PROPOSED UPDATES TO THE VCS PROGRAM

November 2021

1   INTRODUCTION

As the Verified Carbon Standard (VCS) Program evolves, requirements are updated periodically to strengthen or expand the Program's scope and ensure that projects deliver real, additional emission reductions and removals. We invite feedback from stakeholders to ensure that the changes we propose achieve their intended impact and do not have unintended consequences.

It is Verra's mission to create and manage "standards for a sustainable future". All VCS Program projects advance a more sustainable future by generating greenhouse gas emissions removals and/or reductions. Verra's Sustainable Development Verified Impact Standard, Climate, Community & Biodiversity Standards, and Sustainable Development Contributions Report provide optional pathways for VCS project proponents to demonstrate sustainable development outcomes that go beyond contributions to mitigating climate change.

Verra would like to emphasize our commitment to the social and environmental sustainability of VCS projects by introducing a requirement for all VCS projects to report quantified positive outcomes on targets or indicators of the United Nations' Sustainable Development Goals (SDGs) produced through project activities – SD Contributions.

This document presents the following proposed updates to the VCS Program:

- A new requirement for SD Contribution reporting; and,
- Updates to the relevant reporting templates to accommodate these new requirements.

These updates would be reflected in the *VCS Standard* v4.1, *VCS Program Definitions* v4.1, *VCS Project Description Template, VCS Monitoring Report Template* and *VCS Verification Report Template.* All VCS Program documents referenced herein can be found on the Verra website at https://verra.org/project/vcs-program/rules-and-requirements/.

2 INTRODUCING REQUIREMENTS FOR SUSTAINABLE DEVELOPMENT CONTRIBUTIONS REPORTING

2.1 Background

The *VCS Standard* does not require projects to report contributions to the SDGs. Section 1.11 of the *VCS Monitoring Report Template* asks the project proponent to "Describe how the project contributes to achieving any nationally stated sustainable development priorities, including any provisions for monitoring and reporting same". However, the *VCS Standard* does not have any requirement to enable enforcement of that requirement.

Verra has seen increased interest in sustainable development reporting and market mechanisms that require sustainable development reporting for entry (e.g., by organizations such as CORSIA (the Carbon Offsetting and Reduction Scheme for International Aviation)). This interest prompted Verra to introduce the *Sustainable Development Contributions Report* (SDCR) to allow project proponents to voluntarily self-report their projects' SD Contributions. While the SDCR has allowed projects to report on SD Contributions voluntarily, the voluntary nature of the report results in most VCS projects' contributions to the SDGs going unreported. Furthermore, SDCRs do not undergo VVB assessment. While many VVBs are not qualified to verify the impact of SD Contributions, VVBs are qualified to verify whether the activities that generate the SD Contributions have been carried out as described and documented by a project proponent.

To date, the majority of VCS projects' contributions to the SDGs have gone unverified and unrecognized. Verra wishes to create a simple, mandatory procedure to enable all VCS project proponents to report on their activities' environmental and social sustainability elements.

2.2 Proposal

Verra proposes to require project proponents to report contributions to a minimum of three SDGs throughout the lifetime of the project. To implement these changes, Verra would add the following new text to Section 3.16 of the *VCS Standard*:

Sustainable Development (NEW)

3.16.5 (NEW) The project proponent shall demonstrate how the project activities, or additional activities implemented by the project proponent(s), contribute to sustainable development, as defined and tracked by the United Nations' Sustainable Development Goals (SDGs). The project proponent must demonstrate that a project contributes to at least three SDGs by the end of the first monitoring period.

3.16.6 (NEW) Projects that complete a verification to the Climate, Community & Biodiversity (CCB) Standards or the Sustainable Development Verified Impact Standard (SD VISta) at the same time as a VCS Program verification do not need to conduct a separate demonstration of compliance with the requirements set out in Section 3.16.5.

If this proposal is adopted, Verra will update the *VCS Project Description Template*, *VCS Monitoring Report Template* and *VCS Verification Report Template* to accommodate reporting on SD Contributions. Proposed updates to these templates can be found in the linked documents above.

2.3   Requested Feedback

Verra is requesting general feedback on the proposed updates and on the following questions:

1) Should the VCS Program require projects to report on their contributions to the SDGs?
2) If you responded positively to question #1, what is the minimum number of SDGs, in addition to SDG 13, that should be required? Verra's proposal is for contributions to three total SDGs, including one contribution to SDG 13.
3) (For VVBs) Will the verification of activities outside the scope of the emission reduction/removal activities pose difficulties or significantly increase the cost of verification services?
4) If this proposal is accepted, should Section 1.11 of the *VCS Monitoring Report Template* be removed? For more information on this requirement see the first paragraph in Section 2.1 of this document.

3   CONSULTATION PROCESS AND TIMELINE

Verra began discussing these proposed updates in March of 2021 with various stakeholders and the Sustainable Development Advisory Group. The planned timeline for implementing the consultation and rule approval process is set out in Table 1 below.

Table 1. Tentative timeline

Tentative Date(s)	Activity
4 November – 5 December (inclusive)	Public consultation
18 November	Consultation webinar
December 2021 – January 2022	Review comments and finalize proposals
January 2022	Publish rule changes and revised templates

Please provide comments on any part of this document. We would especially appreciate responses to questions in the 'Requested Feedback' section. Comments may be submitted in any format to secretariat@verra.org by 5 December 2021. After the consultation, we will use the input provided on these proposals to finalize the associated VCS rules and requirements.

We look forward to your feedback. Please let us know if you have any questions as you engage in this consultation.