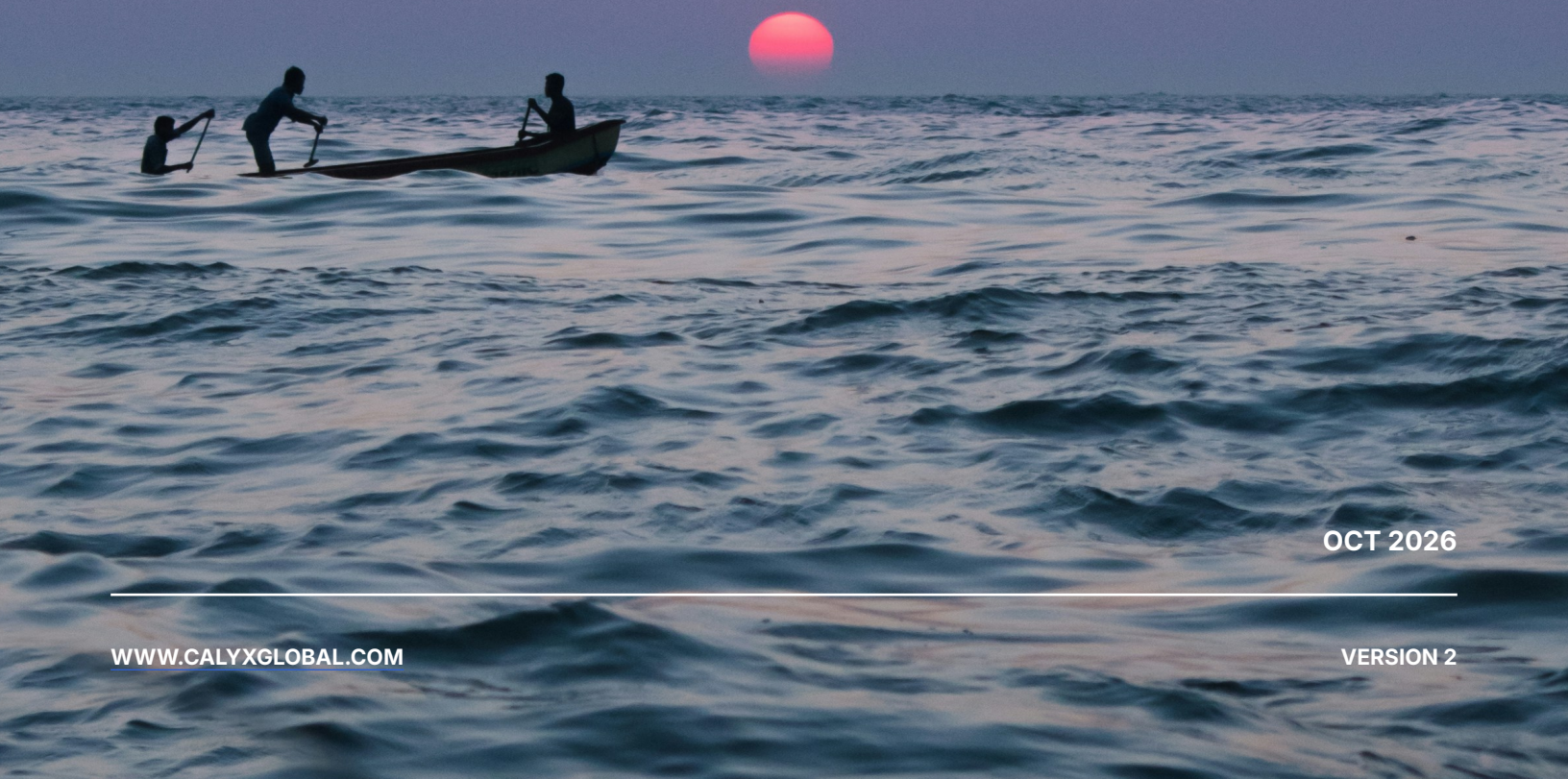
Calyx Global

CARBON CREDIT RATINGS EXPLAINER

The Calyx Global Approach to Environmental and Social Risk Screenings



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VERSION 2

Introduction

Calyx Global environmental and social risk screenings

Calyx Global's Environmental and Social Risk (ESR) screenings are designed to assess the potential environmental and social risks associated with carbon projects. Our approach evaluates how well carbon projects align with recognized international environmental and social best practices and industry norms by detecting risks and identifying their corresponding management measures.

Calyx Global's environmental and social safeguards areas

An ESR screening conducted by Calyx Global covers ten key Environmental and Social Safeguard areas that reflect the comprehensive scope of our assessments:

Environmental

- **Biodiversity conservation and sustainable management:** Assesses the potential impacts of project activities on biodiversity, including the protection of natural habitats, endangered species and sustainable management of living natural resources. By screening this area, we evaluate how the project minimizes harmful environmental impacts and ensures the sustainable management of natural resources.
- **Resource efficiency:** Focuses on the efficient use of natural resources, including water and energy, and the management of pollutants and waste. By screening this area, we understand how the project reduces environmental impacts while promoting responsible resource management practices.

Governance

- **Transparency, stakeholder engagement and grievance mechanisms:** Assesses the extent to which the project shares and communicates project information, risks, and benefits with stakeholders. By screening this area, we also assess whether relevant stakeholders, particularly marginalized and vulnerable groups, have the opportunity to fully and effectively participate in decision-making processes. The area also evaluates the availability and accessibility of grievance mechanisms for stakeholders, including workers and affected communities. We assess whether stakeholders can freely express concerns and raise grievances in a fair and accessible manner, promoting transparency and accountability.
- **Benefit sharing:** Evaluates the distribution of financial and non-financial benefits from carbon credit revenues among all stakeholders, especially local communities and Indigenous peoples involved in or affected by emission reduction activities. Specifically, the area evaluates whether a benefit-sharing mechanism is in place, assesses its transparency, and examines the extent to which the mechanism was established through a participatory process.

Social

- **Community health, safety and security:** Evaluates the risks that project activities may pose to community health and safety, including exposure to pollution, hazardous materials and increased physical hazards. By screening this area, we assess the extent to which the project safeguards the well-being of communities and ensures their safety and security throughout the project lifecycle.

- **Cultural heritage:** Addresses the potential risks to both tangible and intangible cultural heritage, including archaeological sites, sacred areas and traditional practices. By screening this area, we assess whether projects have measures in place to identify and protect cultural heritage resources and if impacts are carefully managed to respect the cultural significance of these areas.
- **Gender equity:** Assesses whether women are included in decision-making processes, if there are risks of exacerbating gender-based inequalities, and if project activities could lead to gender-based violence or restrict women's access to natural resources. By screening this area, we evaluate how the project fosters a fair and inclusive environment for all genders.
- **Human rights and indigenous peoples:** Evaluates the project's potential impacts on human rights and the rights of Indigenous peoples and local communities. Our screening includes risks related to discrimination, environmental justice, land rights and the violation of Free, Prior, and Informed Consent. By screening this area, we assess how the project safeguards the rights and livelihoods of Indigenous peoples and local communities, ensuring that their cultural and traditional values are respected.
- **Labor rights and working conditions:** Assesses the project's compliance with international labor standards, including safe and fair working conditions, non-discrimination and the prevention of forced labor. By screening this area, we ensure that the project upholds the dignity and rights of all workers involved.
- **Land rights and involuntary resettlements:** Assesses the project's impact on land rights and the potential for physical or economic community displacement. By screening this area, we evaluate if the project minimizes displacement impacts and ensures that processes are conducted fairly and with minimal adverse impact.

ESR assessment process overview

Calyx Global's ESR assessment process follows a structured approach designed to identify and assess environmental and social risks associated with carbon projects.

First steps

Our project-level desk review involves a comprehensive analysis of publicly available project documentation, such as project design documents, monitoring reports and verification reports from carbon-crediting registries. Additionally, we use external public sources such as academic papers, reports and media articles. The ESR assessment is conducted against Calyx Global's ESR questionnaire, which covers the ten environmental and social safeguard areas.

Preliminary screenings of projects that have not yet undergone a first verification may be based on draft project documents (non-public) being prepared for the carbon registries.

Risk categorization and reporting

Once risks are identified, they are categorized into levels including low, moderate, high or critical based on their potential impact and likelihood. The screening results are compiled into a risk report that summarizes the findings, including identified risks, context, potential impact and identified management or mitigation measures and provides an overall risk level for each environmental and social safeguard area.

At present, we do not provide a cumulative risk rating for projects based on environmental and social factors. Currently, carbon credit programs' safeguards reporting requirements and scope vary significantly. However, as the VCM evolves and stringent safeguards reporting is required, we foresee the possibility of providing ES risk ratings in the future.

Preliminary screenings of projects that have not yet undergone a first verification may cover all or only some of the ten safeguard areas. To these we assign our low to high risk rating and no cumulative risk rating is provided (as is the case for with any ESR screening).

ESR screenings are backward-looking, i.e. assigned after verification. Preliminary ratings of credits from projects that have not yet undergone a first verification are forward-looking.

Reporting

Results are compiled into a risk report. This summary presents the identified risks (based on potential impact and likelihood), context and identified management or mitigation measures alongside an overall risk level for each safeguard area - environmental, governance and social.

Project developer communication in the ESR screening process

Calyx Global engages directly with project developers to identify additional information on mitigation measures, strategies or operational details that the developer may have implemented but not published to the carbon registry (as such information can fall outside the scope of validation and verification). Developers are

informed about the scope of the ESR screening and the types of information used in the evaluation. This is facilitated through a structured interview process with the project developer.

Enhanced assessment with stakeholder input

Calyx Global also offers an in-depth screening that incorporates additional data from stakeholder interviews and consultations. This enhanced screening involves engaging with local experts, affected communities and other relevant stakeholders to gather insights that are not always captured in registry documentation. These interactions provide a more nuanced understanding of the risks and inform the overall risk categorization. In-depth screenings are particularly useful for projects with higher complexity, significant community impacts or when requested by customers.

Limitations

While the ESR screening process provides a robust assessment of environmental and social risks, it does not involve on-the-ground fieldwork or quantitative measurements. The assessments rely on the availability and quality of publicly accessible information. The approach and findings are designed to offer a high-level risk overview rather than detailed recommendations for safeguards compliance or performance improvements.

Scope of ESR screenings

ESR screenings apply to the project noted within the screening findings. We conduct a new screening for new projects as they are verified and made available on a public registry. In rare instances, we may update a past screening if new information is found to be available that will impact the screening and credits are still available. As such, we monitor project documentation as well as external published data sources used in screenings. If updated, a screening is flagged for visibility to users. We update preliminary ratings when those projects undergo a first verification. Each screening is valid as of the date noted beside the screening findings.

As new information arises our screening approach and framework documents may be revised, according to our policies, with our independent expert panels. The version date is noted on this page.

Calyx Global ratings and screenings, including GHG ratings, SDG ratings, ESR screenings and carbon crediting program screenings, are Calyx Global's own opinions based on the rating frameworks described here. They do not constitute any form of advice or recommendation with respect to any particular carbon project or class of projects. A Calyx Global rating does not indicate that any investment in a particular carbon project or class of projects is suitable for any person and does not provide any forecast whatsoever as to the development and performance of any such project or class of projects. Calyx Global does not accept any liability whatsoever for any loss, expense, cost or liability, howsoever arising from any person's decision to procure credits from, participate in, invest in or in any manner take financial exposure with respect to any carbon project. The information used to rate a carbon project has been developed from a range of sources which Calyx Global has limited opportunity to verify. Calyx Global accepts no liability to any person for any loss, expense, liability or claim that they may incur as a consequence of making any decision or taking any action in reliance on a Calyx Global rating. All rights including copyright and rights of authorship are vested in and reserved by Calyx Global. Calyx is a trademark subject to registration with the United States Patents and Trademark Office. The information provided here with respect to Calyx Global methodologies, including our assessment frameworks, are proprietary to Calyx Global and must not be used to rate, evaluate or assess a carbon project or imitate Calyx Global carbon project ratings without our prior written consent.

Appendix: version and change log

External document

Document name: Calyx Global ESR ratings explained
Owner: R&A Director of Operations
Version: 2.0
Issue date: 2024
Approved by: Donna Lee
Approval date: 28 October 2026
Effective date: Upon approval
Next scheduled review: October 2027
Classification: External

Material amendments to this document are recorded here. Each amendment increments the version number and is dated.

Version	Approval Date	Summary of change
2.0	28 October 2026	Added change log for this explainer and for project specific frameworks; added information on revision policy; added information on preliminary ratings.
1.0	2024	Initial issue.

We also log any material amendments to each project specific framework for reference in the table below. Each amendment increments the version number and is dated.

Version	Name of project level framework	Approval Date	Summary of change
1.0	Calyx Global ESR mine methane project assessment framework and inherent risk	18 January 2026	Initial issue.
1.0	Calyx Global ESR wastewater project assessment framework and inherent risk	21 August 2025	Initial issue.
6.6	Calyx Global ESR REDD project assessment framework and inherent risk	14 July 2025	Updated formatting.
1.1	Calyx Global ESR IFM project assessment framework and inherent risk	24 May 2026	Updated formatting.