VERRA REVIEW FINDINGS REPORT

Purpose

This report summarizes Verra's review of the Kasigau Corridor REDD Project Phase I Rukinga Sanctuary (project identification number 562) and Phase II the Community Ranches (project identification 612) (collectively, the "Projects") under the VCS Program, the CCBS Program, and the SD VISta Program.

Outcome

The Projects are active in the VCS Program, the CCBS Program, and the SD VISta Program.

Context

Verra initiated a review of the Projects on November 3, 2023, following its receipt of a report by the non-governmental organization SOMO alleging sexual offenses linked to the Projects, inadequate mechanisms for reporting sexual offenses, other negative community impacts, and improper employment practices. Verra takes such allegations seriously.

Verra conducted its review using the mechanisms set out in all three of the programs in which the Projects are registered and has applied the assessment criteria of the versions of the standards in which the Projects are registered:

- VCS: Section 2.5.6 of the *VCS Program Guide, v4.4*, applying *VCS Standard, v4.4*;
- CCBS: Section 4.7.3 of the *CCBS Program Rules, v3.1*, applying *CCB Standards, v2.0*; and
- SD VISta: Section 2.5.5 of the *SD VISta Program Guide, v1.0*, applying the *Sustainable Development Verified Impact Standard, v1.0*.

In conducting this review, Verra made four (4) findings and identified thirteen (13) required actions to be taken by the project proponent to address the alleged harm and to mitigate the risk of future harm.

The project proponent has responded to these findings, and Verra has reviewed these responses. On the basis of these responses, Verra is satisfied that the project proponent has demonstrated that it is taking the actions required to address the alleged harm and to mitigate the risk of future harm.

Next steps

As noted above, the outcome of this review is that the Projects are active in the VCS Program, the CCBS Program, and the SD VISta Program.

Notwithstanding the above, the project proponent must, within two months, release information about its new gender equity task force and, within twelve months, provide evidence that all actions required by this report have been implemented. This evidence may be provided as part of the project's next verification, on condition that this takes place within the time period specified above. Any confidential information included in the responses should be clearly designated as "confidential". If the project proponent fails to provide such evidence to the satisfaction of Verra in its sole and absolute discretion, or if a future verification report raises findings indicating that any of the actions required by this report are no longer being implemented, Verra may put the Projects on hold.

FINDINGS

Finding 1: Sexual offenses

Allegation

SOMO's report alleged a range of sexual offenses linked to the Projects, such as sexual harassment of female employees by senior staff members and rangers, sex for jobs, retaliation for refusing sex and reporting assault, targeting of rangers' spouses (including extortion for sex), the humiliating and degrading treatment of female community members by rangers, and risk of HIV transmission.

Relevant program rule(s)

- VCS Standard 3.18.15: "The project proponent or any other entity involved in project design or implementation shall not be involved in any form of discrimination or sexual harassment."
- SD VISta Standard 2.2.9: "Appropriate measures shall be taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved or complicit in any form of discrimination or sexual harassment with respect to the project."

Action(s) required

The project proponent must:

1. Discipline all staff and contractors involved or complicit in sexual offenses relating to the Projects, up to and including the termination of employment and/or contracting arrangements and cooperation with relevant legal authorities if applicable;
2. Provide to all staff and contractors regular and ongoing mandatory training in relation to sexual offenses;
3. Identify risks of sexual offenses in the future by engaging with staff, contractors, members of local communities, and other stakeholders, including women and girls, in a culturally-appropriate manner, including language and gender sensitivity; and
4. Design and implement mitigation measures that protect staff, contractors, members of local communities, and other stakeholders, including women and girls, from sexual offenses in the future.

Project proponent response

1. After engaging an independent law firm with expertise in sexual harassment matters to conduct a formal investigation, the results of which were shared with VERRA, we determined that one senior manager was guilty of sexual harassment, in violation of our zero-tolerance policy, and that manager's employment was terminated in accordance with company policy and Kenyan employment regulations. We were in frequent communication with local authorities about the matter and were told that none of the behaviour identified reached a standard allowing for legal action against the individual. The investigation also uncovered that the HR Manager was complicit in subverting the reporting mechanisms for employee grievances which lead to the harassment going unnoticed by senior management for an extended period. This HR Manager's employment was also terminated in accordance with company policy and Kenyan employment regulations.
2. We have contracted with a local, culturally-appropriate firm to conduct mandatory gender sensitivity and sexual harassment training for all Project staff and contractors. This initial training will be performed in February and will be repeated annually.

3. We are forming a gender equity task force, both at Project level and at Corporate level, to identify future risks of sexual offenses that are not already known to the Project. The Project task force will be supported by a local female psychological counsellor who is expert in deep listening to assist in ensuring the risks are identified in a culturally-appropriate, gender sensitive manner. The community has also formed a grievance committee to ensure that there are no violations occurring outside the company in the local community. This committee has already reviewed the list of grievances alleged in the SOMO report and their findings have been consistent with those of our formal investigation. Project management will hold regular meetings with them in the future. Information about the task force will be released in the next two months, and the work of the task force will be reported on as part of future verifications.
4. We will design and implement any new mitigation mechanisms that are needed to address any risks identified by the gender equity task force. We have reviewed our existing community grievance mechanism and identified that it is functioning well for all manner of grievances that have been historically addressed by the Project, but at no time did that mechanism surface any sexual harassment offenses. We will work with our gender experts to improve the mechanism to address any risks identified in 3 above.

Finding 2: Inadequate mechanisms for reporting sexual offenses

Allegation

SOMO's report alleged that the project proponent impeded attempts, and imposed barriers, to report the offenses referred to above.

Relevant program rule(s)

- VCS Standard 3.18.19: "The project proponent shall develop a grievance redress procedure to address disputes with local stakeholders that may arise during project planning and implementation, including with regard to benefit sharing. The procedure shall include processes for receiving, hearing, responding and attempting to resolve grievances within a reasonable time period, taking into account culturally-appropriate conflict resolution methods. The procedure and documentation of disputes resolved through the procedure shall be made publicly available. The procedure shall have three stages:
    - 1) The project proponent shall attempt to amicably resolve all grievances and provide a written response to the grievances in a manner that is culturally appropriate.
    - 2) Any grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party.
    - 3) Any grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b) competent courts in the relevant jurisdiction, without prejudice to a party's ability to submit the grievance to a competent supranational adjudicatory body, if any.
- CCB Standards G3.10: "Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable

grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented."

- SD VISta Standard 2.2.14: "Projects shall establish a clear feedback and grievance redress procedure to address disputes with stakeholders that may arise during project planning and implementation. The feedback and grievance redress procedure shall take into account traditional methods that stakeholders use to resolve conflicts."

Action(s) required

The project proponent must:

1. Determine why its existing grievance redress procedure failed to support reporting and detection in relation to the alleged sexual offenses;
2. Establish a grievance redress procedure that is consistent with the relevant program rules (referred to above) and, in addition, provides for the anonymous filing of complaints and protects the confidentiality of complainants;
3. Provide to all staff and contractors regular and ongoing mandatory training in relation to the design and implementation of its grievance redress procedure; and
4. Publicize its grievance redress procedure to local communities and other stakeholders in a culturally-appropriate manner, including language and gender sensitivity.

Project proponent response

1. In the course of the independent investigation conducted by a Kenyan law firm (name available on request), it was determined that the former HR Manager subverted our grievance mechanism, by stopping committee meetings, removing some suggestion boxes and creating an atmosphere in which reporting was discouraged. It also became clear that there is a cultural context for sexual harassment in rural Kenya that made it less likely victims would come forward through the grievance mechanism, even when working. However, because we held sessions privately between female staff and an independent female clinical psychologist with gender offense expertise, we are confident all staff grievances have now been brought forward and are being addressed. We terminated the HR Manager's employment, have repaired the fully functioning grievance procedure under the direct supervision of the Project Lead, are holding regular meetings with staff and community to update them on progress. We are also strengthening oversight of the procedure, both at Project and Corporate level, to ensure it cannot be subverted again.
2. Separate grievance redress procedures exist for both the community and employees for the Kasigau Corridor Projects, Phases I and II that allow for anonymous filing of complaints and protect the confidentiality of complainants. The mechanisms have been verified by multiple VVBs in the project verifications. Evidence of third-party verification and determination of compliance can be found in Section 4.3.6 of the latest verification report. The verification process shows that the grievance mechanism is functional. However, the existing procedure did not lead to submission of any sexual harassment grievances. It was impossible to know this weakness existed prior to SOMO uncovering that a sexual harassment situation was occurring, that in turn was not being reported. We are committed to seeking ways to improve the mechanism to capture all grievances, including those of a sensitive nature, as stated above in response 1.4.
3. We will conduct regular and ongoing training on our existing grievance procedure, and when new enhancements are made to that procedure. We have already implemented weekly Heads of Department meetings specifically to review the progress made in addressing all internal

grievances identified by the interviews conducted by the independent legal team and the clinical psychologist in the aftermath of the SOMO report.

4. We have publicized our grievance process as required under the program rules listed above. It is well understood within the community and internally, and well used, as verified in Section 4.3.6 of the latest verification report. However, we acknowledge that the grievance procedure was inadequate to identify the sexual harassment offenses. We will therefore work with the Community's Kasigau Corridor Grievance Committee to republicize any changes we make to better address this risk in the future. The work of the committee will be reported on as part of future verifications.

Finding 3: Other negative community impacts

Allegation

SOMO's report alleged that activities linked to the Projects had negative community impacts other than those referred to in the other findings in this report, including inadequate gender sensitivity in stakeholder engagement and the limitation of fuelwood collection without providing alternatives.

Relevant program rule(s)

- VCS Standard 3.18.13: "The project proponent shall identify likely natural and human-induced risks to local stakeholder well-being expected during the project lifetime and outline measures needed to mitigate these risks.
- VCS Standard 3.18.14: "The project proponent shall identify the risks for local stakeholders to participate in the project, including project design and consultation. Risks should include trade-offs with food security, land loss, loss of yields and climate change adaptation. The project shall be designed and implemented to avoid trade-offs and manage the identified risks to local stakeholders.
- VCS Standard 3.18.20: "All communication and consultation shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. The results of implementation shall be provided in a timely manner and consultation shall be performed prior to design decisions or implementation to allow stakeholders adequate time to respond to the proposed design or action."
- CCB Standards G3.8 footnote 26: "Effective consultation requires project proponents to inform and engage broadly with all community groups and other stakeholders using socially and culturally appropriate methods. Consultations must be gender and intergenerationally inclusive and must be conducted at mutually agreed locations and through representatives who are designated by the communities themselves in accordance with their own procedures. Stakeholders affected by the project must have an opportunity to evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design, both before the project design is finalized and during implementation."
- CCB Standards G3.5: "Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks."
- CCB Standards G5.4: "Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project

proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation."

- CCB Standards CM1: "The project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the project lifetime."
- CCB Standards CM2: "The project proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the project zone resulting from project activities. Project activities should at least 'do no harm' to the well-being of offsite stakeholders."
- SD VISta Standard 2.2.6: "All communications, consultations and participatory processes shall be undertaken with stakeholders directly or through their legitimate representatives, ensuring adequate and timely levels of information sharing with the members of the stakeholder groups in a form they understand. Information sharing shall include provision of information about potential costs, risks and benefits to all stakeholder groups. Different stakeholder groups may require different communication and consultation methods; communication and consultation shall be implemented in a culturally appropriate and gender sensitive manner."
- SD VISta Standard 3.1.5: "Net stakeholder well-being impacts of a project shall be positive for all stakeholder groups."

Action(s) required

The project proponent must:

1. Identify all risks to local stakeholders consistent with the relevant program rules (referred to above) and demonstrate how the project will manage and mitigate all identified risks;
2. Demonstrate how the project generates net positive impacts on the social and economic well-being of communities and that costs and benefits are shared equitably among community members, with particular attention to newly identified risks; and
3. Demonstrate how just and fair compensation will be provided to address any involuntary relocation of activities important to the livelihoods and culture of communities.

Project proponent response

1. The CCB PD and all the MRs address the risks associated with the program rules listed above. The claim presented in the SOMO report, suggesting that the projects' assessment of emission risks is solely predicated on the activities of a few women gathering fuelwood, is inaccurate. The fuelwood risks identified in the project PD concerned large-scale illegal charcoal production and illegal cutting of living trees for the commercial fuelwood market, by actors coming from far away in the cities well beyond the project zone (See Phase II CCB PPD, Sections G1.2, G3.2, CL2.1 and CL2.2). The Projects exclude lying dead wood from their carbon calculations due to the carbon pool being *de minimis*. The occasional collection of this wood by a few women therefore does not affect carbon accounting. As noted in point #3, restricting access to the project area primarily serves to protect individuals from dangerous wildlife, offering them a significant net benefit. #3 below also explains the mitigation for the broader community of the risk of no fuelwood collection from the project area. The SOMO report did identify gender insensitivity as a risk to the fair treatment of all stakeholders. Wildlife Works is implementing a gender sensitivity and sexual harassment training program, as mentioned in the response to finding 1.1 above.

2. The Projects have repeatedly proven through the verification process that they have provided net positive community well-being, as exemplified most recently in the 9th Monitoring Report, Section 4.1.2 and verified in the corresponding verification report, Section 4.5.2, which states "Interviews with stakeholders and affected community members also demonstrated the project's achievements of positive community benefits, which were universally considered positive by those individuals and groups interviewed." The overwhelming support from the 100,000 community members in response to SOMO's allegations are also evidence of the community's belief in the positive and substantial net benefits the project has provided over the years.
3. Fuelwood collection within the project area by local neighbouring community members was identified as a risk for a small number of community members at project validation and was mitigated by implementation of organic greenhouses that provide free trees to communities for fuelwood. These greenhouses offer demonstration techniques for eco-charcoal production and conduct dead fuelwood collection activities within the project area, supervised by rangers, to ensure the safety of the community members from wild animals. From time to time, a handful of women from adjacent to the Project Area do enter the project area to collect deadwood, putting themselves at extreme risk of injury or death from the greatly increased populations of wild animals such as elephant, buffalo and lion within the project area, which is of course a consequence of habitat protection. The project community rangers have been tasked with stopping these women for their own safety, and respectfully escorting them out of the project area. In exceptional cases where there's uncertainty about the activities of community members within the Project Area, particularly if they are uncooperative with the rangers, the standard protocol is for the rangers to contact the local chief to adjudicate. The scenario in which a community member might experience the delay mentioned in the SOMO report is highly specific and rare. Given the frequent daily patrols by community rangers throughout the project's duration, coupled with widespread smartphone usage and our close communication with thousands of community members, the account provided by SOMO seems implausible, especially in the absence of evidence for us to further investigate. Nonetheless, the independent investigation did examine this issue and found that the Project's community rangers are well aware that any mistreatment of community members is grounds for immediate dismissal.

Finding 4: Improper employment practices

Allegation

SOMO's report alleged multiple instances of improper employment practices, including conduct that threatens employee and contractor safety and dignity.

Relevant program rule(s)

- CCB Standard G4.4: "Best practices for project management include: local stakeholder employment, worker rights, worker safety and a clear process for handling grievances. …
    - (4) Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained. …

    - (6) Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.
- SD VISta Standard 2.2.11: "All stakeholders shall be given an equal opportunity to fill all work positions (including management) where the job criteria are met. Members of local communities shall be given a fair chance to fill positions for which they can be trained."
- SD VISta Standard 2.2.13: "Project proponents shall comprehensively assess situations and occupations that might arise through the implementation of a project which pose a substantial risk to worker or other stakeholder safety. Measures shall be taken to inform workers and stakeholders involved in carrying out project activities of risks and to explain how to minimize such risks. Where worker or stakeholder safety cannot be guaranteed, the project proponent shall demonstrate in the project description and monitoring report how the risks are minimized using best work practices in line with workers' and other stakeholders' culture and customary practices."

Action(s) required

The project proponent must:

1. Seek the advice of an expert on employment matters to comprehensively assess situations which pose a substantial risk to employee and contractor safety and dignity; and
2. As a result of that expert advice, take measures to inform employees and contractors about best work practices to uphold their safety and dignity.

Project proponent response

1. The Project has retained a Kenyan firm (name available on request) with expertise in HR policy, worker safety, sexual harassment etc. and they are reviewing all of our procedures and mechanisms to ensure we are addressing all situations that could pose a substantial risk to employee and contractor safety and dignity. This work will also include the new gender equity task force at the Project to ensure the company specific knowledge of risks are incorporated. Please refer to our response to finding #1, point #3, above, about the release of information about the task force and the reporting of the task force.
2. Once the review is complete, the Project will take documented measures to inform employees and contractors about any changes to our best practices for upholding worker and community safety and well-being.