

MARINE CONSERVATION CREDITS

Environmental and Social Safeguards Policy v1.0

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PURPOSE AND SCOPE

0001 This Policy establishes mandatory environmental and social safeguards requirements applicable to all projects seeking MCC registration.

0002 These safeguards shall apply uniformly across all MCC methodologies and project types, ensuring consistent protection standards.

0003 This is a programme-level policy that supersedes any methodology-specific safeguard provisions where conflicts arise.

0004 All project proponents shall comply with the requirements set forth in this Policy as a condition of MCC registration and credit issuance.

0005 The Policy shall apply throughout the entire project lifecycle, from design through monitoring and verification.

0006 Safeguards compliance shall not be optional or subject to waiver except as explicitly provided in this Policy.

0007 MCC shall maintain responsibility for overall safeguards governance and programme-level oversight.

0008 Project proponents shall bear responsibility for conducting safeguards assessments and implementing required mitigation measures.

0009 Third-party validators and verifiers shall assess safeguards compliance as an integral component of validation and verification activities.

0010 This Policy shall be reviewed and updated every five years or more frequently if significant gaps are identified through monitoring.

SAFEGUARDS PRINCIPLES

0011 MCC shall apply eight core safeguards principles to all projects seeking registration under this Policy.

0012 These principles shall guide project design, assessment, implementation, monitoring, and verification.

0013 Principle 1 - Do No Harm: Projects shall demonstrate net positive environmental and social outcomes through rigorous impact assessment and mitigation.

0014 Do No Harm requires that no project shall cause significant adverse impacts on communities, ecosystems, or livelihoods without adequate compensation or remediation.

0015 Projects shall prioritize avoidance of negative impacts as the first mitigation priority.

0016 Where avoidance is not feasible, projects shall minimize impacts and restore affected resources to pre-project conditions where possible.

0017 Residual impacts shall be offset through equivalently valued environmental or social benefits.

0018 Principle 2 - Free Prior and Informed Consent (FPIC): Projects shall obtain free, prior, and informed consent from Indigenous Peoples and local communities whose rights or livelihoods may be affected.

0019 FPIC shall be granted without coercion, intimidation, or undue pressure.

0020 Communities shall receive complete, accurate, and understandable information about project objectives, implementation methods, and potential impacts before providing consent.

0021 FPIC shall be documented through written agreements or community-approved alternative documentation methods.

0022 Principle 3 - Stakeholder Engagement: Projects shall conduct meaningful stakeholder consultation and participation throughout the project lifecycle.

0023 Stakeholder engagement shall occur during project design, implementation, monitoring, and adaptive management phases.

0024 Consultation shall be culturally appropriate, accessible to all community members including vulnerable groups, and conducted in local languages.

0025 Stakeholder feedback shall be systematically recorded, analyzed, and addressed in project design modifications.

0026 Principle 4 - Gender Equality: Projects shall take a gender-responsive approach to project design, implementation, and benefit distribution.

0027 Projects shall assess potential differential impacts on women and men, girls and boys.

0028 Gender equality measures shall address barriers to women's participation, access to benefits, and decision-making roles.

0029 Projects shall collect sex-disaggregated data for monitoring gender-related outcomes and impacts.

0030 Principle 5 - Labour Rights: Projects shall respect and promote ILO core labour conventions and international labour standards.

0031 Projects shall ensure fair wages, safe and healthy working conditions, and freedom of association for all workers.

0032 Child labour, forced labour, and exploitative labour practices shall be strictly prohibited.

0033 Project workers shall have access to grievance mechanisms and remedy for labour rights violations.

0034 Principle 6 - Land Tenure: Projects shall recognize, respect, and document legitimate land rights of communities, Indigenous Peoples, and smallholders.

0035 Land tenure assessment shall be conducted before project implementation to identify and register legitimate rights holders.

0036 Projects shall not proceed on lands subject to disputed tenure or ongoing land claims without resolution of the dispute.

0037 Land use conversions shall respect the land rights and livelihood security of affected communities.

0038 Principle 7 - Biodiversity Protection: Projects shall achieve no net loss of biodiversity and shall contribute positively to biodiversity conservation where feasible.

0039 Projects shall assess impacts on terrestrial, freshwater, and marine ecosystems, habitats, and species.

0040 Critical habitats, endangered species, and protected areas shall receive enhanced protection.

0041 Biodiversity offset measures shall only be considered after all avoidance and minimization measures are exhausted.

0042 Principle 8 - Climate Adaptation: Project design shall consider climate change vulnerabilities and resilience requirements.

0043 Projects shall assess climate-related risks to project infrastructure, beneficiary communities, and ecosystem services.

0044 Climate adaptation measures shall be integrated into project design to enhance resilience of communities and ecosystems.

0045 Monitoring shall include climate-related indicators to track adaptation effectiveness.

Principle	Key Requirement	Scope
Do No Harm	Net positive environmental and social outcomes	All projects
FPIC	Community consent for affected Indigenous Peoples and locals	Projects affecting Indigenous/local communities
Stakeholder Engagement	Meaningful consultation throughout lifecycle	All projects
Gender Equality	Gender-responsive design and benefit distribution	All projects
Labour Rights	ILO core conventions respected	All projects with workers
Land Tenure	Legitimate rights recognized and documented	Land-based projects

Biodiversity Protection	No net loss of biodiversity	All projects
Climate Adaptation	Climate resilience integration	All projects

SAFEGUARDS ASSESSMENT PROCESS

0046 All projects shall undergo a structured safeguards assessment process consisting of screening, assessment, management plan development, monitoring, and reporting.

0047 Safeguards assessment shall be completed before project registration approval and before credit issuance.

0048 Assessment methodology shall be transparent, reproducible, and documented.

0049 MCC shall provide standardized screening tools and assessment templates to project proponents.

SAFEGUARDS SCREENING

0050 Safeguards screening shall occur at project registration stage to identify potential environmental and social risks.

0051 Screening shall categorize projects into three risk categories based on the nature, scale, sensitivity, and complexity of potential impacts.

0052 Category A projects shall be those with potential for significant adverse environmental or social impacts that are sensitive, diverse, or unprecedented.

0053 Category A projects shall include those affecting critical habitats, Indigenous Peoples territories, large-scale land conversions, or vulnerable populations.

0054 Category B projects shall be those with potential for moderate adverse environmental or social impacts that are site-specific and readily mitigated.

0055 Category B projects shall include those with limited habitat impacts, small-scale displacement, or reversible impacts.

0056 Category C projects shall be those with minimal or no adverse environmental or social impacts.

0057 Category C projects shall include those primarily delivering environmental or social co-benefits with negligible or positive safeguards performance.

0058 Screening assessment shall be completed using the MCC Safeguards Screening Checklist within 15 days of project submission.

0059 Screening results shall be documented with justification for risk category assignment.

0060 Project proponents shall submit completed screening forms with project registration applications.

0061 MCC technical staff shall review screening assessments for accuracy and completeness before project registration approval.

SAFEGUARDS ASSESSMENT

0062 All Category A and B projects shall undergo formal safeguards assessment beyond the initial screening.

0063 Category A projects shall require a full Environmental and Social Impact Assessment (ESIA).

0064 The ESIA shall assess all applicable safeguards principles and identify potential negative impacts across environmental and social dimensions.

0065 ESIA shall include baseline environmental and social conditions, impact prediction, significance assessment, and mitigation measures.

0066 Category B projects shall require a simplified environmental and social assessment proportionate to identified risks.

0067 The simplified assessment shall focus on identified risk areas and omit detailed analysis of low-risk dimensions.

0068 Category C projects shall complete a safeguards self-declaration form confirming compliance with safeguards principles.

0069 The self-declaration shall be supported by brief narrative explaining why risks are negligible.

0070 All assessments shall be conducted by qualified environmental and social specialists with relevant expertise.

0071 Specialists shall be independent of the project proponent to ensure assessment objectivity.

0072 Assessment shall follow the Do-No-Harm Assessment Framework specified in Section 6.

0073 Consultation with affected communities shall be integrated into assessment activities for Category A and B projects.

0074 Assessment reports shall be made available to affected communities in accessible formats and local languages.

0075 Community feedback shall be documented and addressed in revised assessments before approval.

Risk Category	Assessment Method	Impact Scope	Timeline
Category A (High Risk)	Full Environmental and Social Impact Assessment (ESIA)	Comprehensive environmental and social analysis	60-90 days
Category B (Medium Risk)	Simplified Environmental and Social Assessment	Focus on identified risk areas	30-45 days
Category C (Low Risk)	Safeguards Self-Declaration	Confirmation of negligible impacts	10-15 days

ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN

0076 Category A and B projects shall prepare a comprehensive Environmental and Social Management Plan (ESMP) before project implementation.

0077 The ESMP shall set out specific measures to avoid, minimize, mitigate, and offset negative impacts identified in the assessment.

0078 The ESMP shall follow the mitigation hierarchy: avoidance as first priority, then minimization, restoration, and offset.

0079 ESMP shall specify implementation responsibilities, timelines, budgets, and accountability mechanisms.

0080 ESMP shall include monitoring and evaluation frameworks with measurable indicators and targets.

0081 ESMP shall designate an ESMP Implementation Officer or committee responsible for oversight and adaptive management.

0082 ESMP shall be based on consultation with affected communities and shall reflect their input.

0083 ESMP shall address all eight safeguards principles where applicable to the specific project.

0084 The ESMP shall be publicly available and regularly updated based on monitoring results.

0085 Project proponents shall implement ESMP measures according to agreed timelines and budgets.

0086 Implementation progress shall be reported in annual monitoring reports with evidence of compliance.

SAFEGUARDS MONITORING

0087 All projects shall conduct annual safeguards monitoring throughout the crediting period.

0088 Monitoring shall track implementation of ESMP measures and assess safeguards outcomes and impacts.

0089 Category A and B projects shall employ third-party monitors independent of the project proponent.

0090 Category C projects may conduct internal self-monitoring with spot checks by MCC technical staff.

0091 Monitoring shall include both process indicators tracking ESMP implementation and outcome indicators measuring safeguards performance.

0092 Monitoring shall employ sex-disaggregated data collection where applicable to track gender-related impacts.

0093 Stakeholder engagement shall continue during monitoring, with periodic consultation to assess community perceptions of impacts.

0094 Grievance logs shall be reviewed and analyzed in monitoring reports to identify systemic issues.

0095 Monitoring reports shall document any non-compliance with ESMP measures or safeguards principles.

0096 Adaptive management shall occur when monitoring reveals ineffective mitigation measures, with timely plan revision.

0097 Monitoring data shall be made publicly available in accessible formats.

SAFEGUARDS REPORTING

0098 Safeguards performance shall be reported annually as a component of project monitoring reports submitted to MCC.

0099 Safeguards reports shall address all eight principles and report progress toward ESMP targets.

0100 Reports shall include data on any negative impacts or grievances arising during the monitoring year.

0101 Reports shall present remedial actions taken to address non-compliance or unexpected adverse impacts.

0102 Reports shall include community feedback on project safeguards performance where consultation occurred.

0103 Non-compliance findings shall trigger corrective action requirements with specified timelines.

0104 Safeguards reporting shall be reviewed and verified as part of MCC's regular project monitoring.

0105 Critical safeguards failures shall be escalated to MCC governance bodies for potential enforcement action.

GRIEVANCE MECHANISM

0106 All MCC projects shall establish accessible, culturally appropriate grievance mechanisms for receiving and resolving complaints.

0107 Grievance mechanisms shall be free of charge and available to all community members, workers, and affected stakeholders.

0108 Grievances may be submitted in person, by phone, by post, by email, or through community representatives.

0109 Anonymous grievances shall be accepted and processed with the same rigor as attributed complaints.

0110 Grievance mechanisms shall be established before project implementation and publicized in local languages.

0111 MCC shall maintain a programme-level grievance channel to receive complaints regarding project safeguards performance.

0112 The programme-level channel shall accept complaints about project grievance mechanisms that are inaccessible or unresponsive.

0113 Project grievances shall be acknowledged in writing within 30 days of submission.

0114 Acknowledgement shall describe the grievance, confirm receipt, and outline the resolution process and timeline.

0115 Good faith resolution efforts shall be made within 90 days of acknowledgement.

0116 Where resolution requires extended time, interim updates shall be provided every 30 days.

0117 Unresolved grievances shall be escalated to the MCC Governance Board or an independent dispute resolution mechanism.

0118 Grievance decisions shall be communicated to complainants in writing with explanation of findings and rationale.

0119 Grievance resolution measures shall provide appropriate remedies including compensation, project modification, or project termination.

0120 A grievance register shall be maintained documenting all complaints, investigations, actions, and outcomes.

0121 Grievance registers shall be auditable and made available to independent monitors and verifiers.

0122 Grievance mechanism performance shall be reported annually with statistics on complaints received and resolution rates.

0123 No retaliation shall be permitted against individuals who submit grievances or participate in grievance processes.

0124 Grievance mechanisms shall operate independently from project management to ensure impartiality.

Stage	Requirement	Timeline	Responsible Party
Submission	Grievance received	Ongoing	Project/Mechanism

	through accessible channels		operator
Acknowledgement	Written confirmation of receipt	30 days	Project/Mechanism operator
Investigation	Assessment of complaint and documentation of facts	60 days	Independent investigator
Resolution	Implementation of remedial actions	90 days from acknowledgement	Project proponent
Escalation	Referral to MCC Board if unresolved	After 90 days if needed	Grievance mechanism operator
Appeal	Independent review of grievance decision	30 days after request	MCC governance body

VULNERABLE GROUPS AND INDIGENOUS PEOPLES

0125 Projects shall identify vulnerable groups who may experience disproportionate or differential project impacts.

0126 Vulnerable groups shall include but not be limited to: Indigenous Peoples, ethnic minorities, women, youth, persons with disabilities, and economically disadvantaged persons.

0127 Vulnerability assessment shall be conducted early in the project design phase using participatory methods.

0128 Vulnerable group identification shall be documented with description of vulnerabilities and potential differential impacts.

0129 Special safeguards measures shall be designed for vulnerable groups to ensure equitable outcomes and benefit distribution.

0130 Vulnerable groups shall have enhanced consultation rights with culturally appropriate engagement methods.

0131 Free Prior and Informed Consent (FPIC) protocol shall apply where projects affect Indigenous Peoples' territories, knowledge, or cultural heritage.

0132 FPIC shall be granted at the community decision-making body level through formal processes recognized by the community.

0133 FPIC shall be documented through written agreements or community-approved alternative methods (oral records, video documentation, community certificates).

0134 FPIC shall specify community agreement to project objectives, implementation methods, impact mitigation, and benefit-sharing arrangements.

0135 Indigenous Peoples shall have the right to benefit equitably from project activities and carbon finance.

0136 Benefit-sharing arrangements shall be negotiated directly with Indigenous communities and documented in ESMP.

0137 Cultural heritage assessment shall be conducted for projects in areas with known cultural, historical, or spiritual significance.

0138 Archaeological surveys shall be commissioned where potential exists for impact to heritage sites.

0139 Cultural heritage protection measures shall prevent unauthorized access to sacred sites and protect traditional knowledge.

0140 Grievance mechanisms shall include special provisions for vulnerable group access, including language support and community representatives.

0141 Monitoring shall include specific indicators tracking vulnerable group outcomes and differential impacts.

0142 Projects shall conduct periodic reassessment of vulnerability and adapt safeguards measures as community circumstances change.

DO-NO-HARM ASSESSMENT FRAMEWORK

0143 All projects shall apply a structured Do-No-Harm Assessment Framework to systematically identify, analyze, and mitigate negative impacts.

0144 The Framework shall assess potential negative impacts across environmental and social dimensions using standardized checklists.

0145 Environmental impact screening shall examine potential effects on: habitat loss and degradation, water resources, air quality, soil quality, and pollution/waste generation.

0146 Habitat assessment shall identify whether the project occurs in or near natural habitats, critical habitats, or protected areas.

0147 Water assessment shall evaluate impacts on water quality, quantity, and availability to communities and ecosystems.

0148 Pollution screening shall assess potential air, water, soil, and solid waste impacts from project activities.

0149 Social impact screening shall examine potential effects on: community displacement and livelihood disruption, food security, health and safety, social cohesion, and labour conditions.

0150 Displacement assessment shall identify any physical or economic displacement risks and affected community size.

0151 Livelihood assessment shall determine whether the project may reduce livelihood opportunities or ecosystem services critical to communities.

0152 Health and safety assessment shall identify occupational health risks, disease vectors, and community health impacts.

0153 Impact significance shall be determined using a standard matrix considering likelihood, magnitude, irreversibility, and sensitivity of affected resources or populations.

0154 Impacts assessed as significant or high magnitude shall require mitigation measures.

0155 The mitigation hierarchy shall be strictly applied: Avoidance → Minimization → Restoration → Offset.

0156 Avoidance is the preferred mitigation strategy and shall be the first option examined for all significant impacts.

0157 Minimization measures shall be designed when avoidance is not technically or economically feasible.

0158 Restoration measures shall be designed to return affected resources or livelihoods to baseline conditions.

0159 Offset measures shall only be employed for residual impacts after all other hierarchy steps are exhausted.

0160 Offsets shall provide equivalent or greater environmental or social benefits to those foregone.

0161 Residual impact assessment shall determine whether any significant impacts remain even after mitigation measures.

0162 Net impact assessment shall compare total project benefits against residual negative impacts.

0163 Projects shall not proceed if significant unmitigated negative impacts remain and cannot be adequately addressed.

0164 Impact assessment and mitigation shall be documented with evidence supporting all findings and decisions.

Impact Dimension	Environmental Examples	Social Examples	Assessment Focus
Habitat/Land Use	Forest loss, habitat fragmentation, protected area encroachment	Land rights conflicts, displacement, livelihood loss	Sensitivity of habitat, threat level, irreversibility
Water Resources	Water depletion, quality degradation, hydrological alteration	Water access for drinking, agriculture, health impacts	Baseline supply/demand balance, vulnerability populations
Biodiversity	Species loss, population decline, genetic erosion	Food security, traditional use impacts	Endemism, rarity, ecosystem services value
Pollution/Emissions	Air, soil, water pollution, waste generation	Health impacts, exposure pathways	Accumulation potential, vulnerable populations
Livelihoods/Labour	Ecosystem service disruption, resource access changes	Income loss, employment changes, working conditions	Dependency level, alternative opportunities
Social Cohesion	Resource access disputes, migration pressure	Community conflicts, inequality, marginalization	Pre-existing tensions, vulnerability of groups

INTEGRATION WITH MCC WORKFLOWS

0165 Safeguards screening and assessment shall be integrated into MCC project registration workflows as mandatory gates.

0166 Safeguards screening must be completed and approved before a project advances to full registration review.

0167 No project registration shall be approved without confirmed safeguards risk categorization and baseline assessment.

0168 A new 'SAFEGUARDS_REVIEW' state shall be added to the Project Registration workflow state machine.

0169 Projects shall enter SAFEGUARDS_REVIEW state immediately upon initial submission, preceding technical assessment states.

0170 Safeguards clearance by MCC shall be a prerequisite before credit issuance is authorized.

0171 No credits shall be issued for any monitoring period until safeguards monitoring has been completed and compliance verified.

0172 The MCC technical system shall incorporate SafeguardsAssessment entity to store assessment documentation and findings.

0173 SafeguardsAssessment entity shall include fields for: risk category, assessment type, lead assessor, assessment date, key findings, and recommendations.

0174 SafeguardsRiskCategory entity shall classify projects into Category A, B, or C with documentation of classification rationale.

0175 GrievanceRecord entity shall document all grievances with fields for: submission date, submitter identification method, grievance description, investigation status, resolution, and closure date.

0176 MCC API shall include POST endpoint to submit safeguards assessments and GET endpoint to retrieve assessment records.

0177 MCC API shall include POST endpoint to submit grievance complaints and GET endpoint to retrieve grievance history for auditing.

0178 Project monitoring workflows shall require annual safeguards monitoring report submission alongside other monitoring data.

0179 MCC shall generate safeguards dashboards reporting programme-wide metrics: percentage projects by risk category, compliance rates, grievance statistics, and trend analysis.

0180 Safeguards assessment and monitoring shall be performed by independent third parties rather than project staff.

0181 MCC shall establish a SafeguardsPanel of environmental and social specialists to review complex assessments and provide technical guidance.

VERIFICATION AND AUDIT

0182 Validation and Verification Bodies (VVBs) shall assess safeguards compliance as a mandatory component of project validation and verification.

0183 VVBs shall verify that required safeguards assessments have been completed to appropriate standards.

0184 VVBs shall confirm that ESMP measures are being implemented according to agreed timelines and specifications.

0185 VVB verification shall include review of safeguards monitoring reports, grievance records, and community consultation documentation.

0186 VVBs shall assess whether monitoring data demonstrates achievement of ESMP targets and safeguards objectives.

0187 Non-compliance findings in VVB verification reports shall be documented in detailed audit findings with evidence.

0188 Verification reports shall include determination of whether safeguards non-compliance materially affects project credit eligibility.

0189 Major safeguards non-compliance shall render verification conditional or result in credit withholding until remediated.

0190 MCC shall conduct independent safeguards audits every three years for all active Category A and B projects.

0191 Independent audits shall be conducted by external auditors with safeguards expertise independent of both project and MCC staff.

0192 Audit scope shall include comprehensive review of safeguards compliance, effectiveness of mitigation measures, and grievance mechanism functionality.

0193 Audit reports shall be shared with affected communities and project proponents for input before finalization.

0194 Critical audit findings shall trigger corrective action requirements with MCC-specified remediation timelines.

0195 Non-compliance consequences shall be graduated based on severity: corrective action requirements → temporary credit issuance suspension → permanent credit cancellation.

0196 Corrective action requirements shall be issued for non-compliance with safeguards principles or ESMP implementation.

0197 Temporary suspension shall occur when corrective actions are not completed within 180 days.

0198 Permanent credit cancellation shall occur for: fraudulent safeguards documentation, systematic non-compliance, unresolved major community grievances, or environmental damage.

0199 Enforcement decisions shall be made by MCC's Governance Board with opportunity for project appeal.

0200 Remedies for verified harm shall include compensation to affected communities, ecosystem restoration, and where applicable, project termination.