-economic impacts of carbon farming. During the course of C3 implementation, more precisely in September-October 2021, it was agreed that the project plan is revised in two respects.

Firstly, it was agreed that C3 would not only look at possible positive and negative socio-economic impacts of carbon farming projects particularly on farmers, but it would also include designing an outline for a scalable and adjustable model for assessing in particular social impacts related to carbon farming. Secondly, it was agreed that assessing impacts should be grounded on the respect for people, follow the “do no harm” principle as baseline responsibility, and have a broader scope by also covering indirect stakeholders apart from farmers and by including human rights. It is generally accepted that in order to ensure this baseline responsibility, a due diligence process starting with a human rights impact assessment should be carried out. Also the European Commission, with the recent proposal for a Directive on corporate sustainability due diligence, is driving businesses operating in the EU towards this direction.

Consequently, this document includes brief sections on what could be some of the social and economic impacts related to carbon farming, as well as a suggestion and guidance on how to conduct an impact assessment that covers adverse impacts related to social issues and human rights within carbon farming. In relation to the assessment process, the document also outlines the process on how to conduct stakeholder mapping, approach stakeholder engagement, determine risks and impacts, and evaluate severity of identified risks and impacts to stakeholders.

Carbon farming refers to agricultural and forestry management practises, which aim to increase carbon sequestration with the purpose of mitigating climate change. These practises as such have been applied to a varying degree across Europe and globally for a long time. However, schemes that link these practises to economic returns and incentives, i.e. carbon trade, are only recently being developed. Therefore, given the nascent stage of commercial carbon farming and the fact that related schemes and models are only now being developed in the EU and also globally, it is foreseen that even an outline of this impact assessment model is valuable in suggesting ways of respect for people regardless of the form and set-up that the final schemes might take. This report should therefore be seen as a discussion paper on the

potential positive and negative socio-economic impacts of carbon farming, and on how the process for conducting an assessment of adverse social and human rights impacts could look like.

As indicated above, carbon farming refers to management practises on farms and forests to increase carbon storage or sinks, such as reduced tillage, crop rotation, and reforestation. It is somewhat challenging to distinguish, which impacts in particular are caused by these practises per se. Therefore, this paper approaches social and human rights issues within the broader frames of agriculture and forestry. It aims to point out what type of risks may be prevalent in these sectors and should therefore be considered when assessing the positive and negative impacts of carbon farming projects. The paper has a somewhat stronger focus on agriculture and farming, but it is understood that the information provided in this document both in terms of impacts and the model is also applicable to forestry. Even if some of the salient issues listed under Chapter 4.2. may not be specifically and directly caused by a carbon farming/forestry project, in line with the recent developments internationally and at the EU level towards human rights due diligence, businesses need to identify, assess and act upon findings not only on direct impacts, but also those that their actions may contribute or be linked to through business partnerships or value chains. Therefore, it is important to consider the broader context where these projects are being implemented.

The following Chapter 2 describes the process and methodology for collecting data on socio-economic impacts and for validating the suggested impact assessment model. The following Chapters 3 and 4 include elaboration on possible impacts, both positive and negative, related to agriculture in general and to carbon farming in particular, to the extent it is possible to make this separation. Chapter 5 presents the outline for the impact assessment model, whereas the final Chapter 6 discusses the feasibility of the model with regards to roles, capacity and responsibilities etc.

2. The process and methodology for Activity C3

The process for i) understanding what socio-economic impacts could be related to carbon farming; and for ii) designing the outline for the impact assessment model was as follows.

- Benchmarking of other impact assessment methodologies: This entailed analyzing the content and the process of relevant methodologies by such international and national organization as the World Bank, the International Finance Corporation (IFC), and the Danish Institute of Human Rights.
- Benchmarking the social criteria included in existing schemes relevant to carbon farming, such as the Gold Standard, Verra and Forest Stewardship Council.
- Planning and conducting stakeholder interviews, which covered:
    - identifying and consulting carbon farming, agriculture and forestry experts in Finland and other EU countries;
    - identifying, contacting and interviewing experts in human rights and social justice, both generalists as well as specialists in natural resources management;
    - conducting stakeholder interviews of value chain actors, i.e. businesses that are linked to recently established pilots on carbon farming schemes; and
    - conducting farmer interviews for better understanding impacts as experienced by farmer and also for validating the suggested impact assessment model.
- Adjusting the draft impact assessment model based on stakeholder feedback, as well as quality assuring its contents and process vis-à-vis international authoritative documents (i.e. particularly the United Nations Guiding Principles, UNGPS, see Chapter 5).

Analyzing and summarizing the socio-economic data collected through the survey and the farmer interviews conducted as part of the work package A4 (i.e. Key considerations for the future carbon farming incentive scheme based on stakeholder perspectives).

3. Economic impacts related to carbon farming

This section is based on data collected within A4, i.e. the online survey with 70 respondents and complementary semi-structured interviews with farms. It should be noted that this is not significantly large sample size to draw major conclusions, considering also the nascent stage the EU level carbon trade, but the below gives anyhow indication on what issues to consider in designing the results-based carbon farming scheme.

An overall finding is that farmers may not yet be ready to have an informed opinion on the type of economic impacts carbon farming might have on their farm and livelihoods. Farmers may not associate certain impacts particularly with carbon farming, but rather assess the current and potential farm productivity and farm income in the broader context of agricultural development, but also climate change. In general, farmers are also lacking clarity on the potential risks particularly to their income. However, many consider that if there is a sufficient compensation for carbon farming efforts, the risk of economic loss is low, and the uptake of carbon farming practises will have an overall positive impact in economic terms.

What is important to understand when thinking of the economic benefits and risks, also in relation to carbon farming, is the diversity of the EU farming landscape ranging from small-scale family farms (e.g. 1,7 ha) to e.g. state co-owned large-scale farms (over 2600 ha) as well as from vegetable production to cereals, livestock and grasslands. On a positive note, carbon farming may benefit small farms on the cost of larger and more intensive farms, and also be more efficient in agronomic terms to smaller farms. However, the size of a farm is also directly linked to how strong it is in terms of market participation and how dependent the farmer's livelihood is on farming. Smaller farms may not be able to sustain their owners without any additional income from an off-farm activity. Furthermore, increasing land prices, observed practically everywhere, pose a serious constraint to enlarging the farm size and hence economic capacities of farmers. Land consolidation by large agribusinesses and import from non-EU countries are also considered disrupting small and medium farming. Finally, farmers are concerned with market competition, and feel that support from the EU (in the form of subsidies) is a good solution to survive in the business.

As indicated above, farmers look at issues affecting farm productivity and income in a holistic manner. Also, climate change and environmental matters may affect farmers' economy negatively; both disasters such as droughts, floods and frosts, and as an example, uncoordinated water management practices in nearby farms may pose risks to sustaining otherwise positive outcomes. Farmers may also see a trade-off between environmental and economic aspects in farm management, i.e. additional costs related to better environmental management, and

therefore wish for a coordinated effort from the EU to tackle this dilemma.

The final finding in terms of farm economy, which may both increase or reduce the uptake of commercial carbon farming in European farms, relates to farmers' experiences in complying with established standards and certifications (e.g., the GLOBALG.A.P.), which aim to promote good agricultural practices just like envisaged carbon farming schemes. When farms are well-linked to their respective value chains and have clear market segments to target, their view on the impacts of these schemes is mainly positive. However, what is seen affecting farm economy negatively are the bureaucracy and controls by certifying authorities, which are seen time-consuming and burdensome, hence reducing farmer capacities to engage in farm work.

4. Social impacts related to carbon farming

Overall, the aim in carbon farming is to find a balance whereby good farming and forestry practices reduce agricultural and forestry emissions and sequester carbon, but also improve the livelihoods of farmers and surrounding communities. Finding this balance has sometimes been referred to as the just transition. The Figure 1. below also illustrates that as with any new investments or projects, also in carbon farming the do no harm principle should form the basis for all types of projects, i.e. assessing and addressing the potential negative impacts to all potentially impacted people, and be in place before going beyond to assess potential positive socio-economic impacts.

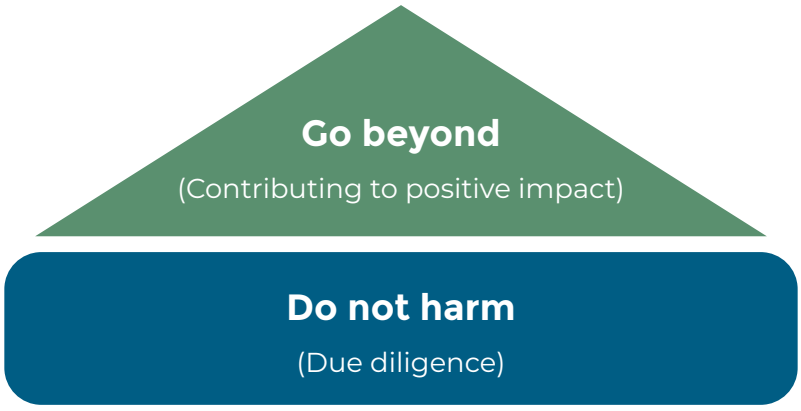

Figure 1. Do no harm as the basis for carbon farming

Against this backdrop, when developing carbon farming schemes, a crucial element is to see farm and forest owners as part of the solution. This would, firstly, entail that information on climate actions and carbon farming, including potential positive impacts on livelihoods, should be easily accessible by farm and forest owners. Secondly, they should be supported in understanding the various risks related to social and human rights that they are responsible for. Transparency and openness are, therefore, important principles, which should be adhered to amongst the various actors within carbon farming.

4.1. Potential positive impacts

As pointed out in the previous section on economic impacts, issues such as productivity and income are important factors for farms of all types. This again has a direct bearing on the employment opportunities provided by the farm, not only for the owners themselves, but also external staff. It can also be argued that well-performing farms that are well linked to value chains may also lead to positive consequences in terms of local economic development within the rural communities they operate in.

Provided that salary levels related to farming, which currently are regarded low, could be increased or at least maintained, this could lead to positive outcomes also in social terms. A key finding from the farmer interviews regarding social issues is that they see compliance to legal requirements as the main driver for e.g. occupational health and safety. However, some farms also voluntarily invest in employee wellbeing, especially regarding migrant labour from non-EU countries, through trainings and competence development as well as improvements in social safety nets. Some farmers also see standards/certifications as an impetus for improving safety practises at farms, such as staff housing and family connectivity. Furthermore, some farmers also see investments into ensuring positive social impacts directly translating into increased farm income thanks to increasing customer awareness and appreciation for these types of actions.

If carbon farming is in overall to have positive impacts on people and to be socially just and sustainable, there are some systemic and structural issues that should be taken into consideration when designing farming and forestry related carbon farming and/or credit schemes. Some critical issues on social justice are as follows, , which should be considered during the scheme design process: i) Potential trade-off between carbon farming and food production: at best carbon sequestrating practises can improve production, but there is also a risk of replacing food crops. ii) Accessibility of market-led carbon farming schemes: Do farmers and forest owners have equal abilities and resources to access carbon farming initiatives? iii) Equality between farmers/forest owners: How are the benefits from these schemes divided between a diversity of farmers (related to e.g., soil type and intensity of agriculture)?

4.2. Potential negative impacts

As indicated above this report approaches potential negative impacts within the broader frames of agriculture and forestry and covering also indirect impacts on stakeholders.

It is evident that in the European context there are certain risks and issues particularly within agriculture that are salient across the EU. The main issues relate to migrant seasonal farm workers especially in fruit and vegetable sector, which is a prevailing and an increasing risk-factor across the EU. There is a growing share of migrant labour from other EU countries such as Romania and Bulgaria, and from outside of the EU such as Thailand, Morocco, and Latin America. Consequently, a salient issue is the rights of these migrant workers and possible labour exploitation, including such topics as poor working and living conditions as well as low job security and social security coverage. Even if fruits and vegetables are not currently such production lines, in which carbon farming is very efficient and therefore not widely applied, it is likely that carbon farming is applicable to all farming in the future, and violations of labour rights may be an issue.

Another potential risk is land grabbing, which according to interviewed is already evident in some parts of Europe. Related to this, it was mentioned above that land consolidation and increasing land prices are also already a prevailing issue in some areas in Europe. Therefore, it may be that commercially lucrative carbon trade can lead to intensification of these negative developments, and carbon farming can, at least indirectly, lead to abuse of land owners, frauds, and inaccessibility of land.

The following table lists issues that are likely to be salient in carbon farming, and which all carbon farming projects should take into account regardless of their location within or beyond the EU. Our recommendation is that all these issues must be analysed and assessed in all projects, but not be limited to these, and the depth and breadth of analysis depends on the extent and nature of farm/forest operations (see Chapter 5 for more guidance on the assessment process).

Table 1. Likely salient risks and issues related to carbon farming

- **Forced Labour:** Bonded labour of particularly seasonal and migrant workers.
- **Indecent working conditions:** Extensive working hours and inappropriate and unhealthy living conditions (of particularly seasonal and migrant workers).
- **Discrimination** related particularly to remuneration, access to occupational health & safety (OHS), and social protection.
- **Unethical** recruitment practises especially in the case of intermediaries or informal recruitment companies.
- **Work Safety:** especially in machinery-intensive farm/forest operations.
- **Child Labour** with specific focus on the illegitimate forms of child labour harming the education and development of children.
- **Lack of freedom of association:** workers' right to organise and collective bargaining, and complaints mechanisms.
- **Land rights** - land acquisition, including risk of land grabbing, and land use (incl. involuntary resettlement of local population).
- **Livelihoods** - food security, access to water, community health.
- **Cultural heritage** and ecosystem services (recreational use).
- **Vulnerable groups** – such as migrant workers, women, and children.

5. Suggested model for the impact assessment on social issues and human rights

The main purpose of this chapter is to provide guidance on how to adhere to the do no harm principle through identifying and assessing risks and impacts related to social issues and human rights, which could be related to carbon farming projects. The identification and assessment of social/human rights impacts is the first step in the so called Human Rights Due Diligence (HRDD) process, and should be followed by stakeholder engagement, responding to identified risks and impacts, tracking performance, and communicating and reporting performance and progress to stakeholders. This paper focuses on this first step but recommends that once there is clarity on the final scheme set-up (including roles and obligations), it is also ensured that the subsequent steps are sufficiently addressed.

The focus of the outlined assessment process is on risks and impacts that the farm/forestry business or its business partners may have on various groups and individuals, such as employees, their dependants, and on different groups of people in the surrounding community. These risks and impacts are not only those that a business directly causes or contributes to, but also such to which it is linked through its value chain and business partners.

Discussion on the feasibility of the suggested model is provided in the final Chapter 6, including responsibilities and resourcing by different parties and actors at various levels.

5.1. General principles

5.1.1. An integrated approach

The overall assessment approach is inspired by elements from social impact assessment (SIA) and from a specific human rights impact assessment (HRIA). This is justified by:

1. the emerging practice of recognized international organizations;
2. how this facilitates to apply human rights due diligence (HRDD);
3. the comprehensive scope and risk analysis enabled by this approach; and
4. the way this approach broadens and deepens the analysis of impacts on various stakeholders.

For instance, the World Bank has a long tradition of requiring an Environmental and Social

Impact Assessment (ESIA) to be conducted on financed projects, but recently its Environmental and Social (E&S) framework has been revised to include a HRIA and HRDD aligned assessment process. Furthermore, by applying elements from a SIA and a HRIA, the assessment process is grounded on internationally recognized standards and principles constituting a universal and comprehensive basis and benchmark for human rights.

HRDD is a process suggested by the United Nations Guiding Principles on Business & Human Rights (UNGPs) to identify and assess actual and potential adverse impacts on human rights. In accordance with the UNGPs, businesses of all types have a responsibility to respect human rights, which requires a HRDD approach to know and show the impact on all and any universally recognized human rights. The identification and assessment of human rights impacts is the first step of the HRDD process, and should be followed by stakeholder engagement, responding to identified risks and impacts, tracking performance, and communicating and reporting performance and progress to stakeholders. In general, and also in this context, human rights refer to all universally recognized human rights often clustered as labour rights, economic, social and cultural rights, civil and political rights, and rights and protections belonging to vulnerable groups or individuals.

As SIAs typically focus on both adverse and positive impacts of business projects, there is therefore a risk of negative or indirect impacts being unintentionally diluted, ignored or excluded. An assessment focusing on human rights, on the contrary, is a process for identifying, assessing, addressing and monitoring the adverse effects of a business project or activities on the human rights enjoyment of impacted rights-holders, such as workers and community members. This impact assessment process is inherently a human rights risk-centrered approach.

This integrated approach also allows a look at issues such as supply and value chain related labour issues, gender related impacts, legacy and cumulative human rights impacts, and in-migration related to the project, and to focus on both the actual and potential human rights impacts. In the context of carbon farming, which is in a nascent stage with different value chains and collaboration arrangements only being developed, it is crucial to assess impacts beyond the farm or forest site. These can be social / human rights impacts related to circular business partners, who e.g. provide inputs or who buy produce or carbon credits from the business.

The below Figure 2. gives examples of the type of actors in the agricultural/forestry value chain and provides guidance on how to map stakeholders when assessing the risks and impacts beyond the farm/forest business. This is discussed in more detail also in subsequent chapters. As stated further above, it may be difficult to distinguish, which actors are clearly linked to carbon farming and which to farm/forest operations in general, so this separation needs to be made case-by-case.

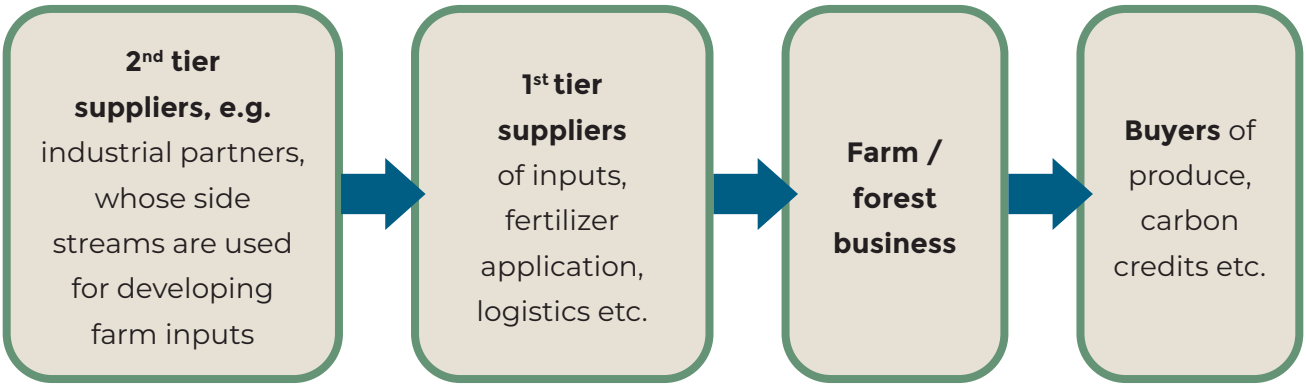

Figure 2. Example of value chain actors

5.1.2. Principles for stakeholder engagement

Carbon farming should be carried out by managing and mitigating any risks to people. People refer to stakeholders such as workers (such as farm workers, suppliers, temporary or seasonal staff) and all individuals that are potentially affected by the project in a broader community or the value chain. There likely are people impacted by the project beyond these examples, and therefore it is of crucial importance to map, identify and consult these stakeholder groups as part of the assessment (see 5.2.).

Stakeholder engagement is a cross-cutting component in assessing social and human rights impacts. The following are the principles for effective and meaningful engagement and consultation.

- During stakeholder mapping, the different stakeholders (i.e. employees incl. their dependants, and surrounding communities, and their entitlements are identified and spelled out.
- Engagement: Meaningful participation of affected or potentially affected stakeholders throughout the process is crucial to understand the different types of impacts and to seek input for managing these impacts.
- The consultation process should be inclusive, non-discriminatory, gender-responsive, and consider the needs of easily marginalized groups (i.e. those considered vulnerable in the given context).
- The assessment process is as transparent as possible in order to adequately engage affected or potentially affected stakeholders, without causing any risk to their security and well-being nor on the fulfilment of their human rights.

5.2. The four-phased-assessment

The technical scope, in other words the issues to be analysed during the assessment, is informed by the best practise of recognised international organisations as well as the preliminary so called social criteria developed in the previous phase of the LIFE project. The scope includes all human rights that fall under the broad categories of labor rights; civil and political rights; economic, social and cultural rights; and the protection of particularly vulnerable individuals and groups.

The assessment process follows four standard phases (see Figure 3.) but the duration of each phase and the assessment as a whole varies depending on e.g. the project location, complexity, and the initial risk screening that might have been conducted prior to the actual assessment. The final scope, breath, depth, and duration are, therefore, defined during the initial stages of the assessment.

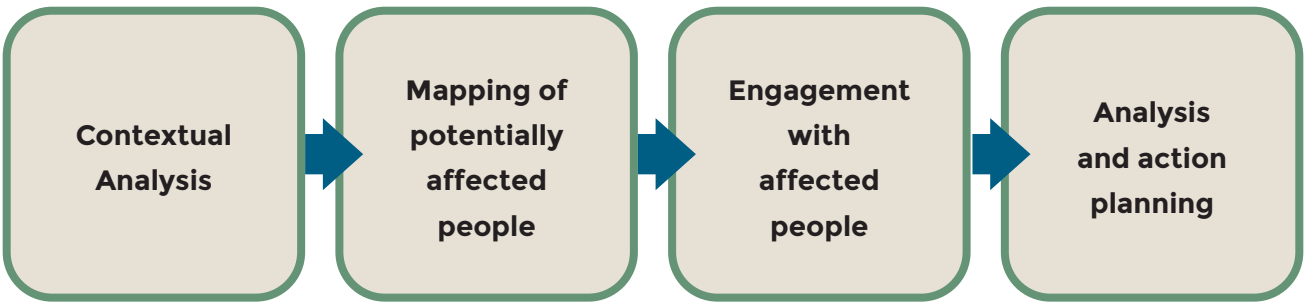

Figure 3. The four phases of impact assessment process

5.2.1. Contextual Analysis

The assessment process starts with background research, i.e. contextual analysis, which includes researching the human rights context of the project location and carbon farming in this given context, reviewing project developer's processes and practises, as well as reviewing the legal context from human rights' perspective (see Figure 4.). The below steps should be followed to collect sufficient information on possible direct and indirect risks/impacts across the whole value chain related to the project. These steps assist in identifying those issues that require careful attention and analysis during the subsequent phases of the assessment process.

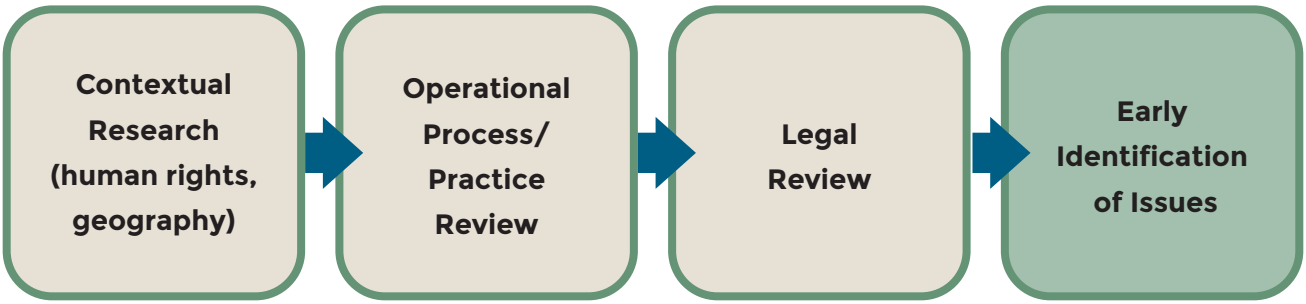

Figure 4. The elements of contextual analysis

The research phase should cover all the above mentioned salient issues (see 4.2.). However, the research phase should not be limited to these, but uncover and reveal any other/additional issues related to adverse social/human rights impacts that might emerge. The background research is based to a considerable extent on document review, but should also include interviews with project developer's management and external experts.

1) Research of the human rights context and the specific geography:

- Understanding the human rights context of carbon farming, i.e. human rights risks and issues related agriculture and forestry in general and specifically with regards to the project location
- Mapping the activities in the carbon farming value chain as well as the related human rights risks
- Understanding the political, economic and development context of the geography (demographics, political statistics, development indicators)
- Understanding the overall human rights context for the geography (incl. historical), preferably engaging with human rights experts
- Understanding the social and human rights challenges associated with the various value chain actors
- Identifying various stakeholders' (i.e. government, civil society, public) viewpoints with regards to emerging social issues and human rights
- Consulting external human rights experts for additional information

Table 1. in Annex 1 includes possible sources of information.

2) Review of business processes and practices

- Understanding the business context by reviewing a diversity of information and documents about the farm/forestry business and other value chain actors as possible;
- Consulting internal business managers for additional information.

See Annex 1. and Table 2. for reference of possible documents.

3) Legal review of domestic and international laws

- Reviewing domestic rules and regulations relevant for human rights in the context of carbon farming (agriculture/forestry)
- Checking the status of ratifications (and enforcement) of ILO and UN Conventions
- Comparing domestic laws and their enforcement with international standards to identify areas of conflicting regulation and gaps

See Annex 1. and Table 3. for reference of possible documents.

5.2.2. Mapping potentially affected people

The contextual analysis enables to identify the emerging specific issues to be covered in the subsequent phases of the assessment. The early issue identification is followed by an exercise to map and identify the people and groups of people potentially affected by the carbon farming project.

The Figure 5. below illustrates the several types of people, who might be impacted by a carbon farming project.

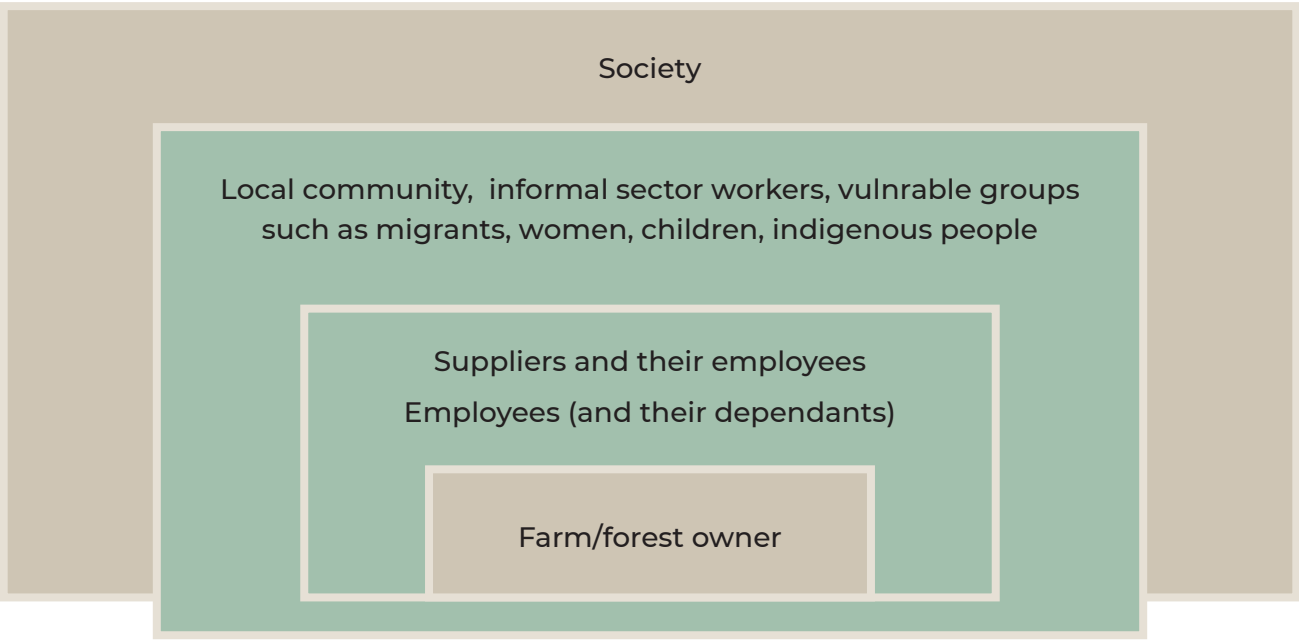

Figure 5. Potentially affected people

This mapping is recommended to be conducted by preparing a matrix, for which an example is provided in Table 4 in the Annex 1.

A critical part of the assessment is to identify the various stakeholders that the farm/forestry business is engaged with, either directly, indirectly or through their supply/value chain relations. This covers particularly those, who and whose human rights might be adversely impacted by the project. and such stakeholders, who have in-depth knowledge on the most salient human rights issues and on how various stakeholders may experience these. However, also other stakeholder groups are recommended to be mapped – e.g., other value chain actors, who might cause or contribute to adverse impacts, Table 5. in Annex 1. includes examples of stakeholder groups to support their identification in a particular case.

The mapping and identification then proceed into specifying/naming these stakeholders which enables to start planning the actual engagement and interviews for better understanding the issues initially identified in the previous phase. This can be done for instance in a matrix format as shown in Table 6. of Annex 1.

5.2.3. Engagement with affected people

The document review and expert interviews during the contextual analysis and background research as well as the stakeholder identification enable to develop an early understanding of the key human rights issues, risks, and potential impacts that the assessment should look at. The next step is to collect specific information around these issues through additional document review and field visit

The purpose of the field visit is to facilitate understanding of impacts as they are experienced by those stakeholders, whose various human rights might be at risk. The following general principles should be applied when engaging with stakeholders: sensitivity, non-discrimination, meaningful participation and accessibility to participate, data aggregation by characteristics causing initial discrimination, anonymity and privacy regarding issues and insights brought forward, as well as transparency in terms of the process.The field research generally includes three basic steps as shown in Figure 6.

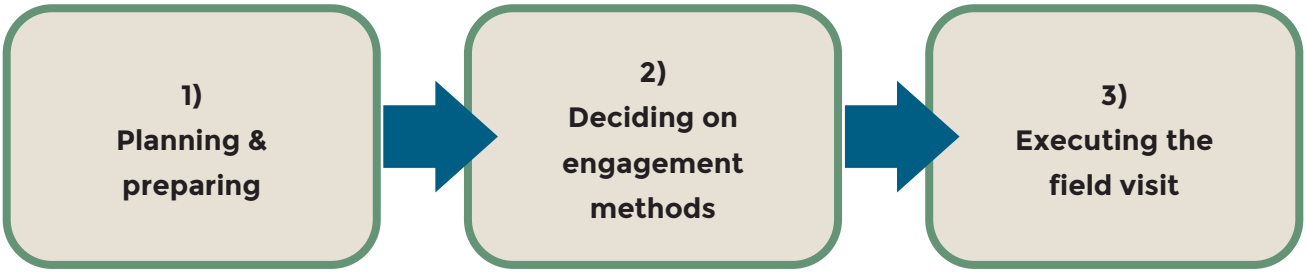

Figure 6. Field research phases

i) Planning & Preparing:

Based on the previous two phases and considering the resources (i.e., financial, time) for conducting the assessment, this step entails deciding on which stakeholder representatives must be consulted (in person or virtually), reaching out to these persons directly or through intermediaries, and scheduling the engagement (e.g., interview or focus group discussion) in a convenient location. This step also includes planning for overall travel arrangements, needed support services (such as interpretation, community facilitation etc.), and the setting the final team to conduct the field visit.

At this stage, there are some critical issues to consider regarding how to engage with stakeholders:

- the content and the way of communicating with these stakeholders prior, during and after the impact assessment - local facilitation is recommended, i.e., a local consultant or NGO representative to facilitate in reaching out and building trust at the outset;
- ensuring voluntary participation of stakeholders in interviews and discussions - consultation with representatives/advocates of these groups is recommended;
- communicating prior, during, and after the assessment in a language that ensures meaningful and active participation of any group - translation and interpretation is likely needed;
- organising interviews/discussions in a secure, comfortable, and convenient location to these people; and
- ·preparing a stakeholder engagement protocol outlining the principles, rules and procedures governing the consultation process.

ii) Deciding on engagement methods

There are various options for engaging with stakeholders and collecting data depending on the type, the scope and the geography of the assessment as well as the type and extent of the business and the value chain in question. The Table 7 in Annex 1. includes some alternative methods with key characteristics as well as an indication of stakeholders for whom this method is most suitable.

iii) Executing the field visit

This step entails in its simplicity:

- conducting of the visit to the project location(s) for conducting interviews and other type of engagement with potentially affected people and other stakeholders as well as for gaining familiarity with farm/forest operations through actual field visit; and
- additional review of documents based on the emerging and specific issues identified during previous phases, to be obtained from different stakeholders during the engagement process.

The specific topics and questions to be brought up in different stakeholder discussions should be defined based on the context and the issues, risks and potential impacts that emerge through contextual analysis and stakeholder mapping. Annex 2. gives examples of issues that could be covered during stakeholder engagement and additional document review.

5.2.4. Analysis and Action Planning

This phase entails the analysis of the consolidated findings from the field research and the document review. A critical element is to conduct a saliency analysis, i.e., the evaluation of the severity of the consequences of potential or actual adverse impacts identified during the assessment process.

Evaluation of severity means assessing the scale (gravity), the scope (number of individuals), and the irremediability (possibility to restore to prior situation) of the human rights impact. Impacts to be considered should include those that the business causes directly; it contributes to (through own activities or through a third party, including cumulative impacts); or that are directly linked to a company's operations through business relationships (including both contractual and non-contractual relationships). Annex 3. provides a tool including parameters for evaluating impact severity.

The subsequent steps, following the saliency analysis, are to design or improve related impact mitigation, management, and monitoring systems and measures. Part of this is a management plan detailing the processes and actions by various parties during the project implementation to prevent, mitigate, and remedy any adverse impacts.

6. Discussion on feasibility

This paper has been prepared as part of the Life Carbon Farming project, the goal of which is to identify and accelerate the development and adoption of novel incentives for carbon sequestration, and to promote a well-functioning voluntary carbon market. The findings and results of the project will feed into the development of the EU agricultural and climate policies.

Against this backdrop, the aim of this paper has been to provide best practice guidance for integrating the assessment of (adverse) social issues and human rights when designing future carbon farming schemes. There are a number of open questions regarding i.a. the type, scope, duration, location, and actor set-up in future projects, and also local circumstances in terms of e.g. agrology, economy, and governance have an impact on e.g. what issues are relevant and how the assessment should be conducted. Furthermore, the diversity of farming and forestry businesses, including their general capacity and connection to value chains, leads to a

conclusion that it is somewhat impossible at this stage to provide a once-size-fit-all approach for assessing these adverse impacts. Therefore, this paper has outlined an overall scope and process for identifying and assessing potential and actual impacts in proposed or existing carbon farming projects. However, in this Chapter we are providing some ideas around the feasibility, including responsibilities, resourcing and collaboration within the EU.

6.1. Roles and responsibility

During the course of this assignment it has become evident that not all actors might be known from the onset of the project. Therefore assigning responsibility for conducting assessment might sometimes be challenging. It is foreseen that potential carbon farming models could include the following types of collaboration arrangements. Consequently, there are four different scenarios on who could be responsible for conducting the impact assessment. However, what became evident in the stakeholder interviews was the assessing these impacts, which extended beyond a single business or project, should be the responsibility of the whole value chain, not the burden for a single small- or even medium-scale farm.

i) Several farms could serve as contract farmers for larger agribusiness companies. In this case the impact assessment would be the responsibility of the agribusiness company, who should anyhow, as per the UNGPs, have management systems in place for risks and impacts.

ii) There can also be an intermediary company bringing farmers and industry together around a circular business model. In this scenario, the impact assessment would be the responsibility of the intermediary company, which could use the guidance provided in this paper to develop its systems if currently non-existing.

iii) In some schemes farmer cooperatives or forest companies could be selling carbon credits directly to the market. It is then assumed that these schemes would integrate social and human rights issues into their eligibility and selection criteria, or require companies accessing these schemes to at minimum conduct a self-assessment

iv) The actors, like the ones offering market place for trading, and that are setting criteria, should include human rights in them and be capacitated to actually conduct impact assessments

6.2. Capacity

It is important to ensure that the assessment team has the competence and knowledge on human rights. Depending on the geographic, socio-economic and human rights context of the project, the team must also include members experienced and sensitive in engaging with the diversity of stakeholders, including vulnerable groups such as female and migrant workers.

6.3. Resourcing and collaboration

For conducting the assessment, it is possible to utilize and build on existing impact assessment and management structures, as indicated above might exist in some scenarios. Should these structures not yet exist, the model and guidance provided in this document can be applied to develop these and plan for needed resources and competences. Furthermore, it is suggested that sufficient resources are dedicated not only for undertaking the assessment, but also to implement the impact management plan.

One of the recommendations from stakeholder interviews is to build collaboration arrangements and platforms at various levels (local, national, EU) not only for identifying synergies and reducing the burden for a single, especially small-scale, actor, but also to ensure that there is sufficient understanding of the complexity around some of the salient issues (such as migrant labour and land grabbing) as well as capacity and leverage to address them.

At local level this could entail collaboration between farm and forest owners and local civil society organisations and authorities. At national level, this could include cooperation with occupation health and safety authorities, bodies in charge of environmental impact assessments, or of conducting compliance monitoring for well-established certification schemes. At the EU level, collaboration for defining the most feasible and efficient way for conducting and acting on these assessments should include a number of different types of entities as an example the European Labour Authority.

Annexes

Annex 1. Tables 1 – 7.

Table 1. Possible sources of information

- Relevant reports and publications by multilateral organisations such as the World Bank, FAO, UNDP, UNEP, and IOM.
- Reports and publications by international NGOs such as Oxfam, WWF and Amnesty.
- U.S. Department of State Bureau of Democracy, Human Rights and Labour (country reports)
- United Nations Treaty Collection (ratifications)
- International Labour Organisation NORMLEX (ratifications)
- Freedom House (Freedom of the World Reports)
- U.S. Department of State Trafficking in Persons Report
- Human Rights Watch (country specific information)
- International Work Group for Indigenous Affairs
- International Labour Organisation NATLEX (national legislation)
- International Trade Union Federation (ITUC Global Rights Index)
- Fair Labor Association
- Minimum-Wage.org

Transparency International (Corruption Perception Index)

Table 2. Examples of information / documents to be reviewed

- Overview of farm/forest operations (i.e., locations, number of employees and contractors, local communities near/impacted by the operations)
- Maps of sites and distances, including ancillary infrastructure (roads, ports, transmission lines, etc.)
- Farm/forest management plans
- Organogram of operations, incl. roles and responsibilities
- Documentation of project financing (incl. ESG related information)
- Codes of conduct or other ethical guidelines
- Relevant policies and procedures (e.g., human resources, security, cultural heritage)
- All relevant contracts (i.e. contracts with host-government, suppliers, and workers)
- Previous audit / verification reports of sites
- Earlier environmental, social and health impact assessment reports/ management plans
- Earlier stakeholder engagement plans
- Possible resettlement action plans and community benefit agreements
- Possible media reports of the operations in the country in question
- Reports by NGOs and CSOs on the company and/or particular operations
- Information on possible past legal cases
- Possible documentation on community grievances and their resolution
- Information on the company's engagement and work with local government authorities

Documentation about community development and community investment initiatives

Table 3. International Standards and Conventions

- Universal Declaration of Human Rights (1948)
- International Covenant on Civil & Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966)
- Freedom of Association and Protection of the Right to Organise Convention, 1948
- Right to Organise and Collective Bargaining Convention, 1949
- International Covenant on Forced Labour Convention, 1930
- Abolition of Forced Labour Convention, 1957
- Minimum Age Convention, 1973
- Worst Forms of Child Labour Convention, 1999
- Equal Remuneration Convention, 1951
- Discrimination (Employment and Occupation) Convention, 1958

Table 4. Template for stakeholder mapping

Stakeholder group	Social/human rights issue	Cause	Impact

Table 5. Examples of stakeholder groups

- Employees and workers (incl. different types, such as seasonal, migrant etc.) - disaggregated by key characteristics as a potential source for discrimination (gender, ethnicity, religion)
- Employee families/dependants (depending on the context)
- Potentially impacted community members (i.e. different groups of people living/working in the vicinity of farm/forest operations; or whose livelihoods depend on the surrounding natural resources)
- Company management representatives
- Business partners, contractors, and suppliers along the value chain
- Farmer/forest owner associations
- Trade unions and industry associations
- Clients/customers along the value chain
- Host-government actors
- Investors and shareholders

Civil society / non-governmental organisations

Table 6. Stakeholder identification

Stakeholder name	General charac-teristics	Relationship with the farm/ forestry business	Type of current engagement	Possible social impact	Possible human right violation

Table 7.

Method	Characteristics	Stakeholder
Survey	• A large number of people can be reached • Respondents must be literate (and have access to computer) • A high-level overview on issues, risks and topics	Employees of the farm/forest company and other value chain actors Stakeholders, from whom to obtain general information on issues and risks
In-person interviews (semi-structured, open)	• More in-depth way for gaining understanding on issues, risks and how these are experienced	Employees of the farm/forest company and other value chain actors Representatives of vulnerable groups at the company and surrounding community
Facilitated group discussions	• A less structured and possibly a more comfortable method for discussing also sensitive topics	Representatives of vulnerable groups at the company and surrounding community
Online interviews	• An efficient and flexible method for obtaining information e.g. from managers and experts	Business managers and experts (on geography, carbon farming models, and social/ human rights issues)

Annex 2. Exemplary topics and questions for field visit

Forced Labour and labour exploitation

- Not allowed, and there are rules, processes, and procedures in place to monitor this.
- Exemplary questions: Do workers have their own legal IDs on them? How does the employer provide for housing in case of migrant workers? Do workers need to make any additional payments? If additional withholdings from wages are made, is this transparently and understandably communicated on pay slips?

Decent working hours

- A maximum standard working time of 48 hours per week and eight hours per day is ensured. Exceptionally, working time is allowed to exceed these limits, as long as daily working time remains not higher than ten hours, and weekly working time not higher than 56 hours.

No discrimination

- There is an anti-discrimination and anti-harassment protocol in place. Permanent employees are treated the same as temporary workers from employment agencies.
- There is an external contact point for workers to address discrimination or harassment incidents if necessary. There is a protocol in place on how to handle discrimination/harassment complaints.

Remuneration

- A living wage for the specific country and context is provided for all workers.
- All employees are compensated properly for overtime and receive legal holiday payments.
- Payment of equal renumeration to men and women is ensured to workers, for same work or work of similar nature.

Recruitment

- Employees are not paying recruitment fees to employment agencies, nor other forms of wage deduction are made for the recruitment process.
- If and when an employment agency is used, the agency is registered in the relevant Chamber of Commerce, and are they registered under the correct sector. The employment agency follows the applicable CBA.

OHS (occupational health & safety)

- There is a Health and Safety (H&S) protocol in place, and easily available for all employees and in right languages, including necessary training.
- Incident reports and mitigation activities are documented, followed-up and tracked.
- Safety assessments are made and documented according to authorities' expectations, e.g., for fire safety, machinery, and equipment.
- ·o employees have access to healthcare?

Minimum Age / Child Labour

- Employees are older than 15 years (13 for light work). Employees under 18, have access to school and their work does not impede their school time.
- How is it ensured that especially the children of migrant workers have access to school?
- For hazardous work there are no workers under the age of 18.
- Monitoring is in place, especially for combatting worst forms of child labour.

Complaints mechanism

- There is an independent complaints mechanism in place for workers. Complaints are registered and managed within the company.

Workers' freedom of association, and right to organise and collective bargaining

- A collective bargaining agreement is applicable to the employees (and in line with the renumeration).
- It is allowed/proactively stimulated that employees become active in trade unions or perform their right of Collective Bargaining.
- Work councils are in place.

Land-rights

- Land use, ownership and permits status are to be investigated. Previous disputes on land acquisition and land use to be assessed, including previous incidents and potential risks of land grabbing.
- The access by local communities and individuals living in surrounding areas affected by the carbon farming project to their land and natural resources is assessed, and in case of resettlement, the FPIC (free, prior, informed consent) principle and good international practice is followed.

Livelihoods and community impacts:

- Livelihoods of the community: If a community lives of the benefits from food production but farmers choose to use land for other purposes - may it lead to potential direct job losses or affect indirectly the livelihoods of the community in general?
- Food security and safety: How may carbon farming impact food systems and production of healthy food?
- Access to water: Do carbon farming initiatives affect communities access to water?

Existence of vulnerable groups: such as minorities, women, indigenous people, migrant workers

Historical and social heritage: If land is used by indigenous people, or minorities are involved in the value chain of existing operations and land use, or if there is any historic social or cultural heritage on the land, this could be threatened by carbon farming.

Annex 3. Parameters for evaluating impact severity

Scale Including consideration of vulnerability (a particular individual's circumstances may influence on how 'serious' an impact is.)	
Will cause death or adverse health effects that could lead to significant reduction in quality of life and/or longevity	A
A tangible infringement of any human right	B
All other impacts	C
Scope The number of people affected in absolute numbers, and the specific individuals or groups (even if a small percentage) that are impacted, disaggregated e.g. according to permanent vs. temporary workers, female or male community members.	
>20% of total population in area of impact or >50% of identifiable group	A
>10% of total population in area of impact or >11-50% of identifiable group	B
>5% of total population in area of impact or <10% of identifiable group	C
Irremediability How easy or difficult it would be to remediate the impact.	
Difficult – complex technical requirements, little acceptance of remediation by the identified group, low capacity of implementation partner, no viable replacement for loss caused by impacts	A
Moderate – simpler technical requirements, acceptance by the identified group, implementation partner can deliver with some capacity development	B
Easy – simple technical requirements, acceptance by the identified group, implementation partner has capacity to deliver	C

References

COWI, Ecologic Institute and IEEP (2021) Technical Guidance Handbook - setting up and implementing result-based carbon farming mechanisms in the EU Report to the European Commission, DG Climate Action, under Contract No. CLIMA/C.3/ETU/2018/007. COWI, Kongens Lyngby.

Danish Institute of Human Rights (2020) Human Rights Impact Assessment. Guidance and Toolbox. https://www.humanrights.dk/sites/humanrights.dk/files/media/dokumenter/udgivelser/hria_toolbox_2020/eng/dihr_hria_guidance_and_toolbox_2020_eng.pdf

European Commission (2022) Just and sustainable economy: Commission lays down rules for companies to respect human rights and environment in global value chains. Press release, 23 February 2022, Brussels. https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1145

European Parliamentary Research Service (2021) Migrant seasonal workers in the European agricultural sector. https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689347/EPRS_BRI(2021)689347_EN.pdf

Forest Stewardship Council (2015) FSC® International Standard. FSC principles and criteria for forest stewardship. https://fsc.org/en/document-centre/documents/resource/392

Gold Standard (2019) Safeguarding Principles & Requirements. https://globalgoals.goldstandard.org/103-par-safeguarding-principles-requirements/

IFC (2022) Performance Standards. www.ifc.org/performancestandards

Lietonen, A., Jokinen, A. & Ollus, N. (2020) Navigating through your supply chain. Toolkit for prevention of labour exploitation and trafficking. HEUNI Publication Series No. 93a.

https://heuni.fi/documents/47074104/0/HEUNI-Publication-Series-93a-FLOW-Toolkit-for-Responsible-Businesses-Web.pdf/6018bc73-f6db-f0e6-d823-ddbd821f2cac/HEUNI-Publication-Series-93a-FLOW-Toolkit-for-Responsible-Businesses-Web.pdf?t=1607708167367

United Nations (2011) Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework. https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Verra (2020) Sustainable Development Contributions Report Template. https://verra.org/project/vcs-program/rules-and-requirements/

World Bank (2017) The World Bank Environmental and Social Framework. https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf#page=29&zoom=80