



To the Supervisory Body:

The Grassroots Justice Network is a global network of 20,000 legal empowerment practitioners in 189 countries that connect, learn, and act together. Drawing on experience responding to carbon projects in 21 countries, we have united around [6 principles](#) necessary to make carbon projects fair. These principles were also the basis for a previous submission on the Article 6.4 sustainable development tool.

We welcome the opportunity to contribute to the review of the SD Tool after 18 months of implementation. This submission builds on our earlier inputs and reflects additional insights gathered through ongoing engagement with communities and partners across our network. These perspectives are grounded in lived experiences with carbon market initiatives and are intended to support the strengthening of the SD Tool.

While the rollout of Article 6.4 activities has been gradual across countries where our network operates, many bring substantial experience from earlier carbon market mechanisms, including the Clean Development Mechanism and the Voluntary Carbon Market, a significant portion of whose projects are expected to transition into the Article 6.4 framework. Additionally, this input incorporates a [report](#) from one of our partners, Carbon Markets Watch, that investigates whether the Sustainable Development (SD) Tool, in its current state, is sufficient to prevent harm to communities.

Drawing on these experiences, our members offer the following suggestions to help ensure that the Sustainable Development Tool (SD Tool) promotes high integrity in environmental outcomes and the social safeguards needed to address documented shortcomings in carbon market mechanisms to date.

Comments and recommendations on Article 6.4: Sustainable Development Tool

1.0 Fair and adequate revenue sharing

The SD Tool requires good-faith negotiation of benefit-sharing for Indigenous Peoples (*par 82*) but provides no minimum standards, no definition of 'equitable benefit', and no financial disclosure mechanisms. This creates a structural power asymmetry: project developers unilaterally determine what constitutes a benefit, and communities have no access to the financial data needed to assess whether the arrangement is fair.

Following good practice from other industries and the experiences of impacted communities, we propose the following additional minimum standards:

- We recommend that the Sustainable Development Tool include a mandatory requirement for sharing revenue and other benefits from the project with impacted communities. Benefit-sharing arrangements should be determined through a



transparent, participatory process¹, based on clear criteria such as land and resource rights, level of impact, contribution to the project, and exposure to risk. This process should be supported by mandatory disclosure of financial information about revenue² and mechanisms to assess whether outcomes are equitable. From previous community experiences, communities often lack sufficient information to verify the terms of negotiations. This situation promotes unfair practices in benefit distribution, internal divisions, and violations of collective rights.³ For nature-based projects on community land, the majority of the revenue should go to the communities on whose land the project takes place.

- In addition to promoting education programmes for communities impacted by carbon projects to access labour opportunities created by the proposed activity (*Par. 57*), there should be a requirement that local residents are prioritized for employment under the project, with a substantial majority of jobs going to residents.
- Activity participants must be responsible for remedying harm to impacted communities from pollution, land acquisition, or resettlement. To ensure communities can access remedies if harm occurs, the DOE should require activity participants to set aside dedicated funds at the start of the project for this purpose. Compensation should address both economic losses and the social, cultural, ecological, and spiritual value of land.
- Any revenue or benefits for impacted communities should be managed by the communities themselves. Communities should have the autonomy to make decisions on how to use the funds that flow from the carbon projects in line with their right to self-determination. This will also ensure that the use of funds respond to the communities' priorities and needs.

2.0 Land Tenure Rights

The SD Tool should prioritize respect for the tenure rights of all affected communities, including customary and informal rights that may not be formally registered, through clear requirements to identify, recognize, and, where necessary, document existing land and resource rights within the project area. This is a key concern for people impacted by carbon markets. Other standards, such as Verra, have learned that clear rules about land rights recognition and land acquisition are central to having credible markets and reducing the risk of violations.

¹ The requirements under Cancun Safeguard D, theme 4.1 in the draft ART TREES 3.0 standard (p.68) offers a strong example of a provision for community participation in the design and implementation of benefit-sharing decisions.

² See for example section 3.17.13 in Verra's VCS version 5 which requires disclosure of projected revenue during FPIC and annual disclosure of financial statements once the project is operating.

³ DAR (2025, June). Mercados de carbono y comunidades en la Amazonia: Retos y salvaguardas hacia la COP30.

<https://dar.org.pe/wp-content/uploads/2025/11/Mercados-de-carbono-y-comunidades-en-la-Amazonia-CL-ACSO.pdf>



It is also important that the tool uses the term Indigenous Peoples and Local Communities, consistent with the Convention on Biological Diversity and its Kunming-Montreal Global Biodiversity Framework. This is essential to ensure inclusivity, particularly given that many Parties to the Paris Agreement do not recognise the term indigenous peoples in domestic law. At the same time, protection for tenure must be grounded in International Human Rights Law, including UNDRIP as well as the International Covenant on Economic, Social, and Cultural Rights (ICESCR). This can be addressed by addressing the following:

- Include a requirement for the project developers to recognize and respect tenure rights, including customary land rights that may not be formally titled. This is crucial for preventing harm and reducing the risk of conflicts.
- The activity participant should be required to map ongoing land conflicts in or near the project area, and this must be verified by the DOE. If there is an ongoing land conflict that is likely to be exacerbated by an Article 6.4 activity, the Article 6.4 activity should not be registered so that it does not exacerbate the conflict nor contribute to tenure insecurity, especially in areas where there are unclear or disputed tenure rights.
- Under no circumstances should there be any involuntary resettlement (*Par. 71*).⁴ See our recommendations on FPIC below.⁵

3.0 Free, Prior, and Informed Consent (FPIC)

For carbon market projects to have a positive impact on the communities affected by carbon market projects, the projects have to ensure that the communities have access to information to give informed consent at the project conception and throughout the project life cycle. Through prior consultation, Indigenous peoples and Local Communities protect their territories, ensuring respect for their ancestral lands and allowing them to decide how to use the natural resources within their territories. The objective of prior consultation is to reach agreements or obtain the consent of the Indigenous or native peoples who may be affected.⁶

We propose the following additions to the current provisions on FPIC:

- Respecting the tenure rights of all impacted communities by expanding FPIC requirements to include them as well. FPIC requirements should be extended to local communities and Afro-descendant peoples as rightsholders. Decisions adopted at the Convention on Biological Diversity (CBD) COP 16 recognized the role of the people of

⁴Section 3.6 of VCS Version 5 links the project's right to operate to respect for land, customary, and community rights, making involuntary relocation incompatible with compliance where legitimate consent and rights recognition are absent.

⁵ See also section 1.2 of Carbon Market Watch, & Land Matrix Initiative. (2026). [Trading carbon credits for human rights: Does Article 6.4 of the Paris Agreement protect indigenous peoples and local communities? - Carbon Market Watch](#)

⁶ DAR. 2023. ABC de la Consulta previa, libre e informada en proyectos de infraestructura vial. https://www.dar.org.pe/wp-content/uploads/2023/12/ABC_Consulta_Previa_vf.pdf



African descent — comprising collectives embodying traditional lifestyles — in biodiversity conservation and in implementing the CBD and the Kunming-Montreal Global Biodiversity Framework (GBF).⁷ A separate decision encouraged Parties to facilitate the full and effective participation of Afro-descendant communities and to support their contributions through financing and capacity-building.

- No carbon projects should exist without a robust and meaningful FPIC of the communities. This includes a community's right to say no.
- Building on the existing requirements on FPIC and Indigenous Peoples' participation⁸ in environmental and social analysis, the Sustainable Development Tool should explicitly require the full and effective participation of affected communities in the assessment of risks to their lands, territories, and cultural heritage, as well as in the design of activity plans that may impact them (*Par 87 & ACQ 11.3-3*). Communities should be recognized as primary custodians of their lands and cultural heritage, and their perspectives should be central to identifying risks and appropriate safeguards. This should complement input from qualified professionals or technical experts, ensuring that risk assessments are both technically sound and grounded in community realities.
- Building on requirement E9.2, the SDTool should expand the obligation to require activity participants to provide affected communities with the tools and resources necessary for meaningful and effective participation. This should include timely access to clear information in local languages on project activities and potential impacts, adequate time for consultations, education, and capacity-building to fully understand proposed activities, and access to independent legal and technical advice.

4.0 Clear and enforceable language

The Sustainable Development Tool does not consistently use clearly binding language for critical safeguards. While “shall” is used to indicate mandatory requirements that must be followed (*par. 21*), several provisions intended to protect against social and environmental harm instead rely on weaker terms such as “should” and “may.” “Should” only recommends a course of action as particularly suitable, while “may” merely indicates what is permitted rather than required (*par.21*). This creates significant ambiguity during validation and verification because Designated Operational Entities cannot easily issue negative opinions where activity participants fail to comply with provisions framed as recommendations or permissions rather than obligations. In turn, activity participants may rely on this discretionary language to justify non-compliance, reducing the effectiveness of safeguards and making social and environmental protections more aspirational than enforceable.

⁷ [Decision adopted by the Conference of the Parties to the Convention on Biological Diversity on 30 October 2024](#)

⁸ This includes Local Communities and Afro-descendant Peoples as decided during the 16th Conference of the Parties (COP) to the Convention on Biological Diversity (CBD COP 16).



Key examples of problematic language:

- *Table 2, par. 81 (cultural heritage)*: 'activity participants may look at industry best practices';
- *E9.6 (benefit-sharing)*: 'undertaken through good-faith negotiations' — no outcome requirement;
- *Para. 70 (Indigenous Peoples as partners)*: 'may play a role' — optional framing for what should be a recognized right; and
- *E5.1 (labour)*: 'are to ensure education programmes' — 'are to' is weaker than 'shall'.

The Supervisory Body (SB) should conduct a systematic review of modal language in the SD Tool to:

- Replace 'may' with 'shall' in all provisions establishing protective obligations;
- Replace 'should' with 'shall' in criteria that constitute minimum requirements;
- Reserve 'may' for genuinely discretionary procedural choices; and
- Ensure that all criteria subject to DOE validation/verification are drafted in mandatory terms, so negative opinions can be issued for non-compliance.

5.0 Risk assessment provisions

The SD Tool's risk assessment framework (*Section 6.1 and Appendix 1*) is self-reported by activity participants with no independent community-led verification at the identification stage. Therefore, the SD tool should add a requirement for community participation in risk assessment as a mandatory step in completing A6.4-FORM-AC-015, particularly for *Elements 8, 9, and 11*. The tool should also require the DOE to conduct independent interviews with affected communities – including land owners and land users – beyond local consultation through site visits as part of Step 2 of validation (*Para. 98(b)*).

Furthermore, we acknowledge the provisions addressing retaliation under element 4 on human rights. To strengthen the provision, we recommend requiring project developers to have publicly accessible zero-tolerance policies as a complementary document to the risk assessment framework. Should there be any form of threat, intimidation, vilification, and/or harassment, virtual or otherwise, against individuals or groups who are exercising their rights in relation to an activity or proposed activity, activity participants must cease operation immediately. This is in line with the enterprises' responsibility to respect human rights under the United Nations Guiding Principles on Business and Human Rights.⁹

6.0 Reference to “applicable law”

While we appreciate the incorporation of both host Party national legislation and international instruments within the SD Tool, we remain concerned that the tool does not explicitly reference

⁹ Office of the High Commissioner for Human Rights. (2021). The UN Guiding Principles on Business and Human Rights: guidance on ensuring respect for human rights defenders. https://www.ohchr.org/sites/default/files/2022-02/Formatted-version-of-the-guidance-EN_0.pdf



the standard of “*applicable law*,” understood as national law and obligations under international law, whichever sets the higher standard. We reiterate the importance of this formulation to ensure that safeguards are not weakened in contexts where domestic legal frameworks are incomplete or underdeveloped.¹⁰

This concern is particularly pressing given that many countries are experiencing a rapid expansion of carbon market activities that is outpacing the development of adequate legal and regulatory frameworks. For example, in Zimbabwe, the Carbon Trading Regulations Law is not clear on the amount of time that must be taken to address any grievances, only stating that the investigations must be received and investigated in a timely manner.¹¹ In the Philippines, early carbon regulations only reference and trigger Free, Prior and Informed Consent (FPIC) broadly under community engagement and do not define key elements, including how consent is obtained, the scope of decision-making, or the conditions under which consent can be withheld or withdrawn.¹² And in Colombia, where a national framework exists, the country’s highest court ruled that the current regulations lack “an ethnic approach or perspective” since it is the project developers that register projects under Indigenous lands in the certification platforms.¹³ This is further reinforced by a global analysis by the Rights and Resources Initiative that found that 28 out of 31 jurisdictions lack clear legal definitions of carbon rights.¹⁴

In this context, communities navigating these projects report significant challenges in advocating for and protecting basic rights in the absence of legal clarity. We emphasize that without a clear grounding in internationally recognized human rights standards, the Article 6.4 mechanism risks reproducing the shortcomings observed in previous carbon market approaches. Strengthening the SD tool to incorporate a robust “*applicable law*” standard would help ensure that it operates proactively to prevent harm, rather than responding to it after the fact.

7.0 Exceptions to the SD tool

Paragraph 101 of the SD Tool provides that, where a DOE identifies unavoidable negative impacts that exceed the environmental and social safeguard elements and criteria of the Tool, and those impacts cannot be remediated through consultation or mitigation, the DOE may either issue a negative validation opinion or submit a request for deviation from the safeguards. This is unacceptable. If such unavoidable negative impacts are identified, this should constitute grounds for halting the project entirely, rather than permitting deviations from the safeguards framework. Allowing projects with unresolved and unremediable harms to proceed through a deviation process risks rendering the SD Tool ineffective as a safeguard mechanism and undermining its credibility as a framework intended to protect affected communities and the environment.

¹⁰ Also see section 1.1 of Carbon Market Watch, & Land Matrix Initiative. (2026). [Trading carbon credits for human rights: Does Article 6.4 of the Paris Agreement protect indigenous peoples and local communities? - Carbon Market Watch](#)

¹¹ Zimbabwe Environmental Law Organization. (2025, July). [Explainer and Analysis: Zimbabwe's Carbon Trading Regulations](#) (SI 48 of 2025).

¹² Namati, & Grassroots Justice Network. (2026, February). [Philippines: DENR Submission](#).

¹³ Dejusticia. (2024, November). [Dos insumos para reglamentar los créditos de carbono en Colombia](#).

¹⁴ [Rights and Resources Initiative. \(2021\). Status of legal recognition of indigenous peoples', local communities and afro-descendant peoples' rights to carbon stored in tropical lands and forests.](#)



8.0 Climate integrity

While not directly relating to the SD Tool, it is important to consider the broader context in which Article 6.4 projects will operate. The SD Tool does not establish any restriction on the use of Article 6.4 emission reductions as a substitute for direct emission reductions by project developers or credit buyers. This omission risks allowing the mechanism to function as a substitute for, rather than a complement to, genuine decarbonization efforts, thereby undermining rather than increasing climate ambition under the Paris Agreement.

Without safeguards to ensure that Article 6.4 activities contribute to emissions reductions in addition to, and not in place of, direct mitigation action, the mechanism may weaken progress toward overall mitigation in global emissions and erode confidence in the credibility of Article 6 as a whole. The credibility of the Article 6.4 mechanism ultimately depends on its ability to reinforce, rather than undermine, long-term climate ambition under the Paris Agreement.

The sustainable development tool should also align with and apply biodiversity safeguards under the CBD, including those related to [biodiversity finance](#), ensuring that climate mitigation activities do not undermine biodiversity integrity, ecosystem resilience, and rights of IPLCs.

9.0 Gender Equality

Element 7 is currently limited to a ‘do no harm’ approach rather than promoting gender equality grounded in international standards, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). It should be implicit that the project makes positive contributions to gender equality and women’s empowerment, including ensuring that the project prioritises improved access to resources, decision-making, and benefits for women within communities. Women, particularly those belonging to IPs and LCs, must be ensured full, effective, and meaningful participation across all stages of the project development and implementation, including FPIC, benefit sharing, and risk assessment processes. Projects need to show that they are committed to zero-tolerance measures against gender-based violence, harassment, and retaliation, alongside providing for safe and effective grievance redressal mechanisms.

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Centre for Trade Policy and Development

Carbon Market Watch

Derecho, Ambiente y Recursos Naturales

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