



Standards for a Sustainable Future



# Annual Report 2019



## About Verra



Standards for a  
Sustainable Future

Verra is a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and is registered as a nonprofit corporation under the laws of the District of Columbia (Washington, DC, USA).

Verra catalyzes measurable climate action and sustainable development outcomes by driving investment to high-impact activities that reduce emissions, improve livelihoods, and protect nature.



# Providing Solutions: The Thread in Verra's Work

Dear Verra Community,

It is my honor to share Verra's activities and results in 2019, and highlight how Verra is establishing itself as a leading NGO for driving finance to projects and actions that transform communities and protect the environment. During 2019, Verra demonstrated how it can apply its carbon market expertise to other pressing environmental, social and governance issues such as reducing plastic pollution, driving sustainability in landscapes, and demonstrating progress toward sustainable development goals.

Verra also made great strides in strengthening its Board of Directors during 2019, adding five new members from diverse backgrounds and experiences: Jim Cannon, CEO and Founder of the Sustainable Fisheries Partnership; Andrea Guerrero García, Senior Advisor at Mission 2020; Kelley Kizzier, Associate Vice President of International Climate Change at the Environmental Defense Fund; Mandy Rambharos, Head of Climate Change and Sustainable Development for Eskom Holdings LTD SOC; and Charlotte Streck, Co-Founder and Director of Climate Focus. Each new member has made an immediate impact on Verra's work, strengthening our own governance, enriching our deliberations, and understanding the needs of our stakeholder communities. Our greater Board diversity complements internal efforts at Verra to ensure a diverse, equitable, and inclusive work environment.

I am very pleased to report that Verra is strong, both financially and operationally. The year 2019 was a very successful one for Verra and our programs, and we are well positioned to continue providing solutions to some of the world's most intractable environmental and social issues, including through Natural Climate Solutions. Looking forward, Verra will face new challenges associated with the implementation of a broadened scope of work while striving to maintain its high standards of excellence in delivering useful, transparent and scalable solutions. Together with your input, we look forward to this work in 2020.

Sincerely,

**Ken Markowitz**

*Board Chair*

*President of EarthPace LLC*

*Senior Consultant to Akin Gump*

*Strauss Hauer and Feld*

*On the cover: Tree planting and environmental education programs for local children are some of the community offerings of the Rimba Raya Biodiversity Reserve REDD+ Project that are critical to its success.*

*Above: These orangutans depend on finance provided by the sale of carbon credits to protect their dwindling habitat for future generations.*

*Photos by Crystal Riedemann*

# Leveraging Standards to Benefit People and the Planet

Dear Stakeholder,

As we approach the end of the decade, it can be daunting to think about the challenges ahead. At the end of 2019, there still was no substantive progress in bending the trajectory of global greenhouse gas (GHG) emissions, and, despite being signed years ago, the full rulebook for the Paris Agreement has still not been agreed to. We also still see growing mountains of plastic waste polluting the environment, and communities around the world still struggle with poverty and inequality.

Fortunately, against the backdrop of limited and delayed government regulation in all of the above areas, the private sector has stepped up: Businesses have made commitments and taken determined actions to tackle climate change that are often underpinned by investments in projects that reduce, avoid, or remove GHG emissions. As a model for results-based financing, carbon credits issued by such projects have become an integral component of comprehensive corporate climate strategies because they complement efforts to reduce emissions directly and provide a transparent tool for demonstrating increased ambition. As a result of these corporate actions, we issued a record number of Verified Carbon Units (VCUs) in

2019 and also saw a record number of retirements, the ultimate indicator that the units are actually “used”.

In addition, corporate leaders have started to pay increased attention to Natural Climate Solutions (NCS), not only because they have the potential to reduce emissions and remove large quantities of carbon from the atmosphere at scale, but also because such activities tend to deliver a host of other social and environmental benefits. For example, NCS projects improve livelihoods for local communities by providing new sources of income as well as access to education and health care. A growing number of businesses that rely on carbon offsets to meet ambitious climate goals have come to value these important benefits.

Business leaders have also demonstrated that they recognize their responsibility to advance progress with regards to environmental issues that are impacted by their supply chains. This includes addressing the problem of mounting plastic waste as well as ensuring the sustainability of landscapes from which they source the commodities they rely on.

Two years ago we rebranded Verra to bring our carbon market expertise to bear on other pressing and social problems. This past year,



we have made a lot of progress in our new and expanded role. In 2019, we saw all of the above trends reflected in the work of our standards programs. For instance:

- VCUs labeled with the Climate, Community & Biodiversity (CCB) Standards hit a record high, indicating that non-carbon benefits continue to be critical for entities purchasing and retiring carbon credits.
- Early in the year we launched the Sustainable Development Verified Impact Standard (SD VISta) with a view to driving finance to projects that make direct and measurable



RENATO GHILARDI

*As part of the Ucayali REDD+ project, Cacataibo indigenous community members grow plants in a nursery to help protect the biodiversity in the project area.*

will contribute to making Verra a stronger and more effective organization.

Given the extraordinary year we had from a financial perspective, we plan to strategically reinvest the surplus generated in 2019 to ensure Verra can continue to play its leadership role supporting the market as it evolves. The more than doubling of VCUs issuances portends significant potential for growth in the future and we look forward to building out our team and programs to keep up with demand and support the scaling up of climate ambition and action.

I am delighted to present this annual report highlighting many of the major milestones we achieved across various sectors in 2019.

We greatly depend on the continued support and confidence from our stakeholders who rely on our standards and our partners with whom we develop new standards, and I wanted to take this opportunity to thank you for working with us and for being thought partners as we continually try to advance effective climate action and other activities that improve the planet and people's lives.

Sincerely,

**David Antonioli**  
CEO, Verra



contributions to the Sustainable Development Goals (SDGs).

- We also, together with a number of key partners, launched the 3R Initiative to enable large-scale recovery and proper disposal of waste plastic, thereby addressing a critical environmental problem.
- LandScale achieved some important milestones and is on the way to becoming a fully functional framework to drive landscape-scale sustainability.

These are just some examples of how **Verra is using the principle of credible, transparent and robust assessment of environmental and social**

**outcomes to drive finance to a broad range of activities that benefit people and the planet.**

Internally, we undertook a series of measures to make sure Verra is a more diverse, equitable and inclusive organization. We took a hard look at our compensation policies and revised them to make sure all staff are paid equally for equal work. We also broadened our recruitment efforts to try to reach a more diverse set of candidates, including reaching out to historically black colleges and universities. In addition, we formed an internal working group to articulate the values that Verra seeks to live by. All of these efforts

# Program Highlights

## Verified Carbon Standard Program



### Release of Verified Carbon Standard Version 4

#### Driving Climate Action Forward

In the fall, we released VCS Version 4 in an effort to ensure the program is focused on driving finance to activities that truly need carbon finance. We decided to no longer accept some project types (e.g., grid-connected renewable energy projects in Non-Least Developed Countries) because such projects can stand on their own, a sign that carbon finance has helped launch this industry, made it competitive, and is no longer needed to support it. By strengthening our local stakeholder engagement requirements for Agriculture, Forestry and Other Land Use (AFOLU) projects, we are ensuring that local communities play a vital role in their success. Version 4 included a number of other important updates, all of which were made to ensure the integrity and user-friendliness of the VCS Program. This new version was the result of more than two years of development work and active participation from a number of stakeholders which was critical to finalizing Version 4.

### Revisions to Verra's Jurisdictional and Nested REDD+ Framework

#### Supporting Jurisdictional Programs



With the emergence of market signals (like CORSIA) for jurisdictional-scale programs, our Jurisdictional and Nested REDD+ framework (JNR) is gaining traction, and we are working to revise the rules to ensure JNR can effectively integrate (or "nest") REDD+ projects within national or subnational REDD+ accounting systems. To that end, Verra issued a public consultation in December 2019 to advance: 1) important updates to the JNR Requirements to better support jurisdictional REDD+ programs; and 2) the development of new requirements and guidance for such REDD+ project nesting. A second public consultation is planned for Q3 of 2020, and the updated JNR framework is expected to be released at the end of 2020.

### Innovation Working Groups

#### Leveraging Standards to Drive Finance to Natural Climate Solutions

Given the unique challenges faced by Natural Climate Solutions (NCS) projects, Verra established two external working groups of expert stakeholders to assess the potential role that the VCS Program and other standards innovations could play in incentivizing and scaling up nature-based solutions to tackle climate change. While one working group looked at challenges and opportunities in agricultural land management, the second one looked at blue carbon opportunities such as mangrove conservation and restoration. These working groups will be providing concrete recommendations to Verra that we expect will help drive further finance to NCS projects.

As part of the Alto Mayo project in Peru, the local community rescues and cultivates orchids from coffee plantations, the sale of which will enable them to increase their livelihoods and improve their quality of life.



RENATO GHILARDI

## Climate, Community & Biodiversity Standards CCBS

### Record Number of Verified Carbon Units (VCUs) with CCB Label Issued

#### Underscoring Beyond-Carbon Benefits

In 2019, VCUs labeled with the Climate, Community & Biodiversity (CCB) Standards hit a record high: more than twice as many as in the previous year. This trend is a clear indicator that a growing number of carbon credit buyers who purchase offsets to meet ambitious climate goals value knowing that the carbon credits they purchase and retire provide additional benefits, such as conserving biodiversity and supporting educational opportunities in local communities.



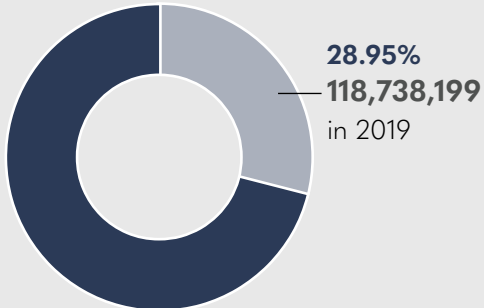
To help stakeholders stay abreast of the most recent trends related to projects under any of the Verra standards, in late 2019 we launched [Data & Insights](#), a quarterly update on key data points related to our standards programs.

## Both VCS and CCB projects saw a significant increase in issuance and retirements in 2019



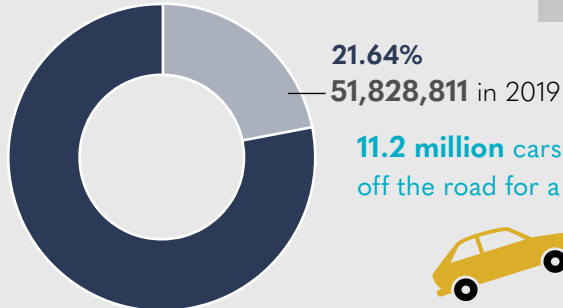
### VCU Issuances

410,214,362 total to date<sup>1</sup>



### VCU Retirements

239,540,668 total to date<sup>1</sup>

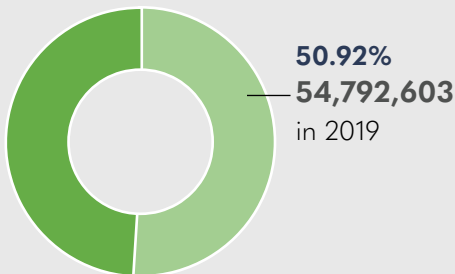


**11.2 million** cars taken off the road for a year<sup>2</sup>



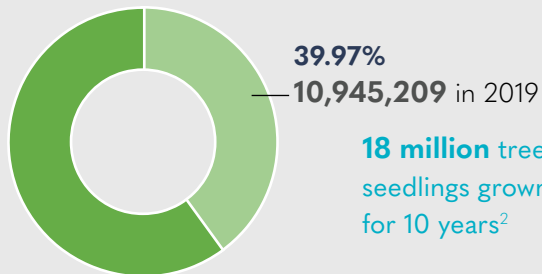
### CCB-labeled<sup>3</sup> VCU Issuances

107,611,553 total to date<sup>1</sup>



### CCB-labeled<sup>3</sup> VCU Retirements

27,386,374 total to date<sup>1</sup>

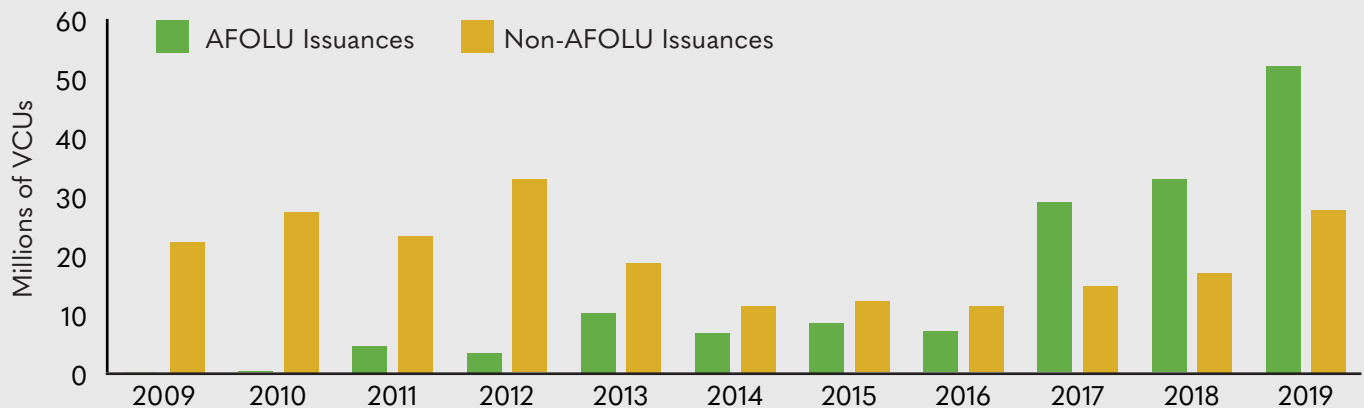


**18 million** tree seedlings grown for 10 years<sup>2</sup>



## Issuances from AFOLU<sup>4</sup> and Non-AFOLU Projects Over Time

In 2019, we also saw the continued increase of issuances from AFOLU projects, which grew significantly more than issuances from non-AFOLU projects.



<sup>1</sup>Totals are through end of 2019

<sup>2</sup>Greenhouse gas equivalencies for emission reductions and removals were calculated using the [EPA Greenhouse Gas Equivalencies Calculator](#)

<sup>3</sup>VCUs with the CCB label were issued by projects that are validated to the CCB Standards and have verified climate, community, and biodiversity benefits for the same verification period in which the VCUs were generated

<sup>4</sup>Agriculture, Forestry and Other Land Use





Children coming home from school that was built using carbon benefits from the Mai Ndombe REDD+ Project.

## Sustainable Development Verified Impact Standard



### Launch of Sustainable Development Verified Impact Standard

[A Path to Verifying Contributions to the Sustainable Development Goals](#)

The 2030 Agenda for Sustainable Development, with its 17 Sustainable Development Goals (SDGs), will not be achieved without the engagement of the private sector. We released SD VISTa in 2019 in order to drive finance to activities that can be transparently measured and drive real impact and transformation. SD VISTa is a flexible framework under which projects demonstrate measurable impacts that advance one or more of the SDGs and which must be assessed by an independent third party to ensure the credibility of any claims. We expect SD VISTa to help projects unlock new sources of finance to support and scale high-impact efforts.

## Plastic Waste Reduction Program

### Launch of the 3R (Reduce, Recover, Recycle) Initiative

[Addressing the Plastic Waste Crisis](#)



To address the problem of mounting plastic waste around the globe, Verra and BVRio, together with Conservation International, Danone, Lloyd's Register, McKinsey.org, Natural Capital Partners, Nestlé, South Pole, SYSTEMIQ, Tetra Pak and Veolia, launched the Reduce, Recover and Recycle (3R) Initiative. The 3R Initiative is the first global effort designed to drive finance to activities that reduce plastic and packaging waste via a market-based credit scheme. As part of this work, Verra is developing a Plastic Waste Reduction Program to support and scale up activities that increase plastic waste recycling and/or recovery from the environment. The program is expected to launch in early 2021 with two public consultations in 2020.



Project STOP certification under the Plastic Standard will drive finance towards its efforts to prevent waste from accumulating on this beach in Indonesia.

LandScale is applicable to landscapes with substantial natural resource-based economies and supply chains.



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## LandScale

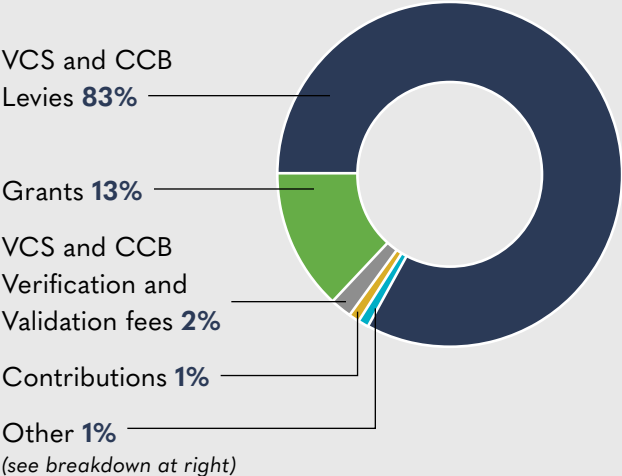


### Rebranding LandScale Advancing a Tool to Drive Sustainability at the Landscape Level

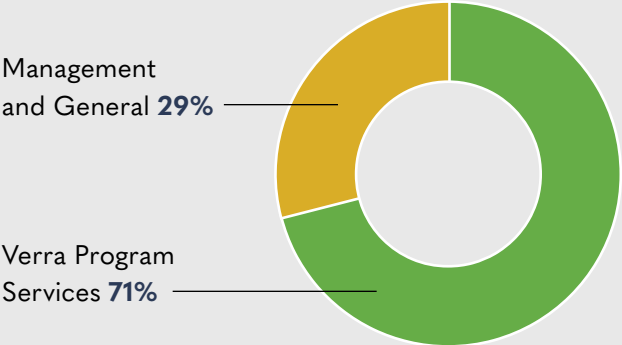
The Landscape Standard further solidified its branding and now has a new name: LandScale! This shared initiative of Verra, Rainforest Alliance, and the Climate, Community and Biodiversity Alliance is an emerging tool to help drive landscape-scale sustainability. It provides an assessment of the state and trajectory of numerous sustainability indicators at the landscape level across environmental, social, and economic dimensions. In 2019, the initiative released the “LandScale Assessment Framework and Guidelines” for its first public consultation. Piloting efforts in various landscapes are underway, with a second round of “Innovator Pilots” launching in mid-2020. These pilots and early users are testing the tool to ensure workability, explore long-term financing options, and ultimately ensure LandScale will help drive improvements in landscape sustainability over time. The final assessment framework and accompanying online data and reporting platform are expected to be completed in 2021.

# 2019 Financial Report

## Revenue and Support



## Expenses



## Consolidated Financial Statements

### Statement of Financial Position

Total Assets	\$14,059,126
Total Liabilities	\$1,465,480
<b>Net Assets</b>	<b>\$12,593,646</b>

### Statement of Activities

Revenue and Support	
VCS and CCB Levies	\$11,500,726
Grants	\$1,852,869
VCS and CCB Verification and Validation Fees	\$233,750
Contributions	\$189,262
Other:	
VVB Annual Fees	\$65,000
California Offset Registry Levies and Fees	\$3,307
Interest Income	\$62,651
Other Revenue	\$10,750

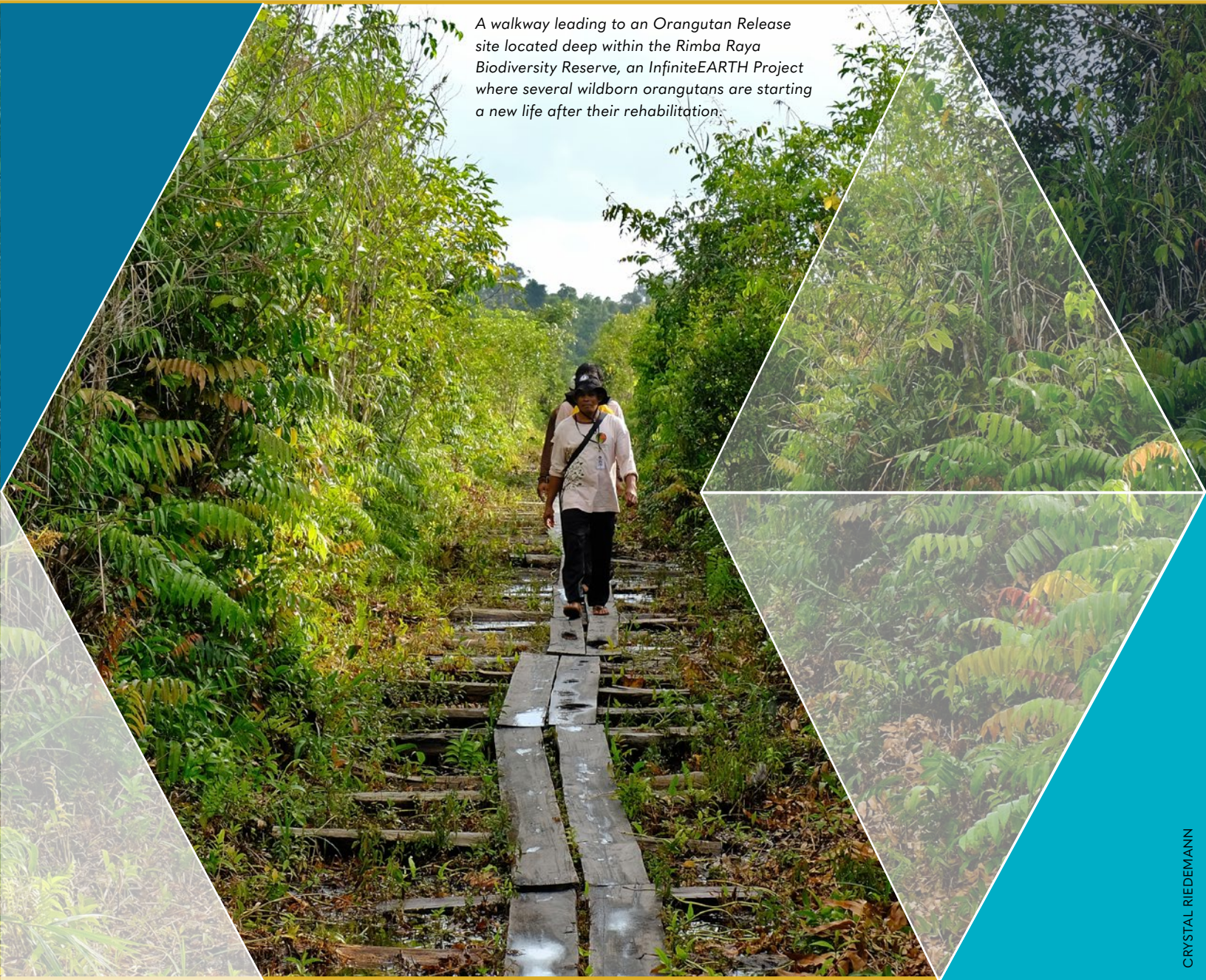
**Total** **\$13,918,315**

Expenses	
VCS Program Services	\$4,876,816
Management and General	\$2,008,122

**Total** **\$6,884,938**

Change in Net Assets	
Net Assets, beginning of the year	\$5,560,269
Net Assets, end of year	\$12,593,646

*A walkway leading to an Orangutan Release site located deep within the Rimba Raya Biodiversity Reserve, an InfiniteEARTH Project where several wildborn orangutans are starting a new life after their rehabilitation.*



CRYSTAL RIEDEMANN



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[verra.org](https://verra.org)