International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Re-assessment Application Form for CORSIA-Eligible Emissions Unit Programmes

Submitted 11 March 2022

CONTENTS

SECTION I: ABOUT THIS RE-ASSESSMENT

Background

In March 2020, the ICAO Council requested TAB to monitor and review the continued eligibility of emissions unit programmes that the Council determined to be eligible under CORSIA. At present, all CORSIA-eligible Emissions Unit Programmes are eligible to supply CORSIA-eligible Emissions Units for the 2021-2023 compliance cycle only.

In view of the Council's request, and in line with TAB Procedures[1], TAB agreed to undertake a re-assessment of all CORSIA-eligible Emissions Unit Programmes in 2022, including to inform TAB's recommendations to ICAO Council regarding the possible extension of the current eligibility timeframe of the 2021-2023 compliance cycle.

ICAO invites all CORSIA-eligible Emissions Unit Programmes interested in continuing to be designated as CORSIA-eligible to apply for the re-assessment by TAB, providing updated information requested through this re-assessment application form and all requested supplementary materials and evidence.

This re-assessment will be conducted in line with TAB's 2022 annual assessment cycle and involve some of the same procedures and timing used in TAB's assessments of new applications and material changes to eligible programme procedures. In undertaking this work, TAB may also ask programmes to provide specific examples or case studies illustrating how programme procedures or systems perform in practice. TAB does not anticipate that this re-assessment will result in recommendations to revise or revoke the eligibility status of emissions units that the ICAO Council has approved for use during the CORSIA's pilot phase.

Focus of the 2022 re-assessment

TAB will pursue four key objectives in this re-assessment process:

(1) Sample criteria: To assess the continued consistency of programme procedures with these sample Emissions Unit Criteria (EUC) and the related *Guidelines for Criteria Interpretation*:

a. Realistic and credible baselines (SG3)

b. Additionality (SG3)

c. Permanence (SG4), in tandem with the *Guideline* under the *Governance* criterion for having in place long-term plans for the continued admin of multi-decadal elements, including for dissolution (SG1)

d. "Only counted once towards a mitigation obligation" (SG5)

e. Sustainable development criteria (SG1)

(2) Updates made to programme procedures: To review procedural changes and updates that programmes introduced ***between the dates of*** **(a)** their initial approval by ICAO Council and **(b)** 28 February 2022. Programmes are requested to summarize and provide evidence of any and all changes, including those that were previously submitted for TAB's review as potential material changes[2]. However, TAB's re-assessment

[1] Refer to TAB Procedures paragraph 7.4, 7.7, 7.8 ,7.22 and 7.23

[2] A "Material Change" is defined in TAB Procedures, paragraph 7.3. TAB's Procedures for reviewing potentially-material procedural changes are described in TAB Procedures, paragraphs 7.3, 8.4, 8.5 and 8.6.

will focus on procedural updates that were not previously submitted or assessed as potential material changes.

(3) Programme Registry Attestations: To review *Emissions Unit Programme Registry Attestations* and provide a summary for Council regarding the status of *Attestation* submission, form completeness, and fulfillment of requirements by each programme and its designated registry(ies).

(4) Up-to-date documentation: To obtain up-to-date application form and programme materials for record-keeping and versioning purposes.

Translation: As was done previously, if the programme documents and information are not published in English, the programme should fully describe in English (*rather than summarize*) this information in the fields provided in this form, and in response to any additional questions. Where this form requests *evidence of programme procedures*, programmes are strongly encouraged to provide these documents in English, to provide for accuracy and comprehension. Where this is not possible due to time constraints or document length, the programme may provide such documents in their original language in a readily translatable format (e.g., Microsoft Word). Those programmes that need to translate documents prior to submission may contact the ICAO Secretariat regarding accommodation.

Disclaimer: The information contained in the re-assessment application, and any supporting evidence or clarification provided by the programme including information designated as "business confidential" by the programme, will be provided to the members of the TAB to properly assess the programme and make recommendations to the ICAO Council. The application and such other evidence or clarification will be made publicly available on the ICAO CORSIA website for the public to provide comments, except for information which the applicant designates as "business confidential". The applicant shall bear all expenses related to the collection of information for the preparation of the application, preparation and submission of the application to the ICAO Secretariat and provision of any subsequent clarification sought by the Secretariat and/or the members of the TAB. Under no circumstances shall ICAO be responsible for the reimbursement of such or any other expenses borne by the applicant in this regard, or any loss or damages that the applicant may incur in relation to the re-assessment and outcome of this process.

SECTION II: INSTRUCTIONS

Submission and contacts

Programmes interested in continuing to be designated as a CORSIA-eligible Emissions Unit Programme are invited to complete and submit the form, along with accompanying evidence no later than close of business on **28 February 2022** via officeenv@icao.int. Within seven business days of receiving this form, the Secretariat will notify the programme that its form was received.

If the programme has questions regarding the completion of this form, please contact ICAO Secretariat.

Form basis and cross-references

Questions in this form align with the questions included in the application for TAB's annual assessment, and are derived from the CORSIA emissions unit eligibility criteria (EUC) and any *Guidelines for Criteria Interpretation*. Each question includes the paragraph number for its corresponding criterion or guideline that can be found in **Appendix A** "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Application Form completion

The programme is expected to respond to all questions in this application form at the time of application submission. TAB cannot initiate its assessment in which this information is not provided in full as requested in this section. Failure to provide complete information may result in delays to the re-assessment process.

A "complete" response involves three components: 1) a written summary response, 2) supporting evidence, 3) planned programme revisions, and 4) updates and changes to programme procedures since the initial application/approval.

1) Written summary responses: The programme is encouraged to construct written summary responses in a manner that provides for general comprehension of the given programme procedure, independent of supporting evidence. TAB will confirm each response in the supplementary evidence provided by the programme. Please note that written summary responses should be provided in all cases—supporting evidence (described in *c)* below) should not be considered as an alternative to a complete summary response.

2) Supporting evidence: Most questions in this form request *evidence of programme procedures or programme elements.* Such evidence may be found in programme standards, requirements, or guidance documents; templates; programme website or registry contents; or in some cases, in specific methodologies. To help manage file size, the programme should limit supporting documentation to that which directly substantiates the programme's statements in this form.

   Regarding such requests for evidence, programmes are expected to substantiate their responses in any of these ways (**in order of preference**):

   a) web links to supporting documentation included along with the written summary response to each given question; with instructions for finding the relevant information within the linked source (i.e. identifying the specific text, paragraph(s), or section(s) where TAB can find evidence of the programme procedure(s) in question);

b) copying/pasting information directly into this form (no character limits) along with the written summary response;
c) attaching supporting documentation to this form at the time of submission, with instructions for finding the relevant information within the attached document(s);

EXAMPLE of preferred approach to providing supporting evidence that could meet expectations for complete responses to a question:

> "The Programme ensures its consistency with this requirement by requiring / undertaking / etc. the following:
>
> [Paragraph(s) introducing and summarizing specific programme procedures relevant to question]
>
> The full contents of these procedures can be found in [Document title, page X, Section X, paragraphs X-X]. This document is publicly available at this weblink: [weblink]."

3) Planned programme revisions: Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, please provide the following information in response to any and all relevant form question(s):

a) Proposed revision(s);
b) Process and proposed timeline to develop and implement the proposed revision(s);
c) Process and timeline for external communication and implementation of the revision(s).

4) Updates and changes to programme procedures since the initial application/approval: Each question in this form provides discrete fields for the programme to include, and clearly distinguish between, two key pieces of information:

(1) the information provided by the programme in its initial application—which includes all written clarifications and explanations shared with TAB over the course of the programme's initial assessment;

and

(2) new information describing any and all procedural changes and updates that programmes introduced ***between the dates of*** **(a)** their initial approval by ICAO Council and **(b)** 28 February 2022. Here, Programmes are requested to summarize and provide evidence of any and all changes, including those that were previously submitted for TAB's review as potential material changes.

Scope of application and re-assessment

The programme may elect to revise the scope of activities supported by the programme and assessed by TAB, as compared to its current scope of eligibility. In such a case, the programme is requested to clearly identify, in the

following Appendices, the additional activities that it wishes to submit for, or exclude from, TAB's re-assessment:

In **Appendix B** "*Programme Re-assessment Scope*", the programme should clearly identify, at the "activity type" level (e.g., sector(s), sub-sector(s), and/or programme/project "type(s)"), elements that were previously assessed by TAB and **is currently eligible under the *Scope of Eligibility*[3], and additional elements that the programme is submitting for TAB's assessment**; as well as the specific methodologies, protocols, and/or framework(s) associated with these programme elements; which *are* described in this form.

In **Appendix C** "*Programme Exclusions Scope*", the programme should clearly identify, at the "activity type" level (e.g., sector(s), sub-sector(s), and/or programme/project "type(s)"), any elements that were excluded from TAB's previous assessments or are **currently outside of programme's *Scope of Eligibility,* and additional elements that the programme wishes to exclude from TAB's assessment**; as well as the specific methodologies, protocols, and/or framework(s) associated with these programme elements.

(NEW in 2022) In **Appendix D** "*Emissions Unit Programme Registry Attestation*", the programme should complete and submit the information outlined in the instructions below, based on the status of its *Registry Attestation*:

- Programme **has** previously completed and submitted a *Registry Attestation*: Respond only to new Question 7.3 in the *Emissions Unit Programme Registry Attestation* form **(**Appendix D**)**. ICAO will append this response to the programme's most recent *Registry Attestation* on file.

    - NOTE: These Programmes **are not** required to re-submit the *Registry Attestation*'s signature page or any other information in Questions 7.1, 7.2, 7.4–7.11 of Appendix D, but may use this opportunity to inform ICAO of any needed updates.

- Programme **has not** previously completed and submitted a *Registry Attestation*: Refer to the instructions for completing the attached *Emissions Unit Programme Registry Attestation*, including the signature page and accompanying information form **(**Appendix D**)**. Provide the completed materials along with this application form.

(NEW in 2022) Treatment of EUC-relevant programme procedures at the methodology level

Programmes that identify with the following explanations are encouraged to summarize and provide evidence of both their overarching *programme-level* procedure(s) and *methodology-level* procedure(s) wherever relevant:

The CORSIA EUC and TAB assessments typically apply to *programme-level* procedures rather than to individual methodologies or projects. Most programmes' overarching guidance documents contain a mix of *general/guiding* requirements and *technical* ones. However, some programmes set out general requirements in overarching guidance documents, while reflecting key technical procedures in programme methodologies[4]. **Such methodologies may be relevant to TAB's assessment**. This could be the case where, e.g., the methodologies are developed directly by the

[3] As defined in the latest *ICAO Document "CORSIA-Eligible Emissions Units"*, available via https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx

[4] Note that any applicant may use different terminology. For example, a programme may refer to a "methodology" as a protocol or framework.

programme (staff or contractors); the programme must refer to a methodology's requirements when describing its alignment with the EUC; the programme's general requirements alone are too high-level/non-specific for TAB to assess them as stand-alone procedures.

> EXAMPLE: Programme A's project standard contains its *programme-level* general requirements. The standard requires all activities to pass a programme-approved additionality test. However, Programme A sets out a unique list of approved tests in each of its methodologies—rather than providing a single list or menu in its programme-level standard. These lists vary across different activity types or category(ies). Thus, TAB may ultimately need to assess Programme A's programme- *and* methodology-level requirements in order to confirm its use of the specific additionality tests called for under the *Must be Additional* criterion.

"Linked" certification schemes

This application form should be completed and submitted exclusively on behalf of the programme that is described in Part I of this form.

Some programmes may supplement their standards by collaborating with other schemes that certify, e.g., the social or ecological "co-benefits" of mitigation. The programme can reflect a linked scheme's procedures in responses to this form, where this is seen as enhancing—i.e. going "above and beyond"—the programme's own procedures.

For example, the programme may describe how a linked scheme audits sustainable development outcomes; but is not expected to report the linked scheme's board members or staff persons.

Programmes should clearly identify any information provided in this form that pertains to a linked certification scheme and/or only applies when a linked certification scheme is used.

Disclosure of programme application forms and public comments

Applications, including information submitted in Appendices B, C, as well as other information submitted by applicants will be publicly available on the ICAO CORSIA website, except for materials which the applicants designate as business confidential.

The public will be invited to submit comments on the information submitted, including regarding consistency with the emissions unit criteria (EUC), through the ICAO CORSIA website, for consideration by the TAB in its re-assessment.

SECTION III: APPLICATION FORM

PART 1: General information

A. Programme Information

Programme name: Verified Carbon Standard

Administering Organization[5]: Verra

Official mailing address: 1 Thomas Circle, NW, Suite 1050, Washington, DC 20005

Telephone #: +1 202 480 2286

Official web address: www.verra.org

B. Programme Administrator Information

Full name and title: Jerry Seager, Sr Director GHG Programs

Employer / Company (*if not programme*): Verra

E-mail address: Jseager@verra.org Telephone #: +1 202 926 0029

C. Programme Representative Information (if different from Programme Administrator)

Full name and title: David Antonioli

Employer / Company (*if not Programme*): Verra

E-mail address: dantonioli@verra.org Telephone #: +1 202 470 5660

D. Programme Senior Staff / Leadership (e.g., President / CEO, board members)

List the names and titles of programme's senior staff / leadership, including board members:

Senior Staff

David Antonioli, Chief Executive Officer

William Ferretti, Chief Operating & Financial Officer

Toby Janson-Smith, Chief Innovation Officer

Robin Rix, Chief Legal, Policy and Markets Officer

[5] Name of the business, government agency, organization, or other entity that administers the Emissions Unit Programme, *if different from "Programme Name"*.

Jerry Seager, Sr Director, GHG Programs
Julianne Baroody, Sr Director, Program Development and Forest Carbon Innovations
Andrew Howard, Sr Director, Climate Finance and Markets

Board of Directors

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Mark Kenber (Independent consultant)
Kelley Kizzier (Vice President of International Climate Change, EDF)
Ken Newcombe (CEO, C-Quest Capital)
Marc Stuart (Founding Managing Director, Allotrope Partners)
Anne-Marie Warris (Independent consultant)

Provide an organization chart (in the space below or as an attachment) that illustrates, or otherwise describes, the functional relationship a) between the individuals listed in D; and b) between those individuals and programme staff / employees; and c) the functions of each organizational unit and interlinkages with other units.

See Attachment 1 Verra Organization Chart

PART 3: Emissions Unit Programme Design Elements

Note—where "evidence" is requested throughout *Part 3* and *Part 4*, the programme is expected to provide web links to documentation and to identify the specific text, paragraph(s), or section(s) where TAB can find evidence of the programme procedure(s) in question. If that is not possible, then the programme may provide evidence of programme procedures directly in the text boxes provided (by copying/pasting the relevant provisions) and/or by attached supporting documentation, as recommended in "SECTION II: INSTRUCTIONS—***Form Completion: Supporting Evidence***".

Note—"*Paragraph X.X*" in this form refers to corresponding paragraph(s) in Appendix A "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Note—Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, provide the following information in response to any and all relevant form question(s):

- Proposed revision(s);
- Process and proposed timeline to develop and implement the proposed revision(s);
- Process and timeline for external communication and implementation of the revision(s).

Question 3.1. Clear methodologies and protocols, and their development process

Provide *evidence*[6] that the programme's qualification and quantification methodologies and protocols are *in place* and *available for use*, including where the programme's existing methodologies and protocols are publicly disclosed. (*Paragraph 2.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The *VCS Methodology Approval Process* sets out the processes and procedures that must be followed in order to develop and approve new methodology elements (i.e., methodologies, modules and tools) and revisions to existing methodology elements under the VCS Program.

New methodology elements and revisions to existing methodology elements are developed by outside entities (i.e., methodology developers) and are not developed by Verra directly, although Verra staff have, over time, become an increasingly critical part of the process. Specifically, Verra sets the requirements that methodologies must meet in order to be approved under the VCS Program, and methodology developers must draft their methodologies in accordance with those requirements. The full set of VCS methodology requirements are set out in Section 4 of the *VCS Standard*, Section 4 of the *AFOLU Requirements,* and Section 3 of the *ODS Requirements*.

There are two processes by which new methodology elements and methodology element revisions can be approved under the VCS Program: the methodology approval process and the streamlined methodology approval process. The methodology approval process is applicable to new methodology elements and substantive methodology element revisions; the streamlined methodology approval process is applicable to minor methodology elements/revisions. These two approval processes are further described below:

Methodology Approval Process

The methodology approval process includes the evaluation and approval of a methodology concept by Verra, a 30-day public comment period for the full draft methodology element, two independent assessments by properly accredited validation/verification bodies (VVBs), and final review and approval of the methodology by Verra. Note that Verra also reviews the methodology documentation prior to the public comment period, and reviews the updated methodology documentation and assessment reports at the end of each VVB assessment.

Specific procedures are set out in the sections of the Methodology Approval Process identified below:

- The procedures and criteria by which Verra evaluates methodology concepts are set out in Section 3 of the Methodology Approval Process.
- The process by which methodologies are developed, submitted to Verra, and posted for a 30-day public comment period are set out in Sections 4.2 - 4.3 of the Methodology Approval Process.
- The process for the first and second assessments of the methodology by independent VVBs is set out in Sections 4.4 - 4.5 of the Methodology Approval Process. Note that the VVBs must meet the eligibility

[6] For this and subsequent "evidence" requests, evidence should be provided in the text box (e.g., web links to documentation), and/or in attachments, as recommended in "SECTION II: INSTRUCTIONS—*Form Completion*".

criteria set out in Section 5 of the Methodology Approval Process in order to conduct a methodology assessment.

- The process by which Verra conducts a final review of the methodology and assessment reports, and approves a methodology under the VCS Program, is set out in Section 4.6 of the Methodology Approval Process.

Streamlined Methodology Approval Process

Minor methodology element revisions and certain new modules and tools may be approved through a streamlined methodology approval process, whereby the approval process is the same as the full methodology approval process, with the exception that only one VVB assesses the methodology, as set out in Section 2.2 of the Methodology Approval Process. Verra determines on a case-by-case basis whether the streamlined approval process is appropriate, based on whether a second VVB assessment would add material value. Specific procedures for the streamlined methodology approval process are set out in Section 7.1.2 of the Methodology Approval Process.

In order to ensure all methodologies approved under the VCS Program continue to reflect best practice and scientific consensus, Verra may review any methodology at any time as set out in Section 9 of the Methodology Approval Process. The results of a review may determine that no further action is necessary, limited modifications are necessary, substantive revisions are required, or the methodology is fundamentally flawed. Where limited modifications or substantive revisions are required, Verra will contact the methodology developer to update the methodology. Where it is determined the methodology is fundamentally flawed, the methodology will be withdrawn.

PROPOSED REVISION: Streamlining the Methodology Approval Process

Verra has been exploring how to streamline the methodology approval process for the last few years, in large part because we have determined that: (a) a second VVB assessment does not add material value to the process; and (b) greater Verra staff involvement leads to better and more consistent methodologies. Coupled with the public consultation process required for all new methodologies, we have found that increased involvement by Verra staff early in the methodology assessment process results in better and more robust methodologies.

As a result, Verra is proposing to update the VCS methodology approval process such that only one VVB assessment, not two, will be required in all cases. This update will enhance the integrity of the VCS Program and thus not impact whether it meets the EUC.

This proposed revision to the VCS methodology approval process is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted

June 2020 Update:
The proposed revision to streamline the Methodology Approval Process, described in detail [above], has been made in the Methodology Approval Process under VCS Version 4. The most recent version of the *VCS Methodology Approval Process* document is available on the VCS website.

Summarize the programme's process for developing further methodologies and protocols, including the timing and process for revision of existing methodologies. (*Paragraph 2.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and questions pertaining to this question:

a. The VCS Program's current processes for developing methodologies are available publicly on the Verra website in the *VCS Methodology Approval Process* document.
b. All methodologies, modules and tools approved under the VCS Program are available publicly on the Verra website on the methodologies page. Additionally, note that a direct link to each methodology and module has been included within Appendix B: Programme Scope Information Request, submitted as a supplementary document to this application.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
The most recent version of the *VCS Methodology Approval Process* document is available on the VCS website.

January 2022 Update:
Introduced dynamic performance benchmarks to the *VCS Methodology Requirements*, which enable benchmarks that take into consideration real-time performance changes in a given sector or activity type. Under this approach, data from control plots or sources that represent the baseline scenario is matched with monitored plots or data from the project to create a performance benchmark that will be updated at least every five years.

Question 3.2. Scope considerations

Summarize the level at which activities are allowed under the programme (e.g., project based, programme of activities, jurisdiction-scale): (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Scope information was summarized in an Excel sheet provided by ICAO. Please see Appendix c to our original application.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A"

that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

The scope of the VCS Program is described in Section 2.1 of the *VCS Standard*. This scope includes project activities supported by a methodology approved for use under the VCS Program (see Appendix B Sheet B for approved methodologies). Certain types of project activities are excluded from the scope of the VCS Program, as described in Appendix C Sheet C.

Summarize the eligibility criteria for each type of offset activity (e.g., which sectors, project types, and geographic locations are covered): (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Please see the original application form Appendix B Sheet A for sectors, activity/project types and geographic information.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Provide *evidence* of the Programme information defining a) level at which activities are allowed under the Programme, and b) the eligibility criteria for each type of offset activity, including its availability to the public: (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

[This is a new question since Verra's first application.]

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

The level at which activities are allowed under the VCS Program can be found in the scope of the VCS Program as described in Section 2.1 of the *VCS Standard*. This scope includes project activities supported by a methodology approved for use under the VCS Program (see Appendix B Sheet B for approved methodologies). If an activity is included under the VCS Program's scope, more specific eligibility criteria vary by methodology. Certain types of project activities are excluded from the scope of the VCS Program, as described in Appendix C Sheet C.

Question 3.3. Offset credit issuance and retirement procedures

Are procedures in place defining how offset credits are… (*Paragraph 2.3*)	
a) issued?	☒ YES
b) retired / cancelled?	☒ YES
c) subject to discounting (*if any*)?	☐ YES

Are procedures in place defining… (*Paragraph 2.3*)	
d) the length of crediting period(s)?	☒ YES
e) whether crediting periods are renewable?	☒ YES

Provide evidence of the procedures referred to in a) through e) (if any, in the case of "c"), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) **Procedures for unit issuance and retirement/cancellation**

The VCS Registration and Issuance Process document sets out the procedures for unit issuance and retirement/cancellation under the VCS Program. Units issued under the VCS Program are referred to as Verified Carbon Units (VCUs). The procedures for issuance and retirement/cancellation of VCUs are described below:

- Issuance: The project proponent (of a VCS project, including nested REDD+ projects, typically a private project developer) or jurisdictional proponent (of a JNR program, expected to be a relevant government agency) must provide the required issuance documentation to the VCS registry administrator (see Section 3.4 of this application for further specification on how the VCS registry system operates, and the specific role of "VCS registry administrators") in order to initiate the unit issuance process. Issuance documentation includes, at a minimum, a monitoring report prepared by the proponent, a verification report produced by an accredited VVB, and representations signed by the proponent and the VVB representing, among other things, full and exclusive right to the emission reductions or removals by the proponent and the accuracy of information in the project or JNR program documents. Additional documentation may be required based on the project's or JNR program's specific circumstances.

  Issuance documentation is reviewed for completeness by Verra staff and the VCS registry administrator. Verra staff perform a more thorough technical "accuracy review" of the issuance documentation subsequent to the completeness reviews. Pending the positive conclusion of all relevant reviews of the issuance documentation and the proponent's payment of the relevant program fees, VCUs are issued into the registry account of the entity indicated by the proponent.

  VCU issuance procedures under the VCS Program are set out in Sections 4.2, 4.3, 4.4, 4.5, and 5 of the VCS Registration and Issuance Process. VCU issuance procedures specific to JNR programs are laid out in Sections 4.3 and 4.4 of the JNR Registration and Issuance Process.

- Retirement/Cancellation: VCUs may be "retired" or "cancelled", each of which has a specific meaning under the VCS Program. Whereas a retirement represents the final use of a VCU as an offset against an emission of a tonne of CO2 equivalent, a cancellation represents the removal of a VCU from circulation for purposes other than an offset, such as for the creation of an alternate unit under a different GHG

crediting program. The VCS Program Definitions document sets out further details on the definitions of these terms. The procedures for the retirement or cancellation of VCUs are set out in Section 4.6 of the Registration and Issuance Process.

b) **Procedures related to the duration and renewal of crediting periods**

The procedures related to the duration and renewal of crediting periods (defined in the VCS Program Definitions) for projects are set out in Section 3.8 of the VCS Standard. Under the VCS Program, non-AFOLU projects have 10-year crediting periods which can be renewed twice. AFOLU projects have crediting periods that can range between 20 and 100 years. In both instances (i.e., AFOLU and non-AFOLU), renewal of a project's crediting period requires a reassessment of the project's baseline scenario, demonstration of regulatory surplus and validation against the current version of the VCS Program.

A JNR program's crediting period is a maximum of ten years, which may be renewed at most twice. Note that while the crediting period for a JNR program is at most 30 years, permanence is addressed, in part, by assessing the capacity of the program design to protect the permanence of carbon stocks in the long term (See Section 4.5 below for more details). Similar to the project-level, renewal of a program's crediting period requires a reassessment of the program's baseline and validation against the current version of the JNR Requirements. Nested REDD+ projects must update and validate all project-based baseline components that are dependent on jurisdictional baseline components within a grace period of 18 months after the relevant jurisdictional baseline is updated (see Section 3.11.21(2) of the JNR Requirements).

Proposed Update: Modifying Duration of Crediting Periods:
Verra is proposing to update the VCS rules such that non-AFOLU projects will select either a seven-year twice-renewable crediting period (for a maximum of 21 years) or a one ten-year fixed crediting period. This would represent a shortening of existing non-AFOLU crediting periods, which currently stand at 10-years, twice renewable.
The rationale for this proposed update is that shorter crediting periods will ensure a more frequent (and conservative) timeframe whereby project baselines will be reevaluated and that projects demonstrate that they continue to go beyond what is required by regulation. This update would apply only to new projects, and would not affect the crediting periods of existing VCS projects. This update will enhance the integrity of the VCS Program and thus not impact whether it meets the EUC.
This proposed revision to the VCS project crediting period requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

c) Procedures related to unit discounting

VCUs are not subject to any discounting with respect to their fungibility. VCU owners, programs, or other climate change efforts that accept VCUs may apply a discount at their own discretion. This is explicitly stated in Section 4.4.5(6) of the *Registration and Issuance Process*.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (if none, "N/A"):

Q&A with ICAO October 2019

iv. *Does* JNR specify a minimum period for jurisdiction-scale implementers to undertake monitoring and reporting requirements? If so, for how long and how is this ensured? (recognizing, of course, that VCS notes that enforcement over the long-term can be challenging and addresses this with the buffer reserve)
Verra Response: Yes, the crediting period for a jurisdiction is 10 years, renewable up to 30 years. This reflects that jurisdictional REDD+ programs should be designed in a way that facilitates a transition to a low-emissions development pathway, with appropriate regulation and enforcement to change deforestation dynamics and economic incentives. Permanence is thus also addressed by assessing the capacity of the program design to protect the permanence of carbon stocks in the long term. An appropriate level of buffer withholding is determined based on the VCS document *JNR Non-Permanence Risk Tool*.

As previously noted, the crediting period (and thus the period of MRV) is not a legal requirement, and should a jurisdiction stop implementation, any reversals would be covered by the buffer as described in our last set of responses.

a. Does this differ from requirements for project-scale requirements?
Verra Response: Yes, this is different than projects, which effectively have a 30-year **minimum** crediting period[7]. This is because a standalone project would need to do more to actively protect the area over the long-term, particularly where there is not a jurisdiction-wide REDD+ program being implemented.

Nested projects currently have the same minimum crediting period, but as noted in our last set of responses, as jurisdictional programs come into force and are successful at addressing deforestation, most projects will transition from standalone to nested and over time will become fully incorporated in jurisdictional approaches.

Update submitted June 2020:

Update: the proposed revision to modify the duration of crediting periods for non-AFOLU projects, described [above], has been made in Section 3.8 of the *VCS Standard* under VCS Version 4.

Update: Verra has developed a new guidance document for the eligibility of VCUs for use in CORSIA. The guidance will be used to determine which credits have met all relevant CORSIA requirements and can therefore be labelled on our database as CORSIA-eligible (see Annex 1 for draft label guidance). In order to secure the label, Jurisdictional and Nested REDD+ programs must elect a crediting period of at least 20 years. Verra is in the

[7] While AFOLU projects have a 20 year crediting period, renewable up to 100 years, the minimum project longevity allowed by the Non-Permanence Risk Tool is 30 years.

process of updating the JNR Requirements to allow a minimum JNR program crediting period of 20 years, as follows:

Section 3.4.1 of the *JNR Requirements*, *v3.4,* will be updated as follows (with changes to existing requirements indicated in blue text or strikethrough):

> The project crediting period rules are set out in the *VCS Standard*. The program crediting period shall be ~~a maximum of~~ ten to twenty years, which may be renewed for a total of up to 30 years of crediting. ~~at most twice.~~
>
> Note - JNR programs that intend to participate in CORSIA must set a minimum crediting period of 20 years.
>
> Note - While the crediting period for jurisdictional REDD+ programs is ~~at most~~ 10 - 20 years, renewable up to a total of 30 years, permanence is addressed, in part, by assessing the capacity of the program design to protect the permanence of carbon stocks in the long term. An appropriate level of buffer withholding will be determined based on the VCS Program document JNR Non-Permanence Risk Tool, as set out in Section 3.15.

Such updates are expected to be released in the next public consultation on the updated *JNR Requirements* in September, 2019 and adopted in December 2019.

Q&A with ICAO July 2020

4.1. *{crediting period length}* In its response to the initial clarification questions, VCS provides draft text that will update section 3.4.1. of the JNR requirements, which provides that JNR programmes that intend to participate in CORSIA must set a minimum crediting period of twenty years.

a) Is this understood to be a minimum of two ten-year crediting periods, with revised baselines in between, or a single period lasting twenty years?

Verra response: This would be a single crediting period of twenty years. However, the programs would still be required to update the baseline every 5- 10 years (which is a separate requirement from the crediting period).

b) In the latter case, would this mean that any reassessment of the program's baseline / assumptions would only be reviewed and potentially updated, as needed, once every 20 years?

Verra response: No, as noted above, the baseline would still have to be re-assessed.

c) Please clarify, and provide any further evidence of existing procedures for baseline / reference level review and revision that apply in this case.

Verra response: JNR Requirements Section 3.11.16 states "Jurisdictional baselines shall be updated and revalidated every 5 to 10 years. The following jurisdictional baseline components shall be updated:…". You will note there is no link to the crediting period in this section.

4.2. *{timelines}* The response further indicates that the updates will be posted for public consultation in September 2020 and not finalized until December 2020. Is the TAB correct, therefore, to presume that the draft text submitted for assessment would likely change by its final version, in light of public comments?

Verra response: No, these requirements are very unlikely to change. While we need to put them out to consultation as part of best practice and as part of the full package of JNR updates, I have no doubt that our stakeholders will support making this minor change to ensure CORSIA eligibility. Since JNR programs were already eligible for up to a 30-year crediting period, this is a minor change.

Material Change submitted April 2021

1) "Procedures related to the duration and renewal of crediting periods" noted forthcoming updates on the length of the crediting period for JNR programs. JNR program crediting period rules have been updated, including:

   a) Incorporating the planned updates (requiring a minimum of 20 years for programs seeking to sell units in CORSIA *(JNR Requirements Scenario 2*, Section 3.4.1; *JNR Requirements Scenario 3*, Section 3.4.1)

   b) Clarifying the procedures for JNR Programs when updating the crediting period *(JNR Requirements Scenario 2*, Section 3.4.2; *JNR Requirements Scenario 3*, Section 3.4.2)

Question 3.4 Identification and Tracking

Does the programme utilize an electronic registry or registries? (*Paragraph 2.4.2*)	☒ YES

Provide web link(s) to the programme registry(ies) and indicate whether the registry is administered by the programme or outsourced to a third party (*Paragraph 2.4.2*):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program utilizes an electronic registry system.

Specifically, the VCS Registry System is a multi-registry system that has at its core the Verra Project Database, which is a publicly available database and clearinghouse for all project (including nested REDD+ projects) and JNR program information. The Verra Project Database is administered by Verra.

Linked to the Verra Project Database are two third-party registry administrators (APX and IHS Markit) which serve as the gateways to the VCS Registry System for project or JNR program stakeholders and through which proponents interact with the VCS Registry System. Specifically, proponents open their accounts through the registry administrators and submit project- or JNR program- information to them. Information from each of the VCS registry administrators is consolidated into the Verra Project Database via a secure communications protocol.

Links to the home pages and public views of each of the VCS registry administrators are provided below:

- Home page for the APX VCS registry
- APX VCS registry public view
- Home page for the IHS Markit VCS registry
- IHS Markit Environmental registry public view
- More information about the VCS Registry System can be found on Verra's Registry System webpage.

PROPOSED REVISION: Centralizing Administration of VCS Registry System

Verra is currently in the process of centralizing the administration of the VCS Registry System, whereby its current third-party registry administrators, APX and Markit, will no longer provide registry services. Instead, Verra staff will provide registry services directly to stakeholders using Verra's own electronic registry platform which has already been contracted and is in the process of being built.

Verra made the decision to develop a centralized "Verra Registry" in February 2018 to both provide registry services directly to stakeholders using any of Verra's programs and to streamline and simplify the project and JNR program registration and credit issuance process. Note that the Verra Registry will provide all of the same functionality currently provided by Verra's third-party registry administrators, and will comply with all EUC

accordingly. The Verra registry is scheduled to go-live by mid-January 2020. Verra plans to make a public announcement about this in July 2019. Centralizing the administration of the VCS Registry System is an internal decision about how best to manage the Verra Registry and thus has not been subject to a public consultation process.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update submitted June 2020:

***Update**:* the proposed revision to centralize the administration of the VCS Registry System (as the 'Verra Registry'), described in detail in the response to question 3.4 A above, was made on 9 April 2020.

Does the programme have procedures in place to ensure that the programme registry or registries…:	
a) have the capability to transparently identify emissions units that are deemed ICAO-eligible, in all account types ? (*Paragraph 2.4.3*)	☒ YES
b) identify, and facilitate tracking and transfer of, unit ownership/holding from issuance to cancellation/retirement? (*Paragraphs 2.4 (a) and (d) and 2.4.4*)	☒ YES
c) identify unit status, including retirement / cancellation, and issuance status? (*Paragraph 2.4.4*)	☒ YES
d) assign unique serial numbers to issued units? (*Paragraphs 2.4 (b) and 2.4.5*)	☒ YES
e) identify in serialization, or designate on a public platform, each unique unit's country and sector of origin, vintage, and original (and, if relevant, revised) project registration date? *(Paragraph 2.4.5)*	☒ YES
f) are secure (i.e. that robust security provisions are in place)? (*Paragraph 2.4 (c)*)	☒ YES

Summarize and provide evidence of the procedures referred to in a) through f), including the availability to the public of the procedures referred to in b), d), and f):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program has the capability to designate the ICAO eligibility status of particular units, and this can be done in one of two ways.

First, per Section 4.2.18 of the Registration and Issuance Process, VCUs can be labeled with "additional certifications" if they meet the requirements of participating standards or programs, as approved or designated by Verra. This functionality is already in practice and could be used to publicly indicate the ICAO eligibility status of particular VCUs. Examples of labeled VCUs can be found in the VCU section of the publicly available Verra Project Database. The column "Additional Certifications" indicates whether each VCU issuance is labeled with an additional certification (e.g., "Climate Community & Biodiversity Standards, or CCBS, Second Edition - Gold Level").

An ICAO (or CORSIA) label could be added to the registry system such that one could search for and isolate all ICAO/CORSIA eligible units.

Another option to designate ICAO eligibility status of particular units would be to add to the Verra Project Database a field that would enable users to select units eligible under CORSIA. This would be similar to the tick-boxes on the database that currently allow users to identify "Retired" and "Cancelled" VCUs, as indicated in the VCU section of the publicly available Verra Project Database.

b) Do the Program registries identify and facilitate tracking and transfer of unit ownership/holding from issuance to cancellation/retirement?

Yes, the VCS Registry System identifies and facilitates the tracking and transfer of unit ownership/holding from issuance to cancellation/retirement.

Specifically, VCS registry administrators (APX and IHS Markit) are governed by comprehensive contractual agreements with Verra to ensure that projects (including nested REDD+ projects) and JNR programs are registered and VCUs are issued in accordance with VCS Program rules. These contractual agreements include requirements that the registry administrators provide services for holding, transferring and retiring VCUs, provide custodial services for VCUs, and maintain records of VCU legal ownership. A boilerplate template of such contractual agreements is attached as Attachment 1 to the original application. These requirements are set out publicly in Section 4.2 of the VCS Program Guide.

The VCS Registry System is also designed to conduct daily automated reconciliations of all issued (active, retired and cancelled) VCUs between APX, IHS Markit and the Verra Project Database. Additional publicly available information with respect to the tracking and transfer of unit ownership/holding from issuance to cancellation/retirement is available on the Verra Registry System and Verified Carbon Unit (VCU) webpages.

c) Do the Program registries identify unit status, including retirement / cancellation, and issuance status?

Yes, the VCS Program registries identify unit status, including retirement / cancellation, and issuance status.

Specifically, the VCS Registry System is a multi-registry system that has at its core the Verra Project Database, administered by Verra, as further explained on the Verra Registry System webpage. The registry platforms run by APX and IHS Markit connect to the Verra Project Database via a communications protocol, meaning that the status of all units in the Verra Project Database is reflected in the respective registry administrator's platform/interface. As set out in Section 4.6 of the Registration and Issuance Process, the Verra Project Database displays the status of every VCU issued under the VCS Program. VCUs may have a status of active, retired or cancelled.

The above is further supported by evidence that is publicly available in the Verra Project Database. Namely, the VCU section of the Verra Project Database contains a column titled "VCU Quantity Issued" with hyperlinked values of issuance and retirement / cancellation quantities. Selecting any of the hyperlinks will navigate the user to the

records' respective "VCU Details Report", where the field "Status of VCUs" is publicly available.

d) Do the Program registries assign unique serial numbers to issued units?

Yes, the VCS Program registries assign unique serial numbers to issued units.

Specifically, Section 4.1 of the VCS Program Guide and Section 1 of the Registration and Issuance Process state that VCU serial numbers are generated by the Verra Project Database, which ensures the uniqueness of VCUs issued under the VCS Program. The unique serial numbers generated by the Verra Project Database are subsequently reflected in the respective registry administrator platforms/interface via the communications protocol connecting the Verra Project Database to the APX and IHS Markit registry platforms (see below for further specification regarding operation of the VCS Registry System communications tool).

e) Do the Program registries identify in serialization, or designate on a public platform, each unique unit's country and sector of origin, and vintage year?

Yes, the VCS Program sets out the serial number, country and sector of origin, and vintage year for every unit issued.

Specifically, the "VCU Details Report" pages of the Verra Project Database (administered by Verra and navigable as described in (c) above) identifies the serial number of every unit issued under the VCS Program. The VCS registry administrators also identify the serial number of every VCU issued under the VCS Program, as set out on their publicly available registry views, linked below:

- APX VCS Registry public view
- IHS Markit Environmental Registry public view

The VCU serial number format is publicly available on the Verra Project Database webpage via the VCU Serial Number Format document. The VCU serial number format includes the ISO 3166 country codes, numeric codes corresponding to the sectoral scope number (publicly available on the Verra webpage VCS Sectoral Scopes) and the vintage start and end dates of each VCU.
In addition to the units' country, sector of origin and vintage year being included in the serial number, this information is also separately listed alongside each issuance record on the Verra Project Database.

PROPOSED REVISION: Centralizing Administration of VCS Registry System

As mentioned in Section 3.4 (Identification and Tracking) above, Verra is currently in the process of centralizing the administration of the VCS Registry System whereby its current third-party registry administrators, APX and Markit, will no longer provide registry services, and Verra staff will instead provide registry services directly to stakeholders using the Verra Registry. Section

3.4 above sets out the details of this proposed change, including the timeline and communications with external

stakeholders.

The Verra Registry will provide all of the same functionality currently provided by Verra's third-party registry administrators, and will therefore comply with all of the requirements set out in items (a), (b),his), (d), and (e) above.

The Verra Registry will provide all of the same functionality currently provided by Verra's third-party registry administrators, including the ability to link with external registry systems using any necessary communications protocols.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Updates submitted June 2020:

Update: the proposed revision to centralize the administration of the VCS Registry System (as the 'Verra Registry'), described in detail in the response to question 3.4 A above, was made on 9 April 2020.

List any/all international data exchange standards to which the programme's registry(ies) conform: (*Paragraph 2.4 (f)*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

List any/all international data exchange standards to which the Program's registry(ies) conform:
(Paragraph 2.4 (f))

The VCS Registry System communications protocol is a set of software and data exchange protocols defined and created to automate communications between the Verra Project Database and the VCS registry administrators (APX and IHS Markit). The design of the communications protocol closely follows the architecture of the UNFCCC infrastructure in the sense of having a central communications hub that brokers traffic between different parts of the system using SOAP and JSON message formats to transport data between systems. The message structure, consisting of a clearly defined envelope encapsulating content of the message, is also compatible with the UNFCCC Data Exchange Standards specifications. In doing so, the communications protocol uses Transmission Control Protocol/Internet Protocol connections via encrypted messages over the internet. Other technical requirements include:

- Web service based model with real time transactions
- Necessity to implement time synchronization with use of network time protocols
- SSL encryption for data in transit

Per Schedule 10 of the Verra Registry Agreement, Verra registries adhere to UNFCCC Security Requirements as set

out in Sections 9.2.1 to 9.2.4 of the Data Exchange Standards For Registry Systems Under the Kyoto Protocol. These standards include database and application backup specifications, a disaster recovery plan, security plans and application logging documentation.

PROPOSED REVISION: Centralizing Administration of VCS Registry System

As mentioned in Section 3.4 (Identification and Tracking) above, Verra is currently in the process of centralizing the administration of the VCS Registry System, whereby its current third-party registry administrators, APX and Markit, will no longer provide registry services, and Verra staff will instead provide registry services directly to stakeholders using the Verra Registry.

Section 3.4 above sets out the details of this proposed change, including the timeline and communications with external stakeholders.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update submitted June 2020

The proposed revision to centralize the administration of the VCS Registry System (as the 'Verra Registry'), described in detail in the response to question 3.4 A above, was made on 9 April 2020.

Are policies and robust procedures in place to…	
a) prevent the programme registry administrators from having financial, commercial or fiduciary conflicts of interest in the governance or provision of registry services? (*Paragraph 2.4.6*)	☒ YES
b) ensure that, where such conflicts arise, they are appropriately declared, and addressed and isolated? (*Paragraph 2.4.6*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, policies are in place to prevent the VCS Program registry administrators from having financial, commercial or fiduciary conflicts of interest in the governance or provision of registry services, and to address and isolate such conflicts, should they arise.

Specifically, VCS registry administrators must meet strict requirements for prevention of conflict of interest before they are approved to provide services under the VCS Program. This requirement is set out in Schedule 4, Clause 7 of the Boilerplate Verra Registry Agreement template submitted as Attachment 1 to the original application. As part of such contractually obligated requirements, VCS registry administrators shall not buy, sell or trade GHG units except for the purpose of offsetting their own emissions, develop any GHG units that are similar to VCUs,

engage in any activities which may prejudice the interests of Verra or undertake activities which are inimical to the goal of decarbonization.

The VCS registry administrators are also contractually obligated to maintain internal policies for the management of potential conflicts of interests between registry accountholders, carbon market participants, other VCS registries, other standards or themselves, in addition to the above.

PROPOSED REVISION: Centralizing Administration of VCS Registry System

As mentioned in Section 3.4 (Identification and Tracking) above, Verra is currently in the process of centralizing the administration of the VCS Registry System, whereby its current third-party registry administrators, APX and Markit, will no longer provide registry services, and Verra staff will instead provide registry services directly to stakeholders using the Verra Registry. Section

3.4 above sets out the details of this proposed change, including the timeline and communications with external stakeholders.

Given that Verra will be managing the Verra Registry itself, Verra policies for the prevention of conflict of interest will apply, and thus policies will continue to be in place to prevent Verra staff from having financial, commercial or fiduciary conflicts of interest in the governance or provision of registry services, and to address and isolate such conflicts, should they arise.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update submitted June 2020

The proposed revision to centralize the administration of the VCS Registry System <u>(as the 'Verra Registry')</u>, described in detail in the response to question 3.4 A above, was made on 9 April 2020.

Are provisions in place…	
a) ensuring the screening of requests for registry accounts? (*Paragraph 2.4.7*)	☒ YES
b) restricting the programme registry (or registries) accounts to registered businesses and individuals? (*Paragraph 2.4.7*)	☒ YES
c) ensuring the periodic audit or evaluation of registry compliance with security provisions? (*Paragraph 2.4.8*)	☒ YES

Summarize and provide evidence of the registry security provisions referred to in a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are provisions in place ensuring the screening of requests for registry accounts?

Yes, registry accountholders must pass strict know-your-customer background checks performed by their registry administrator prior to opening an account. This is described on the Verified Carbon Unit (VCU) webpage of the Verra website.

b) Are provisions in place restricting the Program registries accounts to registered businesses and individuals?

Yes, the VCS Registry System is limited to registered accountholders, which can be, incorporated businesses, non-profit organizations and other institutions that have applied for an account at one of the VCS registry administrators and have passed the Know-Your-Customer checks performed by their respective registry administrator during the application process. Individuals may not open their own VCS registry accounts as is described on the Verified Carbon Unit (VCU) webpage of the Verra website. The registry administrators have additional accountholder restrictions as set out in their own terms and conditions/operating procedures, which are provided below:

- IHS Markit account types and their restrictions are listed on pages 21 and 22 of the publicly available Markit Environmental Registry Terms and Conditions. Accounts in the name of individuals are not permitted in the IHS Markit registry (Page 22). With the exception of an Issuer Account (which may only register and issue credits), all account types must belong to a registered company or organization.

- APX account types and their restrictions are listed in Section 2.1 of the publicly available APX VCS Registry Operating Procedures.

c) Are provisions in place ensuring the periodic audit or evaluation of registry compliance with security provisions?

Yes, provisions are in place to ensure the periodic audit of registry administrator compliance with security provisions.

Specifically, the Verra registry agreements require certain security controls and processes that meet the requirements set out in the UNFCCC Security Requirements (see Schedule 10 of the Boilerplate Verra Registry Agreement submitted as Attachment 1 to the original application). The UNFCCC Security Requirements themselves include audits of database and application backup plans. Under the Verra Registry Agreement, Verra has the right to review documentation pertaining to the registries' adherence to these security controls at any time (see Schedule 1, Clause 4.4.1)

Verra also directly audits the registries' activities and procedures in connection to the Verra registry agreements on a quarterly and annual basis to ensure that projects and JNR programs have been registered and VCUs have been issued in compliance with the VCS Rules (see Schedule 1, Clause 18.1.2).

PROPOSED REVISION: Centralizing Administration of VCS Registry System

As mentioned in Section 3.4 (Identification and Tracking) above, Verra is currently in the process of centralizing the administration of the VCS Registry System, which would mean that its current third-party registry administrators, APX and Markit, will no longer provide registry services, and Verra staff will instead provide registry services directly to stakeholders using the Verra Registry. Section 3.4 above sets out the details of this proposed change, including the timeline and communications with external stakeholders.

The Verra Registry will provide all of the same functionality currently provided by Verra's third-party registry administrators, and will therefore comply with all of the requirements set out in items (a), (b), and (c) above.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update submitted June 2020

The proposed revision to centralize the administration of the VCS Registry System (as the 'Verra Registry'), described in detail in the response to question 3.4 A above, was made on 9 April 2020.

Question 3.5 Legal nature and transfer of units

Does the programme define and ensure the following:	
a) the underlying attributes of a unit? (Paragraph 2.5)	☒ YES
b) the underlying property aspects of a unit? (Paragraph 2.5)	☒ YES

Summarize and provide evidence of the processes, policies, and/or procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program defines and ensures the underlying attributes and property aspects of the units it issues.

Specifically, the underlying attributes of a VCU are defined by the principles in Section 3 of the VCS Program Guide, which states that each VCU be real, measurable, permanent, additional, independently audited, unique, transparent, and conservative. These principles are upheld through the VCS project and JNR program certification process.

With respect to property aspects, the publicly available VCS Program Definitions defines a Verified Carbon Unit (VCU) as "A unit issued by, and held in a VCS registry representing the right of an accountholder in whose account the unit is recorded to claim the achievement of a GHG emission reduction or removal in the amount of one (1) metric tonne of CO2 equivalent that has been verified by a validation/verification body in accordance with the

VCS rules." The definition goes on to state that "Recordation of a VCU in the account of the holder at a VCS registry is prima facie evidence of that holder's entitlement to that VCU".

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.6 <u>Validation and verification procedures</u>

Are standards, requirements, and procedures in place for… (*Paragraph 2.6*)	
a) the validation of activities?	☒ YES
b) the verification of emissions reductions?	☒ YES
c) the accreditation of validators?	☒ YES
d) the accreditation of verifiers?	☒ YES

Provide evidence of the standards, requirements, and procedures referred to in a) through d), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are standards and procedures in place for validation and verification processes?

Yes, the VCS Program has standards and procedures in place for validation and verification processes. Specifically, the VCS rules for validation and verification processes are set out in Section 5 of the VCS Standard. The rules for validation and verification processes for JNR programs are set out in the JNR Validation and Verification Process document.

These rules require all projects (including nested REDD+ projects) and JNR programs to undergo validation (i.e., an independent assessment by a VVB that determines whether the project or JNR program complies with the VCS rules) and verification (i.e., a periodic ex-post independent assessment by a VVB of the GHG emission reductions and removals that have occurred as a result of the project or JNR program during the monitoring period). Validation and verification activities must be carried out in conformance with ISO 14064-3 and ISO 14065. VVBs may only conduct validation/verification activities for project or JNR program activities for which they have demonstrated competency as determined during their accreditation process.

JNR programs must also be reviewed by a JNR expert panel at validation and where the jurisdictional baseline is updated at the time of verification, as set out in Section 2.5.2 of the JNR Validation and Verification Process document.

b) Are standards and procedures in place for validator and verifier accreditation?

Yes, the VCS Program has standards and procedures in place for validator and verifier accreditation. Specifically, the VCS rules for accreditation of validation/verification bodies are set out in Section 5 of the VCS Program Guide. In particular, VVBs must be accredited via one of two pathways:

1. Accredited under ISO 14065 by an VCS-approved accreditation body that is a member of the International Accreditation Forum (IAF). Currently the two IAF members that offer accreditation for the VCS Program are the American National Standards Institute (ANSI) and the Standards Council of Canada (SCC).

2. Accredited under a VCS-approved GHG Program. Currently organizations approved as Designated Operational Entities (DOEs) under the UNFCCC's Clean Development Mechanism are eligible. DOEs are accredited using the CDM Accreditation Standard which is based on ISO 14065.

Once organizations have provided Verra with proof of accreditation to at least one sectoral scope for validation and/or verification from one of the accreditation bodies identified above, VVBs are invited to apply for approval with the VCS Program, which includes signing an agreement with Verra and payment of an annual fee as set out in the VCS Program Fee Schedule.

In addition to the above requirements, in order to be eligible to validate or verify a JNR program, a VVB must have completed at least five project validations under sectoral scope 14. Project validations can be under the VCS Program or an approved GHG program and projects shall be registered under the applicable program.

PROPOSED REVISION: Updating VVB Accreditation Requirements

Verra is proposing to update the VCS rules such that VVBs may only be accredited under ISO 14065 by a VCS-approved accreditation body that is a member of the International Accreditation Forum (IAF) (i.e., pathway 1, above). We are proposing to update the accreditation requirements to ensure a consistent basis for accreditation and performance oversight of VVBs operating under the VCS Program. This update will enhance the integrity of the VCS Program and thus not impact whether it meets the EUC.

This update will take effect two years after the release of VCS Version 4 to ensure a sensible transition period. However, where Verra determines that a sufficient number of IAF members offer VCS Program accreditation prior to this timeframe, Verra will implement this update sooner.

This proposed revision to the VCS VVB accreditation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

The proposed update to VVB accreditation requirements described in detail in the response to 3.6A above, has been made under VCS Version 4. The update is set out in Section 5 of the *VCS Program Guide*, most recent version of which is available on the VCS website.

Material Change Submitted April 2021

Section 3.6.a of the application, "Are standards and procedures in place for validation and verification processes" stated that JNR programs apply an expert panel as part of the validation/verification process.

The expert panel as part of the validation/verification process has been incorporated into the validation/verification body review. All areas of required technical expertise must still be justified and reviewed by Verra. Such updates streamline the process and address government contracting difficulties, while maintaining all rigor of and expertise required by the process. Updates are reflected in Sections 2.4.4 and 3.3 of the *JNR Validation and Verification Process*.

Question 3.7 Programme governance

Does the programme publicly disclose who is responsible for the administration of the programme? (*Paragraph 2.7*)	☒ YES
Does the programme publicly disclose how decisions are made? (*Paragraph 2.7*)	☒ YES

Provide evidence that this information is available to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, Verra discloses who is responsible for the administration of the VCS Program and how decisions are made. Specifically, the VCS Program is administered by Verra, which is accountable to the Verra board of directors. All major programmatic decisions need to be approved by the board. Two important documents relating to the governance of the program are available on Verra's Governance webpage:

- Articles of Incorporation: These set out the broad objectives of the organization, including the fact that it is a 501(c)(3) tax-exempt organization and registered as a non-profit corporation under the laws of the District of Columbia (Washington, DC), United States and that it is to be operated for the public good. The Articles of Incorporation also establish that the organization shall be governed by a board of directors that is to be appointed/elected under the rules provided by the Bylaws.

- Bylaws: In addition to reiterating the broad objectives of the organization, the Bylaws set out the specific ways in which the organization is governed, including the selection of members of the board, the actions requiring board approval, the threshold needed for board approval of actions, the establishment of board committees and outside advisory and steering committees, the titles, roles and terms of all officers, and financial reporting requirements.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

We have increased transparency about development of the VCS Program through improvements to organization of the VCS Program Governance & Development web pages.

Can the programme demonstrate that it has… (*Paragraph 2.7.2*)	
a) been continuously governed for at least the last two years?	☒ YES
b) been continuously operational for at least the last two years?	☒ YES
c) a plan for the long-term administration of multi-decadal programme elements?	☒ YES
d) a plan for possible responses to the dissolution of the programme in its current form?	☒ YES

Provide evidence of the activities, policies, and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Can the Program demonstrate that it has been continuously governed and operational for at least the last two years?

Yes, Verra has been continuously governed and operational since 2007 when it was first established in Switzerland, and 2009 when it was established in the US. As part of this application, we are submitting IRS filings for 2017 and 2018 that demonstrate the organization has been operational for the last two years as Attachments 2 and 3, respectively, which were included with original application.

b) Can the Program demonstrate that it has a plan for the long-term administration of multi-decadal program elements which includes possible responses to the dissolution of the Program in its current form?

Verra is bound by the ninth article in its Articles of Incorporation, which states that "Upon the dissolution of the Organization, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Organization, distribute all of the assets of the Organization as the Board of Directors shall determine to one or more organizations then described in Sections 170(c)(2) and 501(c)(3) of the Code."

Should the organization need to be dissolved, however, as the Articles of Incorporation state, Verra would need to ensure that there are sufficient funds available to pay all outstanding liabilities. To address this need, and to ensure smooth transitions across periods when revenues may ebb and flow, Verra has a long-standing policy of maintaining a reserve that can be drawn on if needed. The reserve is currently equal to six months of operating expenses.

Beyond the need for an orderly transition in the case of dissolution, it is worth noting that Verra has a diversified source of revenues and thus does not depend entirely on the VCS Program for financial sustainability. For example, Verra develops and manages other standards that generate their own fee-based, unrestricted revenues, including the Climate, Community & Biodiversity Standards and the Sustainable Development Verified Impact Standard. In addition, Verra is developing LandScale (previously known as the Landscape Standard) and recently launched the Reduce, Recover and Recycle (3R) Initiative that will include reporting and project standards to be developed and managed by Verra and which will also generate fee-based, unrestricted revenues.

Should the VCS Program ever contract significantly, we are confident that we could continue to operate it at a minimal level with fees from the VCS Program itself, as well as other resources at our disposal, including the reserve and other unrestricted revenues. Therefore, while there is a risk the VCS Program could shrink significantly, we believe that such an event would not necessarily cause the organization to dissolve, and that we could sustain a minimal level of VCS Program activities with program fees and other resources.

Another important consideration is the fact that the assets created under the VCS Program (i.e., VCUs) will have long-term value, suggesting that if the organization is ever dissolved, there would be some entity that would be interested in and able to manage the small amount of work needed to keep the platform open and operating at a minimal level. Specifically, it is likely that existing projects and JNR programs could be transferred to another GHG crediting program. Likewise, the buffer reserve could also be transferred to another entity.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

In February of 2020 Verra launched the Plastic Waste Reduction Program, a program for crediting plastic waste collection and recycling. This program will further strengthen Verra's underlying finances, thereby reducing the likelihood that Verra will be subject to dissolution.

Verra has begun to assess how it could, beyond the existing approach, ensure the long-term administration of multi-decadal program elements such as the buffer mechanism.

Are policies and robust procedures in place to…	
a) prevent the programme staff, board members, and management from having financial, commercial or fiduciary conflicts of interest in the governance or provision of programme services? (*Paragraph 2.7.3*)	☒ YES
b) ensure that, where such conflicts arise, they are appropriately declared, and addressed and isolated? (*Paragraph 2.7.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Verra requires all board members and employees to review and agree with strict conflict of interest policies, and to declare on an annual basis that they have not engaged in any conduct that violates Verra's Conflict of Interest Policy. In addition, board members are required to report any potential conflicts of interest during all meetings of the board and to recuse themselves where any conflicts exist. Finally, employees are required to disclose any gifts (regardless of value) they have received over the past year from anyone who is doing business, has done business, or is seeking to do business with Verra.

The policy and annual disclosure forms for board members and employees can be found on Verra's Governance webpage.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

If the programme is not directly and currently administered by a public agency, can the programme demonstrate up-to-date professional liability insurance policy of at least USD$5M? (*Paragraph 2.7.4*)	☒ YES

Provide evidence of such coverage:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

A copy of Verra's 2019-2020 professional liability insurance policy was included as Attachment 4 the original application. The policy's coverage amount was USD 5 million.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

A copy of Verra's 2022 professional liability insurance policy is included as Attachment 2 this document. The policy's coverage amount is USD 5 million.

Question 3.8 Transparency and public participation provisions

Does the programme publicly disclose… (*Paragraph 2.8*)	
a) what information is captured and made available to different stakeholders?	☒ YES
b) its local stakeholder consultation requirements (if applicable)?	☒ YES
c) its public comments provisions and requirements, and how they are considered (if applicable)?	☒ YES

Provide evidence of the public availability of items a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Does the Program publicly disclose what information is captured and made available to different stakeholders?

Yes. Section 3 of the VCS Program Guide requires that "There must be sufficient and appropriate public disclosure of GHG related information to allow intended users to make decisions with reasonable confidence." Accordingly, publicly disclosed information related to the VCS Program's projects (including nested REDD+ projects) and JNR programs, VCUs and methodologies includes the following:

- Project (including nested REDD+ project), JNR program and VCU information: The Verra Project Database makes all project, JNR program and VCU information publicly available, and it can be accessed via the VCS website. In doing so, the Verra Project Database tracks and makes publicly available information about every project, JNR program and VCU issued under the Program, including but not limited to project and JNR program documentation, location, methodology, unit vintages, serial numbers and issuance/retirement/cancellation dates. Per Section 3.19.2 of the VCS Standard, all information in VCS project and JNR program documents shall be presumed to be available for public review except for information assessed by a VVB to meet the definition of "commercially sensitive information", as defined in the VCS Program Definitions. Per Section 4.2.11 of the Registration and Issuance Process (and Section 4.1.16 of the JNR Registration and Issuance Process), the proponent may protect commercially sensitive information by uploading a public project or JNR program description and a separate private project or JNR program description to the VCS Project Database. The public project or JNR program description differs from the private project or JNR program description only in that it does not contain commercially sensitive information.

- Methodology information: Methodologies developed under the VCS Program are publicly available on Verra's methodologies webpage along with the assessment reports prepared by the validation/verification bodies (VVBs) that reviewed the methodology during its development. Note that the VCS Program also accepts projects that apply methodologies developed under approved programs, which include the CDM and Climate Action Reserve. Therefore, while not all VCS projects apply methodologies that have been developed under the VCS Program, Verra provides links to these other methodologies on its website and the Verra Project Database indicates where a non-VCS methodology is used.

b) Does the Program publicly disclose its local stakeholder consultation requirements?

Yes, Sections 3.17.2 - 3.17.4 of the *VCS Standard* and Section 3.7 of the *JNR Requirements* publicly disclose the VCS Program's local stakeholder consultation requirements. Public reporting of each projects' (including nested REDD+ projects') compliance with the local stakeholder consultation requirements is reported in Section 5.3 of the *VCS Project Description Template*, *Section* 4.3 of the *VCS Validation Report Template*, Section 2.4.2 of the *VCS Monitoring Report Template* and Section 5.2 of the *VCS Verification Report Template*. Public reporting of each JNR programs' compliance with local stakeholder consultation requirements (and other safeguards) is reported in Section 2 of the *VCS JNR*

Program Description Template, Section 4.3 of the *VCS JNR Monitoring Report Template* and in the *VCS JNR Validation Report Template*.

PROPOSED REVISION: Strengthening Stakeholder Consultation Requirements

Verra is proposing to update the VCS rules by introducing enhanced requirements for ensuring local community and stakeholder safeguards for AFOLU projects (including nested REDD+ projects). Specifically, the proposed revisions to the stakeholder consultation requirements will require AFOLU projects to take all appropriate measures to communicate and consult with local stakeholders on an ongoing process for the life of the project. All communications and consultations shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. Projects will be required to communicate:

- The project design and implementation, including the results of monitoring.
- The risks, costs and benefits the project may bring to local stakeholders.
- Stakeholders' ability to withhold consent for project activities that impact their property or resources.
- All relevant laws and regulations covering workers' rights in the host country.
- The process of VCS validation and verification and the VVB's site visit.

Additionally, projects will be required to develop a grievance and redress process, with stakeholder cooperation, that allows stakeholders to formally raise concerns or grievances with the project and a mechanism to resolve the concerns or grievances. The proposed changes will align VCS AFOLU project safeguards requirements with those of the UNFCCC for REDD+. Note that all VCS REDD+ projects that are also certified under the CCB Standards already meet all project-relevant UNFCCC REDD+ safeguards given that the CCB Standards include such requirements. Section 3.9 below sets out further details of the CCB Standards requirements in respect of safeguards, which include public consultation.

This proposed revision to the VCS local stakeholder consultation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

c) Does the Program publicly disclose its public comments provisions and requirements, and how they are considered?

Yes, the VCS Program has public comment provisions for projects (including nested REDD+ projects), methodologies and JNR programs developed under the VCS Program. These provisions are summarized below.

- Projects (including nested REDD+ projects): The VCS Program's public comment provisions for projects, including how comments are considered, are publicly available in Sections 3.17.5 - 3.17.8 of the *VCS Standard*. Projects are subject to a 30-day public comment period prior to registration and the project proponent must take due account of any and all comments received during this period.

- Methodologies: The VCS Program's public comment provisions for methodologies, including how comments are considered, are publicly available in Section 4.3 of the *Methodology Approval Process*. Methodologies are subject to a 30-day public comment period prior to assessment by a VVB and the methodology developer must take due account of comments received.
- JNR programs: The VCS Program's public comment provisions for JNR programs, including how comments are considered, are publicly available in Section 2.3 of the *JNR Validation and Verification Process*. JNR programs are subject to a 60-day public comment period at both validation (prior to registration) and verification (prior to issuance of VCUs), and the jurisdictional proponent must take due account of any and all comments received during this period.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update submitted June 2020

The proposed revision to strengthen the local stakeholder consultation requirements for AFOLU projects (including nested REDD+ projects), described in detail [above], has been made in Section 3.16 of the *VCS Standard* under VCS Version 4.1.

Update for March 2022

No changes were made to these requirements, but local stakeholder consultation requirements for AFOLU projects (including nested REDD+ projects) were moved to Section 3.17 of the *VCS Standard* v4.2 in January 2022.

Does the programme conduct public comment periods relating to… (*Paragraph 2.8*)	
a) methodologies, protocols, or frameworks under development?	☒ YES
b) activities seeking registration or approval?	☒ YES
c) operational activities (e.g., ongoing stakeholder feedback)	☒ YES
d) additions or revisions to programme procedures or rulesets?	☒ YES

Summarize and provide evidence of any programme procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program conducts public comment periods on all major revisions to the program requirements. Section 1.1 of the *VCS Program Guide* states that new versions of the VCS Program, as a result of major edition updates, undergo a comprehensive public stakeholder consultation process that is to be announced on the VCS website and to VCS stakeholders.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.9 Safeguards system

Are safeguards in place to address… (*Paragraph 2.9*)	
a) environmental risks?	☒ YES
b) social risks?	☒ YES

Summarize and provide evidence of the safeguards referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The VCS Program has safeguards in place to address environmental and social risks for both projects (including nested REDD+ projects) and JNR programs. The relevant policies and procedures for safeguards are publicly available in Section 3.17 of the *VCS Standard* for projects, and Section 3.7 of the *JNR Requirements* for JNR programs. For projects, the safeguards in place include policies and procedures to ensure no net harm, local stakeholder consultation, and public comment periods. For JNR programs, compliance with all UNFCCC decisions on safeguards for REDD+ is required. Further details on the VCS Program project-level safeguards, followed by JNR program-level safeguards, are summarized below.

Project-Level Safeguards:

- **No Net Harm (Section 3.17.1 of the *VCS Standard*)**: Project proponents are required to identify potential negative environmental and socio-economic impacts, and shall take steps to mitigate them.

- **Local Stakeholder Consultation (Sections 3.17.2 - 3.17.4 of the *VCS Standard*)**: Project proponents are required to conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. The project proponent must take due account of all and any input received during the local stakeholder consultation.

- **Public Comment Periods (Sections 3.17.5 - 3.17.8 of the *VCS Standard*)**: Projects are subject to a 30-day public comment period prior to registration and the project proponent must take due account of any and all comments received during this period.

- **Additional Certification (Section 3.17.1 of the *VCS Standard*)**: Additional certification standards may be applied to demonstrate social and environmental benefits beyond GHG emission reductions or removals. A list of standards that have been approved by Verra for use along with the VCS Program is publicly available on the Verra VCU Labeling webpage.

- One of the additional certification standards commonly used for land-based projects using the VCS Program is the Climate, Community & Biodiversity (CCB) Standards, which set out additional safeguards requirements. Application of the CCB Standards ensures that projects, among other things:

- Identify all stakeholders and ensure their full and effective participation, required under indicator G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
- Recognize and respect customary and statutory rights, required under indicator G5 from the *Climate, Community & Biodiversity Standards, v3.1*;
- Obtain free, prior and informed consent, required under indicator G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
- Assess and monitor direct and indirect costs, benefits and risks, required under indicators CM2, CM4 and G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
- Identify and maintain high conservation values, required under indicators CM1 and B1 from the *Climate, Community & Biodiversity Standards, v3.1*; and
- Demonstrate net positive climate (CL2), community (CM2) and biodiversity (B2) benefits from the *Climate, Community & Biodiversity Standards, v3.1*

The vast majority of VCS REDD+ projects already apply the CCB Standards as a co-benefit label. More information on the CCB Standards is available on the CCB Program webpage. Additionally, Verra recently launched a new standards framework specifically for certification of sustainable development benefits - The Sustainable Development Verified Impact Standard (SD VISta). This standard was released in January 2019, and is a flexible framework for assessing and reporting on the sustainable development benefits of project-based activities, helping unlock new sources of finance to support and scale up high-impact efforts. VCS projects may concurrently apply SD VISta as a means to further demonstrate contributions to sustainable development.

Note that jurisdictional governments may require nested REDD+ projects to meet additional safeguard requirements.

PROPOSED REVISION: Strengthening Stakeholder Consultation Requirements

Verra is proposing to update the VCS rules by introducing enhanced requirements for ensuring local community and stakeholder safeguards for AFOLU projects (including nested REDD+ projects). Specifically, the proposed revisions to the stakeholder consultation requirements will require AFOLU projects to take all appropriate measures to communicate and consult with local stakeholders on an ongoing process throughout the life of the project. All communications and consultations shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. Projects will be required to communicate:

- The project design and implementation, including the results of monitoring.
- The risks, costs and benefits the project may bring to local stakeholders.
- Stakeholders' ability to withhold consent for project activities that impact their property or resources.

- All relevant laws and regulations covering workers' rights in the host country.

- The process of VCS validation and verification and the VVB's site visit.

Additionally, projects will be required to develop a grievance and redress process, with stakeholder cooperation, that allows stakeholders to formally raise concerns or grievances with the project and a mechanism to resolve the concerns or grievances.

This will enhance the VCS Program's consistency with the EUC and also align VCS safeguards requirements with those of the UNFCCC for REDD+. Note that REDD+ projects using the CCB Standards already meet all project-relevant UNFCCC REDD+ safeguards.

This proposed revision to the VCS local stakeholder consultation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

JNR Program-Level Safeguards:

Safeguards requirements for JNR programs, including with regard to the design and implementation of safeguards information systems, are laid out in Section 3.7 of the *JNR Requirements*, and in the *VCS JNR Program Description Template* and *VCS JNR Monitoring Report Template*. *Highlights* of these safeguards requirements include the following:

- **Aligned with UNFCCC**: During their design and implementation, JNR programs must comply with all UNFCCC decisions on safeguards for REDD+ and any relevant national or sub-national REDD+ safeguard requirements.

- **Local stakeholder consultation**: JNR programs must be developed and documented in a transparent manner and in consultation with relevant stakeholders, including local communities and indigenous peoples. To guide the stakeholder consultation process, programs may use the REDD+ Social & Environmental Safeguards (SES), the Guidelines on Stakeholder Engagement for REDD+ Readiness of the FCPF, and/or the UN-REDD Programme. Jurisdictional programs shall also develop a mechanism for receiving and addressing any and all feedback on stakeholder grievances and concerns.

Public Comment Periods (Section 2.3 of the VCS *JNR Validation and Verification Process*): JNR programs are subject to a 60-day public comment period at both validation (prior to registration) and verification (prior to issuance of VCUs), and the jurisdictional proponent must take due account of any and all comments received during this period.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

The proposed revision to strengthen the local stakeholder consultation requirements for AFOLU projects (including nested REDD+ projects), described in detail below, has been made in Section 3.16 of the *VCS Standard*

under VCS Version 4.

Material Change Submitted April 2021

Section 3.9 of the application "Are safeguards in place to address environmental and social risks?" stated JNR Safeguards were contained in Section 3.7 of the JNR Requirements, and described the JNR Safeguards. Section 4.8 "Do no net harm" included further responses with respect to safeguards.

JNR safeguards are now contained in Section 3.8 of Scenario 2 and Scenario 3 Requirements. No changes have been made that impact our original responses, however, further specification and clarity have been added.

Question 3.10 Sustainable development criteria

Does the programme use sustainable development criteria? (*Paragraph 2.10*)	☒ YES
Does the programme have provisions for monitoring, reporting and verification in accordance with these criteria? (*Paragraph 2.10*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Project proponents (including nested REDD+ project proponents) are required to describe how the project contributes to achieving any nationally stated sustainable development priorities, including any provisions for monitoring and reporting same. This requirement is publicly available in Section 1.13 of the *VCS Project Description Template, v3.3* and Section 1.10 of the *VCS Monitoring Report Template, v3.4*.
VVBs are required to identify, discuss and justify conclusions regarding the sustainable development contributions of the project within their auditing documentation. This requirement is publicly available in Section 3.1 of the *VCS Validation Report Template, v3.4* and Section 4.1 of the *VCS Verification Report Template, v3.4*.

Additionally, Verra recently launched a new standards framework specifically for certification of sustainable development benefits - The Sustainable Development Verified Impact Standard (SD VISta). This standard was released in January 2019, and is a flexible framework for assessing and reporting on the sustainable development benefits of project-based activities, helping unlock new sources of finance to support and scale up high-impact efforts. VCS projects may concurrently apply SD VISta as a means to further demonstrate contributions to sustainable development.

JNR programs also describe how they contribute to sustainable development as part of their assessment, monitoring and reporting on the UNFCCC decisions on safeguards for REDD+.

Q&A with ICAO October 2019

Regarding question 1.1 In the application form, Verra writes "Project proponents (including nested REDD+ project proponents) are required to describe how the project contributes to achieving any nationally stated sustainable development priorities"

Question: Does this mean that Verra does not use any sus dev criteria if there is a host country that has not stated its sustainable development priorities?

Verra Response: Projects are required to report on how they contribute to SD priorities. In most cases, those will be derived from the country's Sustainable Development Goals (SDGs). Where no SDGs are stated, however, most countries still articulate development priorities, and projects would be required to articulate how they contribute.

Should ICAO require it, we would put in place a requirement that projects report on contributions to sustainable development, even where not stated by the national government.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

Update: Verra has developed a new guidance document (see Appendix 3) for the eligibility of VCUs for use in CORSIA. The guidance will be used to determine which credits have met all relevant CORSIA requirements and can therefore be labelled on our database as CORSIA-eligible. In order to secure this label, projects and programs must have reported on their sustainable development contributions by virtue of:

- Applying the Climate, Community & Biodiversity (CCB) Standard;
- Applying the Sustainable Development Verified Impact Standard (SD VISta); or
- Completing a VCS Sustainable Development Contributions Report (which is forthcoming).

Note that JNR programs describe how they contribute to sustainable development as part of their assessment, monitoring and reporting on the UNFCCC decisions on safeguards for REDD+.

Material Change Update submitted 5 December 2020

In response to the follow up on section b) the "further actions" requested by the ICAO Council in the 13 March 2020 email below:

b) to clearly state, in an update to its relevant programme Rules and Requirements at the earliest opportunity, the information in paragraphs a) to c) below:
   a. the default Sustainable Development criteria that activities can use to report on their Sustainable Development contributions or co-benefits;

b. that only VCS activities that report their Sustainable Development contributions or co-benefits in the course of applying the CCB Standards or SD VISta, or according to the default Sustainable Development criteria that the VCS clearly identifies for such use, can be identified as CORSIA Eligible Emissions Units in the Reserve registry system;

Verra has published the following:

1) The Sustainable Development Contributions Report- the sustainable development criteria and template that can be used by projects to document their SD impacts. The SD Contributions Report requires projects to:
    a. use the official list of SDG Targets and Indicators to identify the SDG Targets to which the project has contributed;
    b. provide evidence for each contribution in the reporting document;
    c. have this information reviewed by Verra staff before the SDG Contributions Report can be listed on the Verra Registry
2) Guidance for labelling credits as eligible for CORSIA is available on the Verra website, which makes it clear which activities, programs, vintages and demonstration of co-benefits are necessary[8].

New Update March 2022

To demonstrate the commitment of VCS projects to social and environmental sustainability, Verra implemented a VCS Program update in January 2022 that requires all VCS projects to report their quantified contributions to the SDGs. Project proponents must demonstrate that a project contributes to at least three SDGs by the end of the project's first monitoring period.

This requirement is set out in Section 3.16 of the *VCS Standard* v4.2.

Question 3.11 Avoidance of double counting, issuance and claiming

Does the programme use sustainable development criteria? (*Paragraph 2.10*)	☒ YES
Does the Programme provide information on how it addresses double counting, issuance and claiming in the context of evolving national and international regimes for carbon markets and emissions trading? *(Paragraph 2.11)*	☒ YES

Summarize and provide evidence of the information referred to above, including its availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

In our original application (and this one) this was covered in Part 4 below.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

[8] Note, Verra will update this guidance based on the November 2020 Decisions in the next week.

The update on sustainable development criteria is included in question 3.10 B above.

In response 2a our Material Change Form submission on 15 April 2021, Verra updated the TAB about changes we made to the requirements with respect to double counting in the *VCS Standard* v4.2 Sections 3.20 and 3.21 (at the time the material change was submitted the *Standard* was in v4.1 so the section references were slightly different). Verra added requirements in these sections of the *VCS Standard* as to clarify that VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA must meet requirements established under such mechanisms and programs, including those relating to double counting and corresponding adjustments. Project proponent must use VCU labels to demonstrate adherence to such requirements (Section 3.21.1). In addition, Verra has prepared a revised version of the CORSIA Label Guidance (Attachment 3). This update includes requirements for the Letter of Authorization, which a project must provide in order to demonstrate the country has authorized the units for use in CORSIA and will not double count such units.

PART 4: Carbon Offset Credit Integrity Assessment Criteria

Note—where "evidence" is requested throughout *Part 3* and *Part 4*, the Programme should provide web links to documentation. If that is not possible, then the programme may provide evidence of programme procedures directly in the text boxes provided (by copying/pasting the relevant provisions) and/or by attached supporting documentation, as recommended in "SECTION II: INSTRUCTIONS—*Form Completion*".

Note—"*Paragraph X.X*" in this form refers to corresponding paragraph(s) in Appendix A "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Note—Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, provide the following information in response to any and all relevant form question(s):

- Proposed revision(s);
- Process and proposed timeline to develop and implement the proposed revision(s);
- Process and timeline for external communication and implementation of the revision(s).

Question 4.1 Are additional

Do the Programme's carbon offsets… (*Paragraph 3.1*)	
a) represent greenhouse gas emissions reductions or carbon sequestration or removals that exceed any greenhouse gas reduction or removals required by law, regulation, or legally binding mandate?	☒ YES
b) exceed any greenhouse gas reductions or removals that would otherwise occur in a conservative, business-as-usual scenario?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

We understand this is a new question in this re-assessment and was not posed in the original application.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

The VCS Standard (Section 3.13) establishes the following:
"A project activity is additional if it can be demonstrated that the activity results in emission reductions or removals that are in excess of what would be achieved under a "business as usual" scenario and the activity would not have occurred in the absence of the incentive provided by the carbon markets. Additionality is an important characteristic of GHG credits, including VCUs, because it indicates that they represent a net environmental benefit

and a real reduction of GHG emissions, and can thus be used to offset emissions."

Methodologies approved for use under the VCS Program all contain mandatory procedures for establishing additionality. The VCS Methodology Requirements is the program document for developing methodologies and contains numerous provisions for ensuring methodologies are developed with robust additionality procedures (see Section 3.5)

Section 3.5.3 of the same document describes the procedures for regulatory surplus, which all methodologies must adhere to.

Is additionality and baseline-setting… (*Paragraph 3.1*)	
a) assessed by an accredited and independent third-party verification entity?	☒ YES
b) reviewed by the programme?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, in the case of both projects (including nested REDD+ projects) and JNR programs, the VCS Program rules require additionality and baseline-setting to be assessed by an accredited and independent third-party verification entity, and are also reviewed by Verra staff. More specifically:
Projects: The VCS Program rules require projects to demonstrate additionality and set an appropriate baseline in accordance with the applied methodology (Sections 3.14.1 and 3.13.1 of the *VCS Standard*, respectively).

- **Nested REDD+ projects**: Where the jurisdictional REDD+ program has set a jurisdictional baseline with a spatially-explicit projection of deforestation and/or degradation, projects are not required to demonstrate additionality for any activities that use the jurisdictional baseline (i.e., where they include the same activities and carbon pools) because additionality is inherently addressed through an appropriately established jurisdictional baseline. However, nested REDD+ projects should still meet the regulatory surplus requirement in Section 4.6.3 of the *VCS Standard*. Additionality must be demonstrated for any project activities or carbon pools not included in a spatially-explicit jurisdictional baseline, in accordance with the procedures for additionality set out in the project's methodology (Section 3.10.2 of the *JNR Requirements*). Note that a jurisdiction may set further requirements for project eligibility and for approving nested REDD+ project baselines.

- **JNR programs**: Additionality is factored into the jurisdictional baseline by taking account of all existing constraints and land areas where deforestation, forest degradation and carbon stock enhancement is feasible given the activities considered in the baseline (Section 3.10 of the *JNR Requirements*). The

JNR Requirements ensure rigorous baseline determination which provides a conservative benchmark for measuring reductions in GHG emissions such that any emission reductions and removals relative to the baseline are considered additional (see Section 4.2 of the original application for more details on jurisdictional baseline setting). The jurisdictional baseline must take into account any relevant commitments by the jurisdictional government to reduce GHG emissions or enhance carbon stocks within the jurisdiction that are not intended to be financed via market mechanisms, such that there is no double counting. Furthermore, a JNR program start date must be justified based on the establishment of relevant GHG laws, policies or regulations that target GHG mitigation, and/or concrete implementation of GHG mitigation activities (Section 3.3.1 of the *JNR Requirements*).

In addition, all VCS projects (including nested REDD+ projects) and JNR programs are required to complete "validation", which is an assessment carried out by an accredited and independent third-party verification entity (referred to as a "validation/verification body (VVB)" under the VCS Program) to determine whether the project or JNR program complies with the VCS rules (Section 5.1.1 of the *VCS Standard*). Accordingly, project or JNR program additionality and baseline-setting will be assessed by an accredited and independent third-party VVB as part of the validation process (Section 4.1 of the *Registration and Issuance Process* and Section 3.1 of the *JNR Registration and Issuance Process*).

Finally, Verra staff review all projects' (including nested REDD+ projects') and JNR programs' additionality and baseline-setting when projects or JNR programs request registration (Section 4.3.7 of the *Registration and Issuance Process* and Section 4.2 of the *JNR Registration and Issuance Process*).

It is worth noting that JNR baselines must also be reviewed by a JNR expert panel at validation and where the jurisdictional baseline is updated at the time of verification, as set out in Section 2.5.2 of the *JNR Validation and Verification Process*. Any comments or observations on the jurisdictional baseline by the JNR expert panel must be addressed by the jurisdictional proponent in order for the program to be validated by the accredited and independent third-party entity and approved for registration by Verra.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
No substantive changes have been made to these requirements, but the section references have changed due to the VCS Version 4 re-organization. Baselines and additionality are currently addressed in Sections 3.12 and 3.13, respectively of the *VCS Standard* v4.2. Regulatory surplus is required in Section 3.8.9 (1) of the *VCS Standard* v4.2. Additionality is covered in Section 3.11 of the *JNR Requirements* Scenarios 2 and 3 v4.0. Start date justification is set out in Section 3.3.2 of the *JNR Requirements* Scenarios 2 and 3 v4.0. Validation and verification requirements are covered in Section 4 of the *VCS Standard* v4.2, Section 4.1 of the *Registration and Issuance Process* v4.1, and, for jurisdictional programs, the *JNR Validation and Verification Process* v4.0.

Identify one or more of the methods below that the programme has procedures in place to ensure, and to support activities to analyze and demonstrate, that credited mitigation is additional; which can be applied at the project- and/or programme-level: (*Paragraphs 3.1, and 3.1.2 - 3.1.3*)

☒ Barrier analysis
☒ Common practice / market penetration analysis
☒ Investment, cost, or other financial analysis
☒ Performance standards / benchmarks
☒ Legal or regulatory additionality analysis (as defined in *Paragraph 3.1*)

Summarize and provide evidence of the policies and procedures referred to in the above list, including describing any/all additionality analyses and test types that are utilized under the programme:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, for project additionality, the VCS Program utilizes a number of the methods cited in Paragraph 3.1.2. Specifically, Section 4.6 of the *VCS Standard* requires each project methodology to establish a procedure for demonstrating and assessing additionality. The *VCS Standard* identifies three different approaches that may be used:

- **Project method**: A project-specific approach that considers whether the project faces return on investment or technological barriers, and whether the project is common practice.

- **Performance method**: A methodological approach whereby a performance benchmark (based on tonnes of CO2e per unit of output or input) is determined within the methodology, and projects which meet or exceed the benchmark are deemed as additional.

- **Activity method**: A methodological approach whereby project additionality is determined upfront for a given class of project activity, and projects meeting the applicability conditions of the methodology are automatically deemed additional.

As described in response to question above, additionality for JNR programs and nested REDD+ projects relies on rigorous jurisdictional baseline setting, such that there are no separate additionality methods.
Note that, regardless of which approach above is followed, all VCS projects are required to demonstrate regulatory surplus as set out in Sections 4.6.3, 4.6.6, and 4.6.8 of the *VCS Standard*.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

If the Programme provides for the use of method(s) not listed above, describe the alternative procedures and how they ensure that activities are additional: (*Paragraph 3.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
N/A

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

If the programme designates certain activities as automatically additional (e.g., through a "positive list" of eligible project types), does the programme provide clear evidence on how the activity was determined to be additional? (*Paragraph 3.1*)	☒ YES

Summarize and provide evidence of the policies and procedures for determining the automatic additionality of activities, including a) the criteria used to determine additionality and b) their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, where project methodologies approved under the VCS Program designate certain activities as automatically additional, clear evidence is provided on how the activity was determined to be additional. As indicated above, under the VCS Program these are called "Activity methods", and they are also sometimes known as "positive lists". As set out above, activity methods are included in methodologies and designate certain activities as automatically additional. Per the VCS rules, activity methods may be justified in three ways, as set out in Section 4.6.9 of the *VCS Standard*:

- **Activity penetration**: The methodology shall demonstrate that the project activity has achieved a low level of penetration relative to its maximum adoption potential. To date, this has been the most common approach for establishing "positive lists" under the VCS Program.
- **Financial feasibility**: The methodology shall demonstrate that the project activity is less financially or economically attractive than the alternatives to the project activity.
- **Revenue streams**: The methodology shall demonstrate that the project activity does not have any significant sources of revenue other than revenue from the sale of GHG credits.

All VCS methodologies which use an activity method include detailed data analysis and other information justifying the development of the activity method based on one of the three options described above. Note also that periodic assessments (i.e., an initial assessment 5 years after approval of the activity method, and then every 3 years after that) are undertaken of methodologies or modules using activity methods in order to assess whether the activity method remains valid given adoption trends in respect of the relevant project activity since the approval of the activity method (see Section 11.1 and 11.2 of the *Methodology Approval Process*).

As described in response to the question above, additionality for JNR programs and nested REDD+ projects relies on rigorous jurisdictional baseline setting, such that there are no separate additionality methods.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Verra is currently considering updates to the VCS Program to respond to the additionality-related provisions of Article 6.4 of the Paris Agreement, including the need to take account of all relevant national policies and exclude mitigation required by law or regulation, avoiding emission level, technology or carbon intensive practices lock-in and inclusion of simplified approaches for demonstration of additionality by LDCs and/or SIDS. We plan to issue a consultation on potential updates in quarter 3 of 2022.

Explain how the procedures described under Question 4.1 provide a reasonable assurance that the mitigation would not have occurred in the absence of the offset programme: (*Paragraph 3.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The eligible methods for demonstrating project additionality (or in the case of JNR programs and nested REDD+ projects, rigorous jurisdictional baseline setting) under the VCS Program were identified and developed through extensive consultation with experts and practitioners. Typically this included the convening of steering committees and working groups to ensure the widest possible set of technical expertise was utilized in developing these methods. For example, in the development of the VCS Program requirements for developing activity and performance methods, an expert steering committee was convened to develop and ensure the technical soundness and conservativeness of the requirements. The draft requirements were then subject to an extensive public consultation prior to their finalization.

Accordingly, the methods described in this section are technically sound, consistent with internationally-accepted best practice, and therefore their application provides a reasonable assurance that the mitigation would not have occurred in the absence of the VCS Program.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
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Question 4.2 Are based on a realistic and credible baseline

Are procedures in place to… (*Paragraph 3.2*)	
a) issue emissions units against realistic, defensible, and conservative baseline estimations of emissions?	☒ YES
b) publicly disclose baselines and underlying assumptions?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including how "*conservativeness*" of baselines and underlying assumptions is defined and ensured:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program has procedures in place to ensure that all VCUs are issued against realistic, defensible, and conservative baselines.

Project Baselines

Specifically, Section 3.1.3 of the *VCS Standard* requires that all projects must apply methodologies eligible under the VCS Program, which must meet the requirements set out in Section 4 of the *VCS Standard*. In particular, all methodologies must establish criteria and procedures for identifying credible, alternative baseline scenarios, and determining the most plausible scenario, as set out in Section 4.5 of the *VCS Standard*. Methodologies must take into account the following when developing procedures for determining the baseline scenario:

1. The identified GHG sources, sinks and reservoirs;
2. Existing and alternative project types, activities and technologies providing equivalent type and level of activity of products or services to the project;
3. Data availability, reliability and limitations; and
4. Other relevant information concerning present or future conditions, such as legislative, technical, economic, socio-cultural, environmental, geographic, site-specific and temporal assumptions or projections.

The above requirements are in line with Section 5.4 of *ISO 14064-2:2013, Greenhouse gases - Part 2: Specification with guidance at the project-level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements*, and ensure that VCS Program methodologies include procedures for determining realistic, defensible, and conservative estimates of baseline emissions. Projects are then required to apply an eligible methodology, and must describe the identified baseline scenario within the project description per Section 3.19.1 of the *VCS Standard*. This project description is made publicly available on the Verra Project Database and must include all underlying assumptions in respect of establishing the baseline scenario in line with the provisions set out by the applied methodology. Finally, in order to register the project with the VCS Program, all projects must be validated as stated in Section 5.1.1 of the *VCS Standard* whereby a project undergoes an independent assessment by a properly accredited VVB. This validation determines whether the project complies with the VCS rules, including appropriate application of the methodology and the determination of the baseline scenario, including any underlying assumptions. The VVB's assessment and ultimate conclusions regarding the baseline scenario and underlying assumptions are then described in a validation report, which is also made publicly available on the Verra Project Database.

JNR Program and Nested REDD+ Project Baselines

JNR programs are required to identify and develop the most plausible or conservative jurisdictional baseline based on the historical reference period, and may include conservatively modeled adjustments that reflect national or sub-national circumstances. At a minimum, two jurisdictional baselines must be developed based on: a) historical annual average GHG emissions or removals; and b) historical trend of GHG emissions or removals. The most plausible or conservative jurisdictional baseline can then be selected. The jurisdictional baseline period chosen must be conservative and adequately justified. Section 3.11 of the *JNR*

Requirements provides further parameters for ensuring the realistic, defensible and conservative estimate of jurisdictional baseline emissions.
JNR programs must describe the identified baseline scenario within the JNR program description per Section 3.2 of the *JNR Requirements*. This JNR program description is made publicly available on the Verra Project Database and must include all underlying assumptions in respect of establishing the baseline scenario. The program must undergo an independent assessment by a properly accredited VVB (Section 2.4 of *JNR Validation and Verification Process*) to determine its compliance with JNR rules including determination of baseline scenario and underlying assumptions. The VVB's assessment and ultimate conclusions are then described in a validation report, which is also made publicly available on the Verra Project Database.

JNR programs must also be reviewed by a JNR expert panel at validation and where the jurisdictional baseline is updated at the time of verification, as set out in Section 2.5.2 of the *JNR Validation and Verification Process* document. The VVB must take action on any findings raised by the JNR expert panel and incorporate relevant conclusions into their final report.

Section 3.11.15 of the *JNR Requirements* provides requirements for nested REDD+ project baselines. Where the jurisdictional baseline has a spatially-explicit projection of deforestation and/or degradation, the project baseline shall be identical to the jurisdictional baseline for the relevant area. Where the jurisdictional baseline does not have a spatially-explicit projection of deforestation and/or degradation, a baseline shall be developed for the project, using the same GHG emissions and removal factors, data sources and methods as the jurisdictional reference level, as appropriate. In both cases the project baseline shall be subject to approval by the jurisdictional government. The same requirements stated above with regard to project descriptions and VVB assessment apply also to nested REDD+ projects.

PROPOSED REVISIONS: Updates to JNR and AFOLU Requirements
As noted in Section 2 (Program summary) above, Verra is working with a group of experts to pursue a number of updates to the VCS rules to facilitate project nesting in both JNR and non-JNR jurisdictional REDD+ programs, such as those relating to baseline alignment, government approvals, monitoring, leakage, uncertainty estimations and addressing potential performance differences across scales. While existing rules and requirements fully meet CORSIA's EUC, these updates will improve clarity on REDD+ nesting procedures and make it easier for jurisdictions and projects to understand how to ensure their eligibility for international compliance trading.

Relevant updates to the *JNR Requirements* and *AFOLU Requirements*, and associated guidance for both governments and projects, are anticipated to be developed through a consultative process that will include receiving input from experts and through a public consultation in late 2019, with final publication scheduled for early 2020. In the interim, Verra has published a high-level guidance document for VCS REDD+ projects which provides additional guidance on nesting into existing and emerging national (or sub-national) REDD+ programs and reference levels.

Q&A with ICAO October 2019

v. Do nested projects in JNR implementation areas use a single jurisdictional baseline or has the VCS made progress in the distribution of the baseline levels between nested project areas and non-project areas?

Verra Response: Although this is ultimately a sovereign decision, Verra is working on a new guidance document on how jurisdictional reference levels can be distributed (or "allocated") around the jurisdiction, recognizing that deforestation threats, and therefore rates of deforestation are not heterogeneous across a jurisdiction. Several methods have been tested successfully. It is expected that robust and workable methods are possible and will be articulated in our upcoming guidance document. In addition, a tool may be developed to help projects and governments undertake an allocation approach.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Material Change Submitted April 2021

1) Section 4.2 "Are based on a realistic and credible baseline" provided information on Jurisdictional and Nested Project baselines, including that:
   a) Jurisdictions must present two 'baselines'- based on a historical average and a trend and justify which should be used.
   b) Nested projects should follow rules based on whether the jurisdictional baseline was spatially explicit or not
   c) JNR uncertainty rules are met
   d) JNR baseline update frequency are met
2) JNR v4.0 updates the jurisdictional 'reference level' and project baseline rules as follows:
   a) Jurisdictions shall now use the historical average as a default approach. Where that average could overestimate emissions due to little remaining forest, it must be discounted appropriately. Future updates may allow for trend-based approaches in certain circumstances, however, Verra is currently working on further updates to allow for this. If/when those are completed, Verra will resubmit the change.
   b) Projects now must set their baselines based on two new tools that are released with this update:
      i) JNR Risk Mapping Tool: Which provides a method for estimating deforestation and degradation risk around the jurisdiction. Jurisdictions may develop their own approach to mapping, where it provides demonstrably more accurate results. This tool is open for public consultation and will be finalized in mid 2021.
      ii) JNR Allocation Tool: Which uses the jurisdictional Forest Reference Emission Level (FREL) data and the mapping tool to allocate jurisdictional deforestation and degradation around the jurisdiction, including to nested lower-level jurisdictions and projects. The tool also provides a means to incorporate planned deforestation. This tool ensures that project baselines are directly derived from the jurisdictional reference level, removes any potential for gaming, and ensures that all project results will never exceed overall historical deforestation in the jurisdiction.

c) In addition, rules with respect to uncertainty have been improved and updated, as set out in Sections 3.15 of Scenario 2 and 3.13 of Scenario 3.

d) JNR programs and nested projects must now set and re-assess reference levels every 4-6 years, instead of every 8-10, as set out in Sections 3.12.2 and 3.12.29 of Scenario 2 and Scenario 3. This reflects the latest research showing more recent deforestation is the best predictor of future deforestation. This also ensures that more rapidly changing forest dynamics are captured.

Are procedures in place to ensure that *methods of developing baselines*, including modelling, benchmarking or the use of historical data, use assumptions, methodologies, and values do not over-estimate mitigation from an activity? (*Paragraph 3.2.2*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program has procedures in place to ensure that methods of developing baselines, including modelling, benchmarking or the use of historical data, use assumptions, methodologies, and values do not over-estimate mitigation from an activity.

Specifically, Section 4 of the *VCS Standard* sets out the requirements that all project methodologies approved under the VCS Program must meet, including requirements to ensure that methodologies do not overestimate mitigation from activities. In particular, Section 4.1.2 requires that methodologies include a comparative assessment of the project and its alternatives in order to identify the baseline scenario. Sections 4.1.6 and 4.1.7 set out requirements where methodologies utilize modeling and default factors, respectively. Further, Section 4.1.4 requires that methodologies must be guided by the principles set out in Section 2.4.1 of the *VCS Standard*, one of which is conservativeness. Additionally, Section 4.8.2 of the *VCS Standard* requires that, where uncertain data and information are relied upon, conservative values shall be selected that ensure that the quantification does not lead to an overestimation of net GHG emission reductions or removals. Lastly, Section 3.13.3 requires baseline scenarios, including all assumptions, values and procedures, to be selected to ensure GHG emission reductions and removals are not overestimated.

For JNR programs (and nested REDD+ projects which derive their baselines from the jurisdictional level), Section 3.11.12 of the *JNR Requirements* sets out the requirements that all JNR programs approved under the VCS Program must meet, including requirements to ensure that they do not overestimate mitigation. Further description of JNR and nested REDD+ project baseline setting is provided in the answer to the above question. In order to ensure that baseline emissions are not overestimated due to events that are unlikely to reoccur in the JNR program scenario (i.e., in the next 5 to 10 years), instances of forest loss in the historical reference period are excluded from the associated GHG emissions in the baseline where they represent large infrastructure projects or geological impacts (Section 3.11.12(5) of the *JNR Requirements*). The jurisdictional baseline must also take into account any relevant commitments by the jurisdictional government to reduce GHG emissions or enhance carbon stocks within the jurisdiction that are not intended to be financed via market mechanisms to ensure conservativeness.

Furthermore, an assessment of accuracy and uncertainty must be presented following IPCC guidelines, clearly stating the assumptions, parameters and procedures that have significant uncertainty, and describing how such uncertainty shall be addressed (see Section 3.14.12 of the *JNR Requirements*).
The principles set out in Section 2.4.1 of the *VCS Standard* also apply to the development of JNR program and nested REDD+ project baselines.

PROPOSED REVISIONS: Updates to JNR and AFOLU Requirements

As noted in Section 2 (Program summary) above, Verra is working with a group of experts to pursue a number of updates to the VCS rules to facilitate project nesting in both JNR and non-JNR jurisdictional REDD+ programs, such as those relating to baseline alignment, government approvals, monitoring, leakage, uncertainty estimations and addressing potential performance differences across scales. While existing rules and requirements fully meet CORSIA's EUC, these updates will improve clarity on REDD+ nesting procedures and make it easier for jurisdictions and projects to understand how to ensure their eligibility for international compliance trading.

Relevant updates to the *JNR Requirements* and *AFOLU Requirements*, and associated guidance for both governments and projects, are anticipated to be developed through a consultative process that will include receiving input from experts and through a public consultation in late 2019, with final publication scheduled for early 2020. In the interim, Verra has published a high-level guidance document for VCS REDD+ projects which provides additional guidance on nesting into existing and emerging national (or sub-national) REDD+ programs and reference levels.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
In a Material Change submission on 15 April 2021, Verra notified the TAB of implementation of the above JNR updates as the *JNR Requirements* v4.0. All updates are described in the Summary of Updates and Effective Dates.

Are procedures in place for activities to respond, as appropriate, to changing baseline conditions that were not expected at the time of registration? (*Paragraph 3.2.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program has procedures in place for activities to respond, as appropriate, to changing baseline conditions that were not expected at the time of registration.

Specifically, Section 3.8.5 of the *VCS Standard* requires projects to reassess their baseline during project crediting period renewal. This reassessment will determine whether a project can continue to apply the baseline scenario and underlying assumptions as determined at validation, or whether the baseline scenario needs to be updated. Section 3.11.16 of the *JNR Requirements* requires jurisdictional baselines to be updated

and revalidated (by a VVB and JNR expert panel) every 5 to 10 years to ensure the REDD+ activities in the baseline are properly captured. Nested REDD+ projects must update and validate all project-based baseline components that are dependent on jurisdictional baseline components within a grace period of 18 months after the relevant jurisdictional baseline is updated (see Section 3.11.21(2) of the *JNR Requirements).*

Additionally, as is allowed by Section 3.6.1 of the *VCS Standard*, where a proponent has identified a change in the baseline conditions or assumptions used to determine the baseline scenario at validation, the project or JNR program may apply a project or JNR

program description deviation to voluntarily update the baseline scenario. This project or JNR program description deviation must then be documented in an updated project or JNR program description, be validated by a VVB at a subsequent verification, and made publicly available on the Verra Project Database. A description of the assessment by the VVB, and the ultimate conclusions, are required to be included in a verification report which is also made publicly available on the Verra Project Database.

The requirements above ensure that projects and JNR programs can respond, as appropriate, to changing baseline conditions that were not implemented or expected during project or JNR program registration.

PROPOSED REVISION: Modifying Duration of Crediting Periods

As indicated in Section 3.3(b) above, Verra is proposing to update the VCS rules such that non-AFOLU projects will select either a seven-year twice-renewable crediting period (for a maximum of 21 years) or a one ten-year fixed crediting period. This would represent a shortening of existing non-AFOLU crediting periods, which currently stand at 10-years, twice renewable.

The rationale for this proposed update is that shorter crediting periods will ensure a more frequent (and conservative) timeframe whereby project baselines will be reevaluated and that projects demonstrate that they continue to go beyond what is required by regulation. This update would apply only to new projects, and would not affect the crediting periods of existing VCS projects. This update will enhance the integrity of the VCS Program and thus not impact whether it meets the EUC.

This proposed revision to the VCS project crediting period requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

Q&A with ICAO late 2020

a) In its response to Interim Clarification Question 4.1.c (July 2020), VCS recalls how *JNR Requirements* Section 3.11.16 states that "Jurisdictional baselines shall be updated and revalidated every 5 to 10

years." Regarding this information, please provide explanations and evidence of procedures (where relevant) pertaining to these questions:

- Can VCS confirm that this requirement would also apply for programmes opting for a 20-year crediting period, and how this would be ensured in the context of VCS JNR programme procedures?

  Verra response: Yes, this applies during any crediting period length. During verification, program proponents will need to demonstrate this has been done. It is standard procedure during verification to ensure that all relevant rules have been followed, including this update.

- What is the rationale for choosing the frequency of updating the baseline, i.e. 5 vs. 10 years? Under what circumstances are the more frequent updates more appropriate? Under what circumstances are the less frequent updates more acceptable?

  Verra response: This flexibility exists due to differing country circumstances. Countries have different timing with respect to when inventories and monitoring are conducted and thus a hard rule (such as requiring this every 5 years) may not align with budgetary or programmatic timing or may not produce enough data points to undertake an update.

  A longer period of time is relevant when deforestation is fairly static, and a more frequent update period is needed where countries have more fluctuation in deforestation.

  Note, in our forthcoming JNR updates, we are likely to shorten this to every 4-6 years in order to more quickly identify and incorporate changes in deforestation trends into the FREL. This is shorter than the current 5-10 year timeframe, but still provides sufficient flexibility to governments.

- Is this choice of frequencies determined by the implementing programme or defined based on programme procedures? Would this remain the case in the context of a 20-year crediting period?

  Verra response: It is determined by the jurisdictional program, based on the above factors. However, this is also reviewed during validation and verification, and if the update frequency appears inappropriate, Verra would issue a finding and require a different frequency.

- Please describe the process and timeline for such updates to jurisdictional baselines to also be applied by nested projects supported under JNR Scenario 2, in particular whether project-level baselines are updated according to the same frequency and general timeline as for jurisdiction-level updates. Would this remain the case in the context of a 20-year crediting period?

  Verra response: Projects must update their baselines after jurisdictions update the FREL (as covered section 3.11.14 (1)). They can do so as soon as feasible and must do so by the time the project is due for a baseline update (also a max of 10 years). Our JNR update will also shorten project baseline update frequency (to 4-6 years instead of 10, per comment above), and likely will also require a project to update their baseline within 18 months of a jurisdictional FREL update.

  Yes, this applies for any crediting period.

b) By what means (contractual, legal, or otherwise) will VCS ensure that an implementing jurisdiction honors its commitment to a longer-term 20-year minimum crediting period? What incentives and/or requirements does VCS consider could help to safeguard such commitments?

Verra response: Due to the difficulty of enforcing contracts with sovereign governments, Verra takes a multi-prong approach to addressing these risks as follows:

- Risk assessment- In the JNR Non-Permanence Risk Assessment tool, programs must demonstrate funding for the full program. A program can't simply select a 20-yr crediting period. They must demonstrate programmatic and financial plans that cover the entire crediting period (see Funding Risk section of JNR Risk Tool). Evidence of this is assessed by the verifier at validation and every verification.
- Permanence- The Verra buffer pool covers permanence, regardless of what occurs at a jurisdictional level. So, if for some reason the jurisdictional program did stop operating, verifying or communicating with Verra, over time credits would be cancelled from the buffer pool on the assumption of loss in the field. Eventually, this would cover (i.e., cancel units from the pool) all credits ever issued to the program.
- Issuances and CORSIA label- If the jurisdiction stops the program or stops monitoring or violates any other rules, no further VCUs labelled with CORSIA could be issued.
- Incentives- Because a program and all nested projects would lose eligibility for CORSIA if the program were to stop monitoring, there is a clear financial incentive for programs to continue and for projects to support governments to continue their programs.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Updates Submitted June 2020

The proposed revision to modify the duration of crediting periods for non-AFOLU projects, described in detail [above], has been made in Section 3.8 of the *VCS Standard* under VCS Version 4.

Question 4.3 <u>Are quantified, monitored, reported, and verified</u>

Are procedures in place to ensure that…	
a) emissions units are based on accurate measurements and valid quantification methods/protocols? (*Paragraph 3.3*)	☒ YES
b) validation occurs prior to or in tandem with verification? (*Paragraph 3.3.2*)	☒ YES
c) the results of validation and verification are made publicly available? (*Paragraph 3.3.2*)	☒ YES
d) monitoring, measuring, and reporting of both activities and the resulting mitigation is conducted at *specified intervals* throughout the duration of the crediting period? (*Paragraph 3.3*)	☐ NO
e) mitigation is measured and verified by an accredited and independent third-party verification entity? (*Paragraph 3.3*)	☒ YES

f) *ex-post* verification of mitigation is required in advance of issuance of emissions units? (*Paragraph 3.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through f):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are procedures in place to ensure that emissions units are based on accurate measurements and valid quantification methods/protocols?

Yes, the VCS Program includes procedures that ensure emissions units are based on accurate measurements and valid quantification methods/protocols.

Specifically, Section 3.1.3 of the *VCS Standard* requires all projects (including nested REDD+ projects) to apply an eligible VCS methodology. VCS methodologies set out the procedures for determining the baseline scenario, and the procedures for the monitoring and measurement of the appropriate data and parameters for a given project activity, including a full and transparent estimation of uncertainty. These methodologies also set out the quantification methods for baseline, project and leakage emissions, which are ultimately used to determine the net emission reductions or removals of a project. The requirements for methodologies are set out in Section 4 of the *VCS Standard*. Note that nested REDD+ projects should follow their applied VCS methodology and the *AFOLU Requirements*, except where rules in the *JNR Requirements* take precedence, for example, in the application of jurisdictional data, parameters and methods to project baseline setting and monitoring.

For JNR programs, the *JNR Requirements* set out the requirements for determining the baseline scenario and for the monitoring and measurement of the appropriate data and parameters for each jurisdictional program activity, including a full and transparent estimation of uncertainty. The *JNR Requirements* also set out the quantification procedures for baseline, program and leakage emissions, which are ultimately used to determine the net emission reductions or removals of a JNR program. JNR programs must describe the specific methods used for baseline development, and criteria and procedures for monitoring, in their jurisdictional program description.

The above requirements are based on international best practice for GHG quantification, and are designed to ensure that both VCS project methodologies and JNR programs adhere to valid quantification methods which lead to accurate measurements of emissions.

b) Are procedures in place to ensure that validation occurs prior to or in tandem with verification?

Yes, the VCS Program includes procedures that ensure validation occurs prior to or in tandem with verification.

Specifically, Section 5.2.2 of the *VCS Standard* requires that validation occur before the first verification, or at the same time as the first verification, for both projects (including nested REDD+ projects) and JNR programs.

c) Are procedures in place to ensure that results of validation and verification are made publicly available?

Yes, the VCS Program includes procedures that ensure results of validation and verification are made publicly available.

Specifically, Sections 5.3.6 and 5.3.7 of the *VCS Standard* require VVBs to submit validation and verification reports describing the validation/verification process, any findings raised during validation/verification and their resolutions, and the conclusions reached by the VVB. The validation and verification reports are submitted by the proponent at the time of registration and issuance to be posted as public documents to the project (including nested REDD+ project) or JNR program record on the Verra Project Database, as set out in Sections 4.4.1 and 4.4.2 of the VCS *Registration and Issuance Process* and Section 4.3.4 of the *JNR Registration and Issuance Process.*

d) Are procedures in place to ensure that monitoring, measuring, and reporting of both activities and the resulting mitigation is conducted at specified intervals throughout the duration of the crediting period?

The VCS rules do not require project proponents to monitor, measure, and report activities and the resulting GHG emission reductions and/or removals at specified intervals throughout the project crediting period. This is due to the variability in eligible project activities, project sizes, and ultimately the varying resulting emission reductions and removals of VCS projects which may impact a project developer's ability to pay for a third-party auditor to review the project. As such, the VCS rules allow flexibility for project proponents to determine when it is economically feasible to report and verify any emission reductions and removals generated. Notwithstanding this flexibility, it is important to note that where the applied methodology sets out requirements for monitoring or calibration at specified intervals, such requirements must be followed.

Notwithstanding the above, the VCS rules set out that where AFOLU project proponents do not submit a verification report at least every five years, buffer credits are put on hold as a precaution. Specifically, as set out in Section 6.3.4 of the *Registration and Issuance Process*, 50 percent of the buffer credits associated with the project are put on hold where a project fails to submit a new verification report within five years of the issuance date of the previous verification report. After ten years, the remaining 50 percent of buffer credits associated with the project are put on hold, and after 15 years, buffer credits equal to the total number of VCUs issued from the project are cancelled.

Per Section 3.14.8 of the *JNR Requirements*, monitoring and verification of JNR programs must be conducted at least every five years. Furthermore, nested REDD+ projects must reconcile monitoring results with the jurisdictional monitoring results at least once every five years (Section 3.13.3(2)(a)(vi) of the *JNR Requirements*). The above-stated rules on what happens to buffer credits when there is no verification after 5, 10 and 15 years are the same for JNR programs and nested REDD+ projects (see Section 5.3 of the *JNR Registration and Issuance Process*).

e) Are procedures in place to ensure that mitigation is measured and verified by an accredited and independent third-party verification entity?

Yes, the VCS Program includes procedures that ensure mitigation is measured and verified by an accredited and independent third-party verification entity.

Specifically, Section 5.2.1 of the *VCS Standard* requires that verification be conducted by a VVB that meets VCS eligibility requirements before projects (including nested REDD+ projects) or JNR programs are eligible to request issuance of VCUs. Section 3.2.1 of the *JNR Validation and Verification Process* provides additional requirements for VVBs verifying JNR programs. As discussed in Section 3.6 (Validation and verification procedures) of this form above, VVBs must be accredited to *ISO 14065* by an approved IAF member, or by the UNFCCC as a DOE. Such requirements ensure that mitigation is measured and verified by an accredited and independent third-party verification entity.

PROPOSED REVISION: Updating VVB Accreditation Requirements

Verra is proposing to update the VCS rules such that VVBs may only be accredited under ISO 14065 by a VCS-approved accreditation body that is a member of the International Accreditation Forum (IAF) (i.e., pathway 1, above). We are proposing to update the accreditation requirements to ensure a consistent basis for accreditation and performance oversight of VVBs operating under the VCS Program. This update will enhance the integrity of the VCS Program and thus not impact whether it meets the EUC.

This update will take effect two years after the release of VCS Version 4 to ensure a sensible transition period. However, where Verra determines that a sufficient number of IAF members offer VCS Program accreditation prior to this timeframe, Verra will implement this update sooner.

This proposed revision to the VCS VVB accreditation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

f) Are procedures in place to ensure that *ex-post* verification of mitigation is required in advance of issuance of emissions units?

Yes, the VCS Program includes procedures that ensure ex-post verification of mitigation is required in advance of issuance of emissions units.

Specifically, Section 5.1.1 of the *VCS Standard* requires that verification of the emission reductions and removals that have occurred (i.e., *ex post*) be conducted by an independent VVB before projects (including nested REDD+ projects) or JNR programs are eligible to request issuance of VCUs. Section 2.3.1 of the *VCS Standard* further states that VCUs shall not be issued under the VCS Program for GHG emission reductions and

removals that have not been verified.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Material Change Submitted April 2021

Section 4.3 "Are quantified, monitored, reported, and verified":

a) "Are procedures in place to ensure that emissions units are based on accurate measurements and valid quantification methods/protocols?", described procedures for establishing JNR baselines

b) "Are procedures in place to ensure that monitoring, measuring, and reporting of both activities and the resulting mitigation is conducted at specified intervals throughout the duration of the crediting period?", described JNR monitoring and verification frequency.

Updates have been made as follows:

a) JNR baseline and uncertainty rules have been updated as noted above. Additional quality parameters have been added to ensure accuracy (Section 3.12, especially 3.12.17 of Scenario 2 and Scenario 3).

b) JNR programs must now complete monitoring at least every 2 years (rather than every 5) and must verify at least once every 5 years (no change). More frequent monitoring will help ensure sufficient data points for re-assessing the FREL, as required every 4-6 years (Section 3.14.3 of Scenario 2 and 3.13.3 of Scenario 3).

Are provisions in place… (*Paragraph 3.3.3*)	
a) to manage and/or prevent conflicts of interest between accredited third-party(ies) performing the validation and/or verification procedures, and the programme and the activities it supports?	☒ YES
b) requiring accredited third-party(ies) to disclose whether they or any of their family members are dealing in, promoting, or otherwise have a fiduciary relationship with anyone promoting or dealing in, the offset credits being evaluated?	☒ YES
c) to address and isolate such conflicts, should they arise?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are provisions in place to manage and/or prevent conflicts of interest between accredited third-party(ies) performing the validation and/or verification procedures, and the Program and the activities it supports?

Yes, the VCS Program includes provisions to manage and/or prevent conflicts of interest between accredited third-party(ies) performing the validation and/or verification procedures, and the Program and the activities it supports.

Specifically, as discussed in Section 3.6 (Validation and verification procedures) of this form above, VVBs must

be accredited to *ISO 14065* by an approved IAF member or the CDM Accreditation Standard, the latter of which is based on *ISO 14065*. Both of these standards set out requirements for VVBs to have in place policies and procedures to assess conflict of interest. These policies and procedures are assessed during accreditation, by either the IAF member or the UNFCCC. Additionally, these policies are reviewed periodically by the relevant accreditation body as part of the monitoring and surveillance of VCS VVB accreditation.

b) Are provisions in place requiring accredited third-party(ies) to disclose any conflict of interest?

Yes, the VCS Program includes provisions requiring accredited third-party(ies) to disclose any conflicts of interest. Through incorporation by reference of *ISO 14065* and the CDM Accreditation Standard, VVBs are required to assess conflicts of interest and provide a statement, and avoid unacceptable conflicts of interest.

c) Are provisions in place to address and isolate such conflicts, should they arise?

Yes, the VCS Program includes provisions which serve to address and isolate such conflicts, should they arise, per the accreditation requirements described above. Specifically, as discussed in Section 3.6 (Validation and verification procedures) of this form above, VVBs must be accredited to *ISO 14065* by an approved IAF member or the CDM Accreditation Standard, the latter of which is based on *ISO 14065*. Both of these standards require that VVBs isolate and address such conflicts.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Are procedures in place requiring that… (*Paragraph 3.3.4*)	
a) the renewal of any activity at the end of its crediting period includes a reevaluation of its baselines, and procedures and assumptions for quantifying, monitoring, and verifying mitigation, including the baseline scenario?	☒ YES
b) the same procedures apply to activities that wish to undergo verification but have not done so within the programme's allowable number of years between verification events?	☐ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including identifying the allowable number of years between verification events:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Section 3.8.5 of the *VCS Standard* sets out the requirements with respect to the renewal of project crediting periods and what that means for the baseline a project can use going forward. Section 3.11.16-3.11.21 of the *JNR Requirements* sets out similar requirements for JNR programs and nested REDD+ projects. Specifically, projects and JNR programs must demonstrate that the initial scenario is still valid, or must otherwise update the baseline scenario based on prevailing circumstances at the time of crediting period renewal.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place to transparently identify units that are issued *ex ante* and thus ineligible for use in the CORSIA? (*Paragraph 3.3.5*)	☐ NO

Provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
The VCS Program does not allow for units to be issued *ex-ante*.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 4.4 Have a clear and transparent chain of custody

SECTION III, Part 3.4—Identification and tracking includes questions related to this criterion. No additional information is requested here.

Question 4.5 Represent permanent emissions reductions

List all emissions sectors (if possible, activity types) supported by the Programme that present a potential risk of reversal of emissions reductions, avoidance, or carbon sequestration:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
The VCS Program's Agriculture, Forestry and Other Land Use (AFOLU) sector presents a potential risk of reversal of emission reductions, avoidance, or carbon sequestration. However, these risks are addressed per the VCS rules, as elaborated in the sections below.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Material Change Submitted April 2021

Section 4.5 Represent permanent emissions reductions, describes how JNR programs assess, mitigate and account for non-permanence risk.

No major updates have been made with respect to non-permanence. However, Verra is in the process of updating the AFOLU Non-Permanence Risk Tools and associated rules, including updated to better assess climate change impacts. Updates are forthcoming and will be submitted when completed. One minor update is made with respect to reporting potential "loss events", which now must be reported within 6 months of a loss event, as noted in Sections 3.17.6 of the JNR Requirements Scenario 2 and 3.16.6 of Scenario 3.

Update March 2022: The revised AFOLU and JNR Non-permanence Risk Tools are currently out for public consultation; we anticipate publish the revised version in June 2022. Additionally, in anticipation of adding methodologies for carbon capture and sequestration activities, we are developing a Non-permanence Risk Tool for geologic sequestration. This should be published by December 2022.

What is the minimum scale of reversal for which the Programme provisions or measures require a response? (Quantify if possible)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The minimum scale for which the VCS Program provisions require a response is a loss of **five percent** of previously verified emission reductions and removals. This requirement is set out under the VCS requirements for reporting of loss events. Specifically, Section 3.7.7 of the *AFOLU Requirements* and Section 3.15.6 of the *JNR Requirements* state that proponents are required to report on "loss events". Loss events are defined in the VCS *Program Definitions* as a "loss of **five percent** of previously verified emission reductions and removals".

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
No substantive changes have been made to these requirements, but the section references have changed due to the VCS Version 4 re-organization. Reporting requirements for loss events are now set out in Section 3.2.15 of the *VCS Standard* v4.2 and in Sections 3.17.6 and 3.16.5 of the *JNR Requirements* Scenarios 2 and 3, respectively. The current version of the VCS *Program Definitions is* v4.1.

For sectors/activity types identified in the first question in this section, are procedures and measures in place to require and support these activities to…	
a) undertake a risk assessment that accounts for, *inter alia*, any potential causes, relative scale, and relative likelihood of reversals? (*Paragraph 3.5.2*)	☒ YES
b) monitor identified risks of reversals? (*Paragraph 3.5.3*)	☒ YES
c) mitigate identified risks of reversals? (*Paragraph 3.5.3*)	☒ YES
d) ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA? (*Paragraph 3.5.4*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are procedures / provisions in place to require and support these activities to undertake a risk assessment that accounts for, *inter alia*, any potential causes, relative scale, and relative likelihood of reversals?

Yes, the VCS Program includes procedures to require and support these activities to undertake a risk assessment that accounts for, *inter alia*, any potential causes, relative scale, and relative likelihood of reversals. The risk assessment informs the contribution each project, nested REDD+ project and/or JNR program is required to make to the respective pooled buffer account and which, taken together, serve to ensure the permanence of the credited emission reductions and/or removals.

While other credible risk management techniques for addressing non-permanence risk exist, Verra believes the buffer approach is the most workable and robust means of addressing reversals for market-based mechanisms such as CORSIA. Since being pioneered by Verra, use of a pooled buffer to address non-permanence risk has now been accepted by several carbon compliance markets, including California's cap-and-trade system.

Projects

Section 3.7.3 of the *AFOLU Requirements* requires project proponents to conduct a non-permanence risk assessment of their projects in accordance with the VCS *AFOLU Non-Permanence Risk Tool* and complete a report using the *Non-Permanence Risk Report* template. The AFOLU risk tool provides guidance on how to conduct an analysis based on relevant risk factors. Based on project characteristics, natural risks and management practices, projects are evaluated against each risk factor and assigned a corresponding risk score. The sum of the project's risk score determines the project's required contribution of verified emission reductions/removals into the AFOLU pooled buffer account, which are referred to as buffer credits. Buffer credits may not be issued or sold by the project proponent.

The AFOLU pooled buffer account holds non-tradable buffer credits to cover the non-permanence risk associated with AFOLU projects. It is a single account that holds the buffer credits for all AFOLU projects globally (excluding nested REDD+ projects - see below) and covers the potential losses/reversals of individual projects, thereby guaranteeing the permanence of all credits issued to projects. The AFOLU pooled buffer ensures full compensation for material reversals, and project proponents are required to assess, mitigate, monitor and respond to reversals appropriately. Section 2.1 of the *AFOLU Requirements* provides additional details on how the *AFOLU Non-Permanence Risk Tool* and AFOLU pooled buffer account work.

Note: Please note that VCS ARR projects utilize CDM methodologies for accounting. However, such projects are required to apply all VCS permanence rules described in this application.

JNR Programs and Nested REDD+ Projects

Section 3.15.1 of the *JNR Requirements* requires jurisdictional proponents to conduct a non-permanence risk

assessment of their JNR program in accordance with the *JNR Non-Permanence Risk Tool* and complete a report using the *JNR Non-Permanence Risk Report* template. The JNR risk tool works similarly to the AFOLU risk tool - it provides guidance on how to conduct an analysis based on relevant risk factors. Based on program characteristics, natural risk and governance, JNR programs are evaluated against each risk factor and assigned a corresponding risk score. The sum of the JNR program's risk score determines the program's required contribution of verified emission reductions/removals into the jurisdictional pooled buffer account, which are referred to as buffer credits. The jurisdictional pooled buffer account follows similar rules as the AFOLU pooled buffer account further described below, including that buffer credits may not be issued or sold by the jurisdictional proponent.

On-permanence risk in nested projects is assessed through the use of the *AFOLU Non-Permanence Risk Tool* and associated buffer credits are deposited in the jurisdictional pooled buffer account.

The jurisdictional pooled buffer account holds non-tradable buffer credits to cover the non-permanence risk associated with JNR programs and nested REDD+ projects. It is a single account that holds the buffer credits for all jurisdictional programs and nested REDD+ projects globally and covers the potential losses/reversals of individual nested REDD+ projects and programs, thereby guaranteeing the permanence of all credits issued to jurisdictional programs and nested REDD+ projects. The jurisdictional pooled buffer ensures full compensation for material reversals, and program proponents are required to assess, mitigate, monitor and respond to reversals appropriately. Section 3.15 of the *JNR Requirements* provides additional details on how the *JNR Non-Permanence Risk Tool* and jurisdictional pooled buffer account work.

b) Are procedures / provisions in place to require and support these activities to monitor identified risks of reversals?

Yes, the VCS Program includes procedures to require and support these activities to monitor identified risks of reversals.

Specifically, as stated in Section 3.7.3 of the *AFOLU Requirements* and Section 3.15.1 of the *JNR Requirements,* projects (including nested REDD+ projects) and JNR programs must prepare a non-permanence risk report at validation and at every verification. This requirement provides an incentive for proponents to monitor risk factors and reduce risks as a means of lowering the project's or JNR program's risk score, and in turn, reduce the required volume of verified emission reductions which must be contributed to the AFOLU or jurisdictional pooled buffer accounts.

c) Are procedures / provisions in place to require and support these activities to mitigate identified risks of reversals?

Yes, the VCS Program includes procedures to require and support these activities to mitigate identified risks of reversals.

As outlined in the VCS *AFOLU Non-Permanence Risk Tool* and in the *JNR Non-Permanence Risk Tool,* most risk

factor subcategories contain risk factor mitigation measures, which can lower the project's (including nested REDD+ project's) or JNR program's risk score. This provides incentive for proponents to undertake reversal mitigation measures, thereby lowering the project's or JNR program's risk score and the corresponding contribution of verified emission reductions (in the form of buffer credits) to the AFOLU or jurisdictional pooled buffer accounts.

d) Are procedures / provisions in place to require and support these activities to ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA?

Yes, the VCS Program includes procedures to require and support these activities to ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA.

Specifically, in the event that a project (including nested REDD+ project) or JNR program incurs a reversal (i.e., the net GHG emission reductions/removals are negative for a particular monitoring period), buffer credits will be cancelled from the VCS AFOLU pooled buffer account or jurisdictional pooled buffer account, as appropriate, to ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA. The requirements and procedures above are further described in Sections 3.7.7 through 3.7.9 of the *AFOLU Requirements* and Section 3.15 of the *JNR Requirements.*

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
No substantive changes have been made to these requirements, but the section references have changed due to the VCS Version 4 re-organization. Requirements for monitoring, mitigation and compensation of reversals are now set out in Sections 3.2.9-3.2.19 of the *VCS Standard* v4.2 and in Sections 3.17 and 3.16 of the JNR Requirements Scenarios 2 and 3, respectively. The current version of both the VCS *AFOLU Non-Permanence Risk Tool* and the VCS *JNR Non-Permanence Risk Tool* is v4.0. The VCS *Non-Permanence Risk Report* has been updated to v4.0.

In December 2021 Verra initiated a consultation on a long-term reversal monitoring system for detecting reversals in VCS projects during the post-crediting period. The proposed long-term reversal monitoring system would use remote sensing and emerging technologies to detect loss events and quantify reversals in VCS AFOLU (Agriculture, Forestry and Other Land Use) projects past the end of their crediting periods. Buffer credits would be cancelled at the time of the loss event based on the quantified size of the reversal. This consultation received positive feedback, so we will proceed to further exploration of how to implement such a system within the next few years.

Are provisions in place that… (*Paragraph 3.5.5*)	
a) confer liability on the activity proponent to monitor, mitigate, and respond to reversals in a manner mandated in the programme procedures?	☒ YES

b) require activity proponents, upon being made aware of a material reversal event, to notify the programme within a specified number of days?	☒ YES
c) confer responsibility to the programme to, upon such notification, ensure and confirm that such reversals are fully compensated in a manner mandated in the programme procedures?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c), including indicating the *number of days within which activity proponents must notify the programme of a material reversal event*:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are provisions in place that confer liability on the activity proponent to monitor, mitigate, and respond to reversals in a manner mandated in the Program procedures?

Yes, the VCS Program includes provisions that confer liability on the activity proponent to monitor, mitigate, and respond to reversals in a manner mandated in the VCS Program procedures. Specifically, as specified in Section 3.7.7 of the *AFOLU Requirements* and Section 3.15.6 of the *JNR Requirements* in the event of a loss event, the proponent must prepare a loss event report using the VCS *Loss Event Report Template*, which must include a conservative estimate of the loss in carbon stocks. The loss event report must be submitted within two years of the loss event. Where a loss event report is not submitted within two years of the date the loss event occurred, the project (including nested REDD+ project) or JNR program shall no longer be eligible to issue VCUs.

b) Are provisions in place that require activity proponents, upon being made aware of a material reversal event, to notify the Program within a specified number of days?

Yes, the VCS Program includes provisions that require activity proponents, upon being made aware of a material reversal event, to notify the VCS Program within a specified number of days. Specifically, the VCS Program requires project (including nested REDD+ project) or jurisdictional proponents to provide a loss event report within two years of a loss event, as described in Section 3.7.7(3) of the *AFOLU Requirements* and Section 3.15.6(3) of the *JNR Requirements.*

PROPOSED REVISION: Loss Event Reporting Requirements

Verra is planning to update the loss event reporting requirements in the *AFOLU Requirements* and *JNR Requirements* such that the proponent must notify Verra within 30 days of discovering a loss event or an event that is likely to qualify as a loss event. This notification would allow Verra to take necessary precautions as soon as possible after a loss event occurs. The proponent would be given additional time (e.g., one year from the date of discovery of the loss event) to survey, analyze and report the loss in carbon stocks.

This planned revision to the VCS *AFOLU Requirements* will be made at the same time as the broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The revision to the *JNR Requirements* will be made at the same time as a planned update to the JNR rules and requirements in early 2020. The updates to the loss event reporting

requirements are an internal decision about how best to manage loss events and thus are not subject to a public consultation process.

c) Are provisions in place that confer responsibility to the Program to, upon such notification, ensure and confirm that such reversals are fully compensated in a manner mandated in the Program procedures?

Yes, the VCS Program includes provisions that confer responsibility to the VCS Program to, upon such notification, ensure and confirm that such reversals are fully compensated in a manner mandated in the VCS Program procedures.

Specifically, where a project (including nested REDD+ project) or jurisdictional proponent submits a loss event report, Verra will place buffer credits "on hold", in an amount equivalent to the estimated loss stated in the loss event report. "On hold" status of buffer credits means that the credits may potentially be cancelled, depending on the outcome of further monitoring, reporting and verification. Specifically, at the verification event subsequent to the loss event, the project or JNR monitoring report shall restate the loss from the loss event and calculate the net GHG benefit for the monitoring period in accordance with the methodology applied.

Where the net GHG benefit of the project (including nested REDD+ project) or JNR program, compared to the baseline, for the monitoring period is negative, taking into account project or JNR program emissions, removals and leakage, a "reversal" has occurred (see VCS *Program Definitions* for definition of "reversal") and buffer credits equivalent to the reversal shall be cancelled from the AFOLU or jurisdictional pooled buffer account, as appropriate. Where the total reversal is less than the number of credits put on hold after the submission of the loss event report, Verra cancels buffer credits equivalent to the reversal and any remaining buffer credits shall be released from their hold status (though remain in the AFOLU or jurisdictional pooled buffer account, as appropriate). Where the reversal is greater than stated by the loss event report, the full amount of buffer credits put on hold with respect to the submission of the loss event report are cancelled, and additional buffer credits from the AFOLU or jurisdictional pooled buffer account, as appropriate, shall be cancelled to fully account for the reversal.

Although buffer credits are cancelled to cover carbon known or believed to be lost, the VCUs already issued to AFOLU projects or JNR programs that subsequently experience a reversal are not cancelled and do not have to be cancelled. Rather, all issued VCUs are permanent. The VCS approach provides environmental integrity because both the AFOLU and jurisdictional pooled buffer accounts are managed to ensure losses from project (including nested REDD+ project) or JNR program failures are covered, and the net GHG benefits across the entire pool of projects and JNR programs will be greater than the total number of VCUs issued.

Where the net GHG benefit for the monitoring period is positive, taking into account project (including nested REDD+ project) or JNR program emissions, removals and leakage (i.e., all losses have been made up over the monitoring period), a reversal has not occurred and buffer credits put on hold after the submission of the loss event report shall be released from their hold status (but shall remain in the AFOLU or jurisdictional pooled buffer account, as appropriate).

For more details please see Sections 3.7.7 and 3.7.8 of the VCS *AFOLU Requirements* and Section 3.15 of the *JNR Requirements.*

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

Update: the proposed revision to update the loss event reporting requirements for AFOLU projects, described in detail below, has incorporated into Section 3.2.15 of the *VCS Standard* under VCS Version 4.

Update March 2022

No other substantive changes have been made to these requirements, but the document references have changed due to the VCS Version 4 re-organization. Reporting requirements for loss events are now set out in Section 3.2.15 of the *VCS Standard* v4.2 and in Sections 3.17.6 and 3.16.5 of the JNR Requirements Scenarios 2 and 3, respectively. The current version of the VCS *Loss Event Report Template* is 4.0.

Does the programme have the capability to ensure that any emissions units which compensate for the material reversal of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA are fully eligible for use under the CORSIA? (*Paragraph 3.5.6*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, if necessary, Verra has the capability to ensure that any emissions units which compensate for the material reversal of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA are fully eligible for use under the CORSIA. Such policies and procedures are not in place at the moment. However, the program requirements and corresponding software supporting the Verra Project Database could be readily updated to allow Verra to select only CORSIA-eligible buffer credits for cancellation to compensate material reversals.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

We are working on adding capacity to the Verra Registry to enable the update proposed above by the end of 2022.

Would the programme be willing and able, upon request, to demonstrate that its permanence provisions can fully compensate for the reversal of mitigation issued as emissions units and used under the CORSIA? (*Paragraph 3.5.7*)	☒ YES

Question 4.6 Assess and mitigate against potential increase in emissions elsewhere

List all emissions sectors (if possible, activity types) supported by the programme that present a potential risk of material emissions leakage:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Many sectors supported by the VCS Program present a *potential* risk of material leakage. However, it is important to note that projects account for leakage per the provisions set out in the applied methodology for doing so. Accordingly, where the applied methodology states that leakage is not a risk for the particular project activity, then leakage need not be quantified because it is *de minimis*. Conversely, where the applied methodology acknowledges particular leakage risks relevant for the project activity, and sets out methods for quantifying such leakage, projects are required to follow such methods and deduct from their accounting emissions any identified leakage.

The clearest example of project activities that present a risk of leakage are REDD and IFM. This is because forest protection and management activities may force the drivers of deforestation (e.g., timber extraction, clearing land for agricultural production) to shift to other forested areas, potentially negating some or all of the environmental benefits of the forest conservation and/or management efforts. Likewise, ARR projects may also cause leakage if they drive individuals and/or communities to clear other land that would have otherwise remained as forest.

Due to these leakage risks, certain project types are only included for consideration in this application where they meet the definition of a "nested REDD+ project" laid out in Section 2 (Program summary) of the original application. Further details are provided in subsequent answers below within this section (Section 4.6).

It should be noted that well designed AFOLU projects may have little to no leakage because they are effective at working with communities to provide economic opportunities that transform the local economy and sustain low/no carbon emitting activities. For example, projects often provide agricultural support services, which enable farmers to produce more food on the same plot of land, thereby enhancing food security and reducing pressure on forests. Projects can also improve livelihoods directly and generate new employment opportunities, such as jobs for rangers who protect the forest against illegal deforestation and fight wildfires. Some projects even go as far as building schools and health clinics, and providing access to clean drinking water. In short, AFOLU projects have the potential to transform local economies so that communities can benefit from healthy and thriving ecosystems.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are measures in place to assess and mitigate incidences of material leakage of emissions that	☒ YES

may result from the implementation of an offset project or programme? (*Paragraph 3.6*)	

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, the VCS Program has measures in place to assess and mitigate incidences of material leakage of emissions that may result from the implementation of an offset project or JNR program.

Project Leakage

All VCS projects must account for material leakage when quantifying GHG emission reductions/removals, as specified in Section 3.15.1 of the *VCS Standard*. At the same time, AFOLU projects are specifically encouraged to mitigate instances of leakage through sound project design and inclusion of activities that address leakage (e.g., providing technical and financial assistance to farmers for agricultural intensification practices, development of ecotourism and other sustainable livelihoods activities inside the project area, such as agroforestry on degraded land and sustainable production of non-timber forest products), as specified in Section 3.6 of the *AFOLU Requirements*. In addition, the VCS rules specify the precise forms of leakage which AFOLU projects must address, as set out in Section 4.6.1 of the *AFOLU Requirements*. *These* include:

- **Market leakage**: Leakage which occurs when projects significantly reduce the production of a commodity causing a change in the supply and market demand equilibrium that results in a shift of production elsewhere to make up for the lost supply.

- **Activity-shifting leakage**: Leakage which occurs when the actual agent of deforestation and/or forest or wetland degradation moves to an area outside of the project boundary and continues its deforestation or degradation activities elsewhere.

- **Ecological leakage**: Leakage which occurs in wetland conservation/restoration projects where a project activity causes changes in GHG emissions or fluxes of GHG emissions from ecosystems that are hydrologically connected to the project area.

JNR Program Leakage

In accordance with Section 3.12 of the *JNR Requirements*, all potential leakage risks from a JNR Program (e.g., from one sub-national jurisdiction to another) must be assessed, mitigated and monitored, with any resulting material leakage deducted. The three types of leakage (activity shifting, market leakage and ecological leakage) described above from the *AFOLU Requirements* must be considered. In addition, jurisdictions must quantify any leakage from deforestation to degradation and any leakage to wetland areas. Jurisdictional proponents may apply the *JNR Leakage Tool* or may develop their own methods to account for such leakage. GHG emissions from leakage may be determined either directly from monitoring, or indirectly where scientific knowledge or research provides credible estimates of likely impacts.

Only leakage from a sub-national jurisdiction to another area within the same country where there is no national monitoring system in place must be considered. Where there is a national REDD+ program in place that includes country-wide leakage monitoring and a framework for determining and assigning leakage impacts, sub-national jurisdictions shall use the leakage estimates attributed to them according to the national framework.

Leakage occurring outside the host country (i.e., international leakage) shall be identified and mitigated but does not need to be accounted for or deducted from a country's domestic GHG emission reductions and removals. This follows established precedent under the UNFCCC CDM and the VCS Program.

Nested REDD+ Project Leakage

In accordance with Section 3.12 of the *JNR Requirements*, jurisdictions may determine how leakage from nested REDD+ project activities within a jurisdiction is addressed. A jurisdiction may:

(1) set out clear policies and procedures for withholding potential leakage from projects;

(2) choose not to require leakage accounting from projects (noting that this may impact the total emission reductions and removals achieved by the jurisdiction, which are accounted for at jurisdictional scale, while maintaining atmospheric integrity at the jurisdictional level); or

(3) require that projects apply the leakage requirements set out in the *AFOLU Requirements*.

Through these three approaches leakage is effectively addressed and EUC leakage criteria met for all nested REDD+ projects in the VCS system.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

No substantive changes have been made to these requirements, but the document references have changed due to the VCS Version 4 re-organization. Reporting requirements for leakage for all projects is now set out in Section 3.14.1 of the *VCS Standard* v4.2; AFOLU project leakage accounting requirements are set out in Section 2.5 of the same document. Sections 3.16 and 3.15 of the JNR Requirements Scenarios 2 and 3, respectively, set out leakage reporting requirements for jurisdictions.

Are provisions in place requiring activities that pose a risk of leakage when implemented at the project level to be implemented at a national level, or on an interim basis on a subnational level, in order to mitigate the risk of leakage? (*Paragraph 3.6.2*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Yes, nested REDD+ projects (i.e., REDD, IFM and/or ARR) that are integrated into a nationally (or in the interim,

sub-nationally) implemented program and otherwise meet the definition of a "nested REDD+ project" laid out in Section 2 (Program summary) above, are included in this application because these activities address the risk of material leakage and fully meet CORSIA's EUC. In other words, any decrease in carbon stocks or increase in GHG emissions as a result of leakage outside project areas (but within the larger jurisdiction) would be monitored, reported, verified and accounted for as part of a national or sub-national jurisdictional program. Specifically, project activities that are typically included in a jurisdictional Forest Reference Emission Level (FREL) (i.e., REDD and IFM) are only included for consideration in this application where they meet the definition of "nested REDD+ project" as referenced above.

It is important to note that some AFOLU project-level activities do not pose a risk of material leakage, which can be demonstrated using VCS methodologies and tools (see Section 4.6.2 of the *AFOLU Requirements*). Accordingly, AFOLU project activities that are typically not included in a jurisdiction's Forest Reference Emission Level (FREL) (i.e., ARR, WRC, ALM, and ACoGS) are submitted for consideration in this application as stand-alone projects (i.e., non-nested projects operating outside of or apart from any jurisdictional REDD+ program) where they are able to demonstrate no material leakage risk. For example, stand-alone forest restoration projects on degraded land do not pose a risk of leakage because they are not displacing any other activities.

Note (Submitted June 2020): Original submission explaining that some AFOLU project-level activities do not pose a risk of material leakage. While this section mentioned ARR, WRC, ALM and ACoGS projects, it should also include IFM in many cases.

It is worth noting that various non-REDD+ AFOLU project types (i.e., WRC, ALM and ACoGS) are currently unable to meet the definition of a "nested REDD+ project" as laid out in Section 2 of this application, as national and sub-national programs generally have not yet developed reference levels or jurisdiction-wide monitoring systems relevant to these activity types. As a result, it is not possible to develop jurisdictional programs around these activities, and project-level activities cannot nest within such jurisdictional programs. As these reference levels and monitoring systems are developed over time, Verra will revise its rules to enable nesting of a broader set of activity types in future.

The Verra Project Database can readily identify project types and as such, Verra can clearly exclude any project types that are deemed to not meet the EUC.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place requiring and supporting activities to monitor identified leakage? (*Paragraph 3.6.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Yes, the VCS Program includes procedures requiring activities to monitor identified leakage.

Specifically, Sections 3.16.3 through 3.16.5 of the *VCS Standard* provide requirements for how a project (including a nested REDD+ project) designs and implements its monitoring plan, which must include an accounting of leakage, where relevant. Leakage is monitored in accordance with the provisions set out for doing so in the applied methodology. Sections 3.6 and 4.6 of the *AFOLU Requirements* provide more specific requirements on monitoring leakage for AFOLU project types.

For JNR programs, Section 3.14 of the *JNR Requirements* provides requirements for how a JNR program designs and implements its monitoring plan, which must include an accounting of leakage, where relevant. Section 3.12 of the *JNR Requirements* provides specific requirements on monitoring leakage for JNR sub-national programs. Note that specific leakage provisions for nested REDD+ projects may be determined by the jurisdictional government (see further description above).

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
No substantive changes have been made to these requirements, but the document references have changed due to the VCS Version 4 re-organization. Monitoring design and implementation requirements for projects are now set out in Sections 3.15.3-3.15.5 of the *VCS Standard* v4.2. Sections 3.14.6-3.14.10 and 3.13 of the JNR Requirements Scenarios 2 and 3, respectively set out monitoring design and implementation requirements for jurisdictions.

Are procedures in place requiring activities to deduct from their accounting emissions from any identified leakage that reduces the mitigation benefits of the activities? (*Paragraph 3.6.4*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Yes, the VCS Program includes procedures requiring activities to deduct from their accounting emissions from any identified leakage that reduces the mitigation benefits of the activities.

Specifically, all VCS projects (including nested REDD+ projects) and JNR programs must account for material leakage when quantifying GHG emission reductions/removals, as specified in Section 3.15.1 of the *VCS Standard* and Section 3.12 of the *JNR Requirements*. Note that specific leakage provisions for nested REDD+ projects may be determined by the jurisdictional government (see further description above).

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
No substantive changes to these requirements have been made, but the document references have changed due to the VCS Version 4 re-organization. Requirements for reporting leakage as a deduction from total project GHG

benefits for all projects is now set out in Section 3.14.1 of the *VCS Standard* v4.2 and in Sections 3.18.1 and 3.17.1 of the JNR Requirements Scenarios 2 and 3, respectively.

Question 4.7 Are only counted once towards a mitigation obligation

Does the Programme have measures in place for the following…	
a) to ensure the transparent transfer of units between registries; and that only one unit is issued for one tonne of mitigation *(Paragraphs 3.7.1 and 3.7.5)*	☒ YES
b) to ensure that one unit is issued or transferred to, or owned or cancelled by, only one entity at any given time? *(Paragraphs 3.7.2 and 3.7.6)*	☒ YES
c) to discourage and prohibit the double-selling of units, which occurs when one or more entities sell the same unit more than once? *(Paragraph 3.7.7)*	☒ YES
d) to require and demonstrate that host countries of emissions reduction activities agree to account for any offset units issued as a result of those activities such that double claiming does not occur between the airline and the host country of the emissions reduction activity? *(Paragraph 3.7.3)*	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

a) Are measures in place to avoid double-issuance, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?

Yes, the VCS Program has several measures in place to avoid double-issuance, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight.

First, Sections 3.11.3 - 3.11.5 of the *VCS Standard* require that GHG emission reductions and removals presented for VCU issuance shall not also be recognized as another form of GHG-related environmental credit. Proponents are required to sign an issuance representation stating that they have not sought recognition of the reductions for which they are requesting issuance under any other GHG program. Where projects (including nested REDD+ projects) or JNR programs have sought or received another form of GHG-related environmental credit, or if the project or JNR program is eligible to participate under one or more GHG programs to create another form of GHG-related credit but are not currently doing so, they shall provide information in this respect to the validation/verification body auditing the project or JNR program to ensure that double-issuance does not occur.

Second, Section 4.3.4 of the *Registration and Issuance Process* and Sections 4.2.3-4.2.4 of the *JNR Registration and Issuance Process* require that VCS registry administrators undertake completeness checks of new project (including nested REDD+ project) or JNR program documentation submitted to the VCS Program. This includes a check that the GHG emission reductions or removals presented for VCU issuance have not been issued under any other GHG program or recognized under a program which creates GHG-related environmental credits. This check

is performed upon each VCU issuance and includes a search of project and JNR program records under other GHG-related programs per Section 6.1.5 of the internal *Registry System User Guide* procedural document (provided as **Attachment 5** to the original application).

Third, in addition to the checks performed by VCS registry administrators, the Verra Project Database performs an automated proximity check on the location of new projects (including nested REDD+ projects) and JNR programs entered into the database. The database generates an alert to the registry administrator where the new project entry is located within 2 kilometers of an existing project or JNR program (or for a new JNR program entry, within 5 kilometers). Upon receiving the alert, the registry administrator must verify that the project or JNR program is unique and not already registered under the VCS Program. The proximity check also alerts the registry administrator as to whether a REDD+ project is inside the boundaries of a JNR program and therefore should be adhering to the rules for nested REDD+ projects in the *JNR Requirements*. The procedures for proximity checks are set out in Sections 3.2.5-3.2.6 of the internal *Registry System User Guide* procedural document.

Finally, over-issuance (i.e., issuing more VCUs than were verified during a monitoring period) is likewise prevented by automated validation checks performed by the Verra Project Database, which is designed to not permit cumulative issuance volumes from a project's (or JNR program's) monitoring period to exceed the verified volume of emission reductions from that monitoring period. Attempting to do so will generate a notice that the task is not permitted.

The safeguards described above collectively act to prevent double issuance (and over issuance).

b) Are measures in place to avoid double-use, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?

Yes, the VCS Program has measures in place to avoid double-use, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight.

Specifically, Section 4.1 of the *VCS Program Guide* and Section 1 of the *Registration and Issuance Process* note that VCU serial numbers are generated by the Verra Project Database, which ensures that each VCU is represented with a unique serial number. The unique serial numbers generated by the Verra Project Database prevent the same unit from being issued twice and are reconciled to confirm such prevention is effective as described below.

The registry system conducts daily automated reconciliations of all issued (active, retired and cancelled) VCUs between the Verra Project Database and the APX and IHS Markit registry platforms. If a VCU were ever to be duplicated in the registry administrator's system (which should not be possible), the automated daily reconciliation would identify the duplication and notify Verra so that the discrepancy can be resolved within 24 hours. Furthermore, once a VCU is retired or cancelled, it is permanently removed from circulation and can no longer be used (e.g., transferred).

Furthermore, as described on the Verified Carbon Unit (VCU) webpage of the VCS website, VCUs cannot be

transferred to other databases or traded as paper certificates. This means that VCUs are never transferred outside of the VCS Registry System.

The safeguards described above collectively act to prevent double-use.

c) Are measures in place to avoid double-selling, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?

Yes, the VCS Program has measures in place to avoid double-selling, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight.

Specifically, the VCS Registry System prevents the same VCU from existing in multiple registry accounts (See the double-use policies in (b) above), thereby preventing an entity from double-selling the unit.

Furthermore, once a VCU is retired or cancelled, it is permanently removed from circulation and can no longer be sold (transferred) to another registry account. The benefactor of retired VCUs may be publicly identified in the public registry retirement report, allowing them to confirm that the VCU serial numbers that were retired on their behalf are indeed recorded in their name. The APX VCS Registry public view (Public Reports - APX) for retirements includes a "retirement reason" field for this purpose. The IHS Markit Environmental Registry public view (Markit Environmental Registry - Public Reports) for retirements includes a "retired for" field for this purpose.

The safeguards described above collectively act to prevent double-selling.

d) to require and demonstrate that host countries of emissions reduction activities agree to account for any offset units issued as a result of those activities such that double claiming does not occur between the airline and the host country of the emissions reduction activity? (Paragraph 3.7.3)

Yes, the VCS Program has measures in place to avoid double-claiming.

Specifically, VCS rules currently require projects (including nested REDD+ projects) or JNR programs which reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, to provide evidence that the project or JNR program GHG emission reductions or removals have not and will not otherwise be claimed under the GHG program or mechanism. These requirements are set out in Section 3.11.2 of the *VCS Standard* and Sections 3.6.4-3.6.7 of the *JNR Requirements*. In practice, these rules have either required host countries of emission reduction activities to agree to account for any offset units issued as a result of project or JNR program activities (typically in the form of cancellation of allowances -- AAUs in the context of Annex B countries) or proponents to demonstrate how project or JNR program emission reductions are in fact not at risk of being double claimed (e.g., because the emission reductions generated by the project or JNR program are not within the scope of the host country's emission reduction commitments). These rules have acted to address instances of double claiming risks under the VCS Program where host countries engage in GHG emissions trading.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

In our response on 20 July 2021 to question A2, Verra noted that we had started a Global Dialogue on voluntary markets along with several partners. While the focus is on the VCM, one of the main goals has been discussing and engaging with governments on issues including double counting. There are a broad range of views on the subject across countries.

Verra recently participated in the Avoiding Double Counting Working Group that developed a set of guidelines intended to facilitate the avoidance of double counting (including double claiming) under CORSIA. We believe that these guidelines would address the EUC, and accordingly, Verra would implement the guidelines set out in these *Guidelines on Avoiding Double Counting for CORSIA*.

Does the Programme have procedures in place for the following: (*Paragraph 3.7.8*)	
a) to obtain, or require activity proponents to obtain and provide to the programme, written attestation from the host country's national focal point or focal point's designee?	☒ YES
b) for the attestation(s) to specify, and describe any steps taken, to prevent mitigation associated with units used by operators under CORSIA from also being claimed toward a host country's national mitigation target(s) / pledge(s)?	☒ YES
c) for Host country attestations to be obtained and made publicly available prior to the use of units from the host country in the CORSIA?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The VCS rules described above were designed primarily with operation of the Kyoto Protocol in mind. However, Verra recognizes that the context under which double claiming risks arise in the post-2020 world may be quite different than that of the Kyoto Protocol. Accordingly, Verra recognizes that updates to its current rules may be warranted to address the specific context under which double claiming risks arise post-2020, and would therefore be willing to consider putting in place updated rules which would follow the guidelines set out in *Paragraphs 3.7.8 – 3.7.9*. More precisely:

- With respect to *Paragraph 3.7.8*, Verra would be willing to consider introducing new requirements such that only emission reduction units originating in countries that have attested to their intention to properly account for the use of the units toward offsetting obligations under the CORSIA would be eligible for use in the CORSIA, in accordance with relevant guidelines or requirements set out under CORSIA.
- With respect to *Paragraph 3.7.9*, Verra would be willing to consider introducing new requirements for proponents to receive relevant attestations from host countries, in accordance with relevant guidelines or requirements set out under CORSIA.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A"

that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Verra will respond to a-c, which we believe to be questions added after our original application, according to our guidance for CORSIA labels (Attachment 3).

a) Does the VCS Program have procedures in place to obtain, or require activity proponents to obtain and provide to the programme, written attestation from the host country's national focal point or focal point's designee?
Yes, project proponents that use the CORSIA VCU label need to obtain a letter of authorization from the host country government (see point 5 in Attachment 3).

b) Does the VCS Program have procedures in place for the attestation(s) to specify, and describe any steps taken, to prevent mitigation associated with units used by operators under CORSIA from also being claimed toward a host country's national mitigation target(s) / pledge(s)?
Yes, the letter of authorization must specify that the GHG emission reductions and removals (ERRs) generated by the project will not be communicated under the country's NDC target (see point 5(a)(i) in Attachment 3).

c) Does the VCS Program have procedures in place for Host country attestations to be obtained and made publicly available prior to the use of units from the host country in the CORSIA?
Attestations will be available on the Verra Registry for phase 2.

Does the Programme have procedures in place requiring… (*Paragraph 3.7.9*)	
a) that activities take approach(es) described in (any or all of) these sub-paragraphs to prevent double-claiming?	☐ YES
☐ Emissions units are created where mitigation is not also counted toward national target(s) pledge(s) / mitigation contributions / mitigation commitments. (*Paragraph 3.7.9.1*)	
☐ Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions. (*Paragraph 3.7.9.2*)	
☐ Programme procedures provide for the use of method(s) to avoid double-claiming which are not listed above (*Paragraph 3.7.9.3*)	
b) that Host Country attestations confirm the use of approach(es) referred to in the list above?	☐ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
This appears to be a new question.

Q&A with ICAO October 2019
Can the program clarify the procedures it has in place (or would be willing to put in place if the program is identified as CORSIA-eligible) to obtain information from the host country regarding its approach to avoid double-claiming, in line with the relevant guideline 3.7.9?

(Reference guideline):

- 3.7.9. Double-claiming procedures The program should have procedures in place requiring that activities take approach(es) described in these sub-paragraphs to prevent double-claiming, which attestations should confirm:
    - 3.7.9.1. Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments.
    - 3.7.9.2. Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions.
    - 3.7.9.3. If program procedures provide for the use of method(s) to avoid double-claiming which are not listed above, the GMTF, or other appropriate technical expert body, should evaluate and make a recommendation regarding the sufficiency of the approach prior to any final determination of the program's eligibility.)

Verra Response: As mentioned in Section 4.7 of our application, and in response to clarification question #5.4 submitted on 16 October 2019, Verra would put in place any measures required by ICAO to avoid double claiming, including provisions for obtaining information from the host country regarding its approach to avoid double-claiming, in line with the relevant guidelines set out in Paragraph 3.7.9. As suggested by the EUC, we understand that avoiding double claiming will entail demonstration that host countries of emissions reduction/removal activities have agreed to account for any emissions units issued as a result of those activities, where otherwise double claiming would occur between a purchasing airline with an obligation under CORSIA and the host country of the emissions reduction/removal activity.

Verra recently participated in a working group that developed a set of guidelines intended to facilitate the avoidance of double counting (including double claiming) under CORSIA. We believe that these guidelines would address the EUC, and accordingly, Verra would implement the guidelines set out in these *Guidelines on Avoiding Double Counting for CORSIA*.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Material Change Submission April 2021

Verra updated the requirements with respect to double counting in the *VCS Standard v4.1* Sections 3.19 and 3.20 (these are currently sections 3.20 and 3.21 in the *VCS Standard* v4.2). Verra added requirements in these sections of the *VCS Standard* as to clarify that VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA must meet requirements established under such mechanisms and programs, including those relating to double counting and corresponding adjustments. Project proponent must use VCU labels to demonstrate adherence to such requirements (current Section 3.21.1).

In addition, Verra has prepared a revised version of the CORSIA Label Guidance (see Attachment 3. Guidance for

CORSIA Labels). This update includes requirements for the Letter of Authorization, which a project must provide in order to demonstrate the country has authorized the units for use in CORSIA and will not double count such units.

Updates are available in the *VCS Standard v4.1* Sections 3.19 and 3.20 (these are currently sections 3.20 and 3.21 in the *VCS Standard* v4.2), the CORSIA Label Guidance (Attachment 3) and in the *JNR Requirements v4.0, Scenario 2 Requirements* and *Scenario 3 Requirements* Section 3.7.

The following prior submissions (from our program application form dated 12 June 2020) are modified:

1. In section 4.7, response to point b) (page 59) "Are measures in place to avoid double-use, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight? " mentions procedures from APX and IHS Markit, which are no longer valid. Verra now manages the registry system directly. This also applies to the response to point c) (page 59) "Are measures in place to avoid double-selling, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?"
2. Responses to double counting procedures have been updated:
    - The response to the question "Are measures in place (or would the Program be willing and able to put in place measures) to avoid double-claiming as defined in Paragraph 3.7.3? " on page 60, mentions double counting in the Kyoto context. This section has been updated to clarify how this applies in the post-Kyoto context.
    - Further our response stated that Verra is willing to consider new requirements for " If no measures are currently in place, describe what measures the Program would consider putting in place in relation to the guidelines in Paragraphs 3.7.3 and Paragraphs 3.7.8 – 3.7.9" (page 60). Such updates have been developed.
    - In response to "If no measures are currently in place, describe what measures the Program would consider putting in place in relation to the guidelines in Paragraphs 3.7.10 – 3.7.13" (page 61). The proposed host country attestations noted (in the first bullet point on page 62) have been developed.

Q&A with ICAO July 2021

1. How do you foresee aligning and implementing your programme's systems and procedures consistent with international requirements on avoidance of double counting and claiming, including in particular corresponding adjustments by host countries, as required?

   Verra response: Once Article 6 is agreed, Verra would analyze outcomes and make adjustments to our current plans as needed. This will likely be an ongoing process as further rules, specifications and norms are established over time under the UNFCCC decisions and market norms.
   This would follow our standard process of developing program updates as needed, undertaking stakeholder consultations and ultimately updating requirements or registry procedures as needed.

For the countries where your activities are located:

2. Have you approached national governments regarding their provision of host country attestations reflecting how they will apply corresponding adjustments in respect of CORSIA eligible emissions units? If so, are there any measures or procedures in place or under development by the country(ies) to support these country actions under the Paris Agreement?

   Verra response: Verra started a Global Dialogue on voluntary markets along with several partners. While the focus is on the VCM, one of the main goals has been discussing and engaging with governments on issues including double counting. There are a broad range of views on the subject across countries.

   There are several other initiatives aimed at country capacity building under Paris, which is a role that goes far beyond the remit of Verra. Most countries do not yet have these systems in place as Article 6 is not yet agreed. Indeed, countries do not want to get ahead of the Article 6 outcomes and are generally waiting for the outcome before implementing anything.

   Further, many/most countries are likely to need capacity building support to implement anything on this (support on NDC tracking, registries, institutional arrangements for reviewing/approving activities for exporting mitigation outcomes, etc.).

   There are several pilots ongoing testing how this infrastructure might work. Verra will analyze and incorporate any key lessons learned from these pilots, as possible.

3. Is there a system or systems in place to track units generated in the country(ies) that may be cancelled for CORSIA offsetting requirements? Does the programme itself have any procedures providing for such tracking by a host country?

   Verra response: Verra will be able to track all units that are promised a CA (which will underpin the label) and whether (and when) such adjustments are actually made. When the units are used, the Verra registry can specify that such units have been retired for the purpose of CORSIA use, and by what airline.

   Verra plans to issue annual reports, which would include information on credits issued that have been authorized by Host Countries for CORSIA and other offsetting purposes and the units correspondingly adjusted, when such information is available.

4. Do host countries have a policy on what and when adjustments should apply in respect of CORSIA eligible units?

   Verra response: Our understanding is that countries are planning to treat CORSIA and Article 6 in the same way - e.g., for Article 6, if CAs are only needed for mitigation outcomes inside NDC scope, countries will apply the same logic for CORSIA. On both, therefore, countries will need to await the outcome of Article 6 negotiations.

Countries should state in the Letter of Authorization when they will report information on CAs they've promised (most likely this will be contained in the biennial transparency report (BTR)). Countries would then report adjustments made in the subsequent BTR.

5. What do you envisage as a process or procedures pertaining to the timing of applying adjustments?

   Verra response: We are not clear on this question - is this about how we imagine countries will apply adjustments? If so, we envisage adjustments will be made/reported via their BTRs - in other words, CAs will be reported every two years. It is possible the negotiation texts will elaborate more on this and require more (or less) frequent reporting.

   For Verra's part, we will immediately apply a label to projects that have been promised the adjustment (in the Letter of Authorization), and will implement a way of indicating when the actual adjustment has been made.

   Overall, this is a question for the Article 6 negotiators.

6. According to programme procedures and/or host country policies, at what point will corresponding adjustments be applied by host countries—at the time that units are, e.g., issued, or authorised, or used toward CORSIA?

   Verra response: As noted above, this is envisaged as happening in the BTR. BTRs are meant to be submitted every two years. See also above in terms of us labelling when the project has the letter of authorization and when the adjustment is made.

7. What risks have the host country(ies) or programme identified that could arise from different choices of approaches (as examples, risks to, e.g., the host country, airlines, market participants)? How are these risks addressed or could be addressed?

   Verra response: The main risk is that the host country doesn't make the promised CA, or the airline needs to use the unit before the adjustment is made. Several options exist to manage this risk:
   - Insurance products may be available: Vera has been in discussions with several providers who are interested in building a product for this
   - A buffer pool could potentially be created: while there are pros/cons of this option, a buffer may be feasible for managing CA risk
   - VCS could label the units only after the host country has issued its BTR: This option would ensure that only units that have already been adjusted would be labelled as CORSIA eligible. This option would be the most restrictive, but would also avoid all risk that such adjustments might not happen. However, in order to take this approach, it would need to be a CORSIA-wide policy, as it would otherwise be race to the bottom if not all programs do this.

   Verra would also like to express concerns over the seller liability approach, which would also cause a

race to the bottom. It is obviously very attractive to buyer airlines for units to have seller liability. However, many project developers that would then be liable are small, community run and only exist in a single country. They would not have the resources, nor the ability in most cases to actually replace their units with ones that have a CA. If they are in a country that hasn't made the promised adjustments, it is unlikely that any other units would be available. It is also unlikely they could afford to replace such units which are almost certainly to be higher-priced and have limited availability in the market. An unenforceable seller liability approach is an extremely high risk for the integrity of the system.

8. VCS procedures reviewed by TAB seem to reflect the programme's reliance on host countries to apply and report on corresponding adjustments for CORSIA-eligible units in a manner consistent with the EUC and guidelines.

    a. Does VCS foresee developing more detailed programme procedures pertaining to these country actions and related requirements?

    Verra response: Verra will build out more detailed requirements when Article 6 negotiations are concluded.

    b. In the absence of programme procedures pertaining to these country actions, including *inter alia* for the contents of attestations or expectations for corresponding adjustments and related national reporting, how does VCS foresee assessing the sufficiency and consistency of a country's own measures with the EUC and guidelines?

    Verra response: Verra submitted the full contents of the Letter of Authorization. Once Article 6 is agreed, Verra will build out the documentation further if needed. Article 6 should specify sufficient country measures for meeting the EUCs. Reporting any CAs made in the BTR should satisfy the EUC and provide workable means for Verra to identify and report on all units used for CORSIA purposes and the status of the adjustments made. If however, Article 6 does not get agreed, or does not specify when such adjustments should be reported, Verra may be able to implement other ways of reporting on such adjustments from countries, based on an ad-hoc assessment of their procedures. This question will be revisited after the Glasgow COP.

Verra is in the process of developing appropriate measures as described above. Updates are expected in Q4 2022.

Does the Programme… (*Paragraph 3.7.10*)	
a) make publicly available any national government decisions related to accounting for units used in ICAO, including the contents of host country attestations described in paragraph 3.7.8?	☐ YES
b) update information pertaining to host country attestation as often as necessary to avoid double-claiming?	☐ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
The VCS Program does not yet have in place requirements which are as detailed as the guidance set out in a) through e) above. However, Verra recognizes the importance of ensuring that all units used for compliance with CORSIA are not claimed twice, and is looking forward to putting in place new requirements which follow the guidelines set out in *Paragraphs 3.7.10 – 3.7.13* once those guidelines are finalized. More precisely:

With respect to *Paragraph 3.7.10*, Verra would be willing to consider introducing new requirements which would require any national government decisions related to accounting for VCUs used under the CORSIA to be publicly available on the Verra Project Database, in accordance with relevant guidelines or requirements set out under CORSIA. Such information could be updated as often as necessary to avoid double-claiming.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
Verra is in the process of developing appropriate measures as described above. Updates are expected in Q4 2022.

Does the Programme have procedures in place to compare countries' accounting for emissions units in national emissions reports against the volumes of eligible units issued by the programme and used under the CORSIA which the host country's national reporting focal point or designee otherwise attested to its intention to not double claim? (*Paragraph 3.7.11*)	☐ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
With respect to *Paragraph 3.7.11*, Verra would be willing to consider introducing new procedures to compare countries' accounting for emissions units in national emissions reports against the volumes of eligible units issued under the VCS Program and used under the CORSIA which the host country's national reporting focal point or designee otherwise attested to its intention to not double-claim, in accordance with relevant guidelines or requirements set out under CORSIA.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
Verra has procedures for implementing letters of attestation (see Attachment 3).

Does the Programme have procedures in place for the programme, or proponents of the activities it supports, to compensate for, replace, or otherwise reconcile double claimed mitigation associated with units used under the CORSIA which the host country's national accounting focal point or designee otherwise attested to its intention to not double claim? (*Paragraph 3.7.13*)	☐ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to

follow-up discussions and written questions pertaining to this topic:

With respect to *Paragraph 3.7.13*, Verra would be willing to consider introducing new procedures for reconciliation of double-claimed mitigation associated with units used under the CORSIA which the host country's national accounting focal point or designee otherwise attested to its intention to not double-claim, in accordance with relevant guidelines or requirements set out under CORSIA.

Q&A with ICAO October 2019

Regarding question 5.5 (*Specifically, do you have any plans or procedures in place for addressing "accounting reversals", as referred to in the guideline in paragraph 3.7.13?*?)

i. The TAB wishes to confirm that, as VCS has noted, the guidelines apply to the program (which may in turn apply these requirements to its activity proponents through any number of compensation mechanisms)—and for the reasons also acknowledged by VCS. For these same reasons, and regardless of the type of accounting error or fault of the host country, neither ICAO nor programs are likely to be in a position to compel host countries to replace or retroactively account for units used in CORSIA. This was a key motivation for the guidelines to address accounting risk in the manner described (at the program level, where the industry has long experience in compensation measures to address accounting discrepancies that may or may not be the fault of the project owner).

Verra Response: Verra understands the importance of ensuring the environmental integrity of all units transacted under CORSIA, including the need to have in place procedures that would address "accounting reversals" caused by a host country's decision to not honor its commitment to account for units in its national accounts. Verra is currently researching several options for addressing such "accounting reversals", including the development of an insurance product that buyers or sellers could purchase to address such "accounting reversals." Indeed, Verra understands that such an insurance product is currently being considered for development by a large multilateral financial institution, and could also be developed by the insurance industry. While Verra currently does not have any requirements in place under the VCS Program to ensure "accounting reversals" are addressed, Verra would include such requirements once it understands what sort of options might be available in the market.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Verra is in the process of developing appropriate measures as described above. Updates are in Q4 2022.

Would the Programme be willing and able, upon request, to report to ICAO's relevant bodies, as requested, performance information related to, *inter alia*, any material instances of and programme responses to country-level double claiming; the nature of, and any changes to, the the number, scale, and/or scope of host country attestations; any relevant changes to related programme measures? (*Paragraph 3.7.12*)	☒ YES

Question 4.8 Do no net harm

Are procedures in place to ensure that offset projects do not violate local, state/provincial, national or international regulations or obligations? (*Paragraph 3.8*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Section 1.11 of the *VCS Project Description* requires all projects (including nested REDD+ projects) to identify and demonstrate compliance with all and any relevant local, regional and national laws, statutes and regulatory frameworks.

Section 3.1.2 of the *JNR Requirements* requires that the implementation of a JNR program and any nested REDD+ projects do not lead to the violation of any applicable law, regardless of whether or not the law is enforced.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

No substantive changes have been made to requirements for VCS projects in this respect, but they are now located in Section 1.14 of the VCS Project Description template v4.1.

Section 3.8.1 of the JNR *Scenario 2* and Section 3.6.5 of the *JNR Scenario 3 Requirements* v4.0 require compliance of JNR programs and nested projects with all relevant laws, statutes and regulatory frameworks.

Describe, and provide evidence that demonstrates, how the programme complies with social and environmental safeguards: (*Paragraph 3.8*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The VCS Program has safeguards in place to address environmental and social risks for both projects (including nested REDD+ projects) and JNR programs. The relevant policies and procedures for safeguards are publicly available in Section 3.17 of the *VCS Standard* for projects, and Section 3.7 of the *JNR Requirements* for JNR programs. For projects, the safeguards in place include policies and procedures to ensure no net harm, local stakeholder consultation, and public comment periods. For JNR programs, compliance with all UNFCCC decisions on safeguards for REDD+ is required.

Further details on the VCS Program project-level safeguards, followed by JNR program-level safeguards, are summarized below:

Project-Level Safeguards:

- **No Net Harm (Section 3.17.1 of the *VCS Standard*)**: Project proponents are required to identify potential negative environmental and socio-economic impacts, and shall take steps to mitigate them.
- **Local Stakeholder Consultation (Sections 3.17.2 - 3.17.4 of the *VCS Standard*)**: Project proponents are required to conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. The project proponent must take due account of all and any input received during the local stakeholder consultation.

- **Public Comment Periods (Sections 3.17.5 - 3.17.8 of the *VCS Standard*)**: Projects are subject to a 30-day public comment period prior to registration and the project proponent must take due account of any and all comments received during this period.

- **Additional Certification (Section 3.17.1 of the *VCS Standard*)**: Additional certification standards may be applied to demonstrate social and environmental benefits beyond GHG emission reductions or removals. A list of standards that have been approved by Verra for use along with the VCS Program is publicly available on the Verra VCU Labeling webpage.

  One of the relevant additional certification standards, the Climate, Community & Biodiversity (CCB) Standards, is managed by Verra. More information on the CCB Standards is available on the CCB Program webpage. Application of the CCB Standards ensures that projects, among other things:

  - Identify all stakeholders and ensure their full and effective participation -- required under indicator G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
  - Recognize and respect customary and statutory rights -- required under indicator G5 from the *Climate, Community & Biodiversity Standards, v3.1*;
  - Obtain free, prior and informed consent -- required under indicator G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
  - Assess and monitor direct and indirect costs, benefits and risks -- required under indicators CM2, CM4 and, G3 from the *Climate, Community & Biodiversity Standards, v3.1*;
  - Identify and maintain high conservation values -- required under indicators CM1, and B1 from the *Climate, Community & Biodiversity Standards, v3.1*; and
  - Demonstrate net positive climate (CL2), community (CM2) and biodiversity (B2) benefits from the *Climate, Community & Biodiversity Standards, v3.1*.

  The vast majority of VCS REDD+ projects already apply the CCB Standards as a co-benefit label. Additionally, Verra recently launched a new standards framework specifically for certification of sustainable development benefits - The Sustainable Development Verified Impact Standard (SD VISta).

This standard was released in January 2019, and is a flexible framework for assessing and reporting on the sustainable development benefits of project-based activities, helping unlock new sources of finance to support and scale up high-impact efforts. VCS projects may concurrently apply SD VISta as a means to further demonstrate contributions to sustainable development.
Note that jurisdictional governments may require nested REDD+ projects to meet additional safeguard requirements.

PROPOSED REVISION: Strengthening Stakeholder Consultation Requirements

As mentioned in Section 3.8(b) (Transparency and public participation provisions) above, Verra is proposing to update the VCS rules by introducing enhanced requirements for ensuring local community and stakeholder safeguards for AFOLU projects (including nested REDD+ projects). Specifically, the proposed revisions to the stakeholder consultation requirements will require AFOLU projects to take all appropriate measures to communicate and consult with local stakeholders on an ongoing process for the life of the project. All communications and consultations shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. Projects will be required to communicate:

- The project design and implementation, including the results of monitoring.
- The risks, costs and benefits the project may bring to local stakeholders.
- Stakeholders' ability to withhold consent for project activities that impact their property or resources.
- All relevant laws and regulations covering workers' rights in the host country.
- The process of VCS validation and verification and the VVB's site visit.

Additionally, projects will be required to develop a grievance and redress process, with stakeholder cooperation, that allows stakeholders to formally raise concerns or grievances with the project and a mechanism to resolve the concerns or grievances.

The proposed changes will enhance the VCS Program's consistency with the EUC and also align VCS safeguards requirements with those of the UNFCCC for REDD+. Note that REDD+ projects using the CCB Standards already meet all project-relevant UNFCCC REDD+ safeguards.

This proposed revision to the VCS local stakeholder consultation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

JNR Program-Level Safeguards

Safeguards requirements for JNR programs, including with regard to the design and implementation of

safeguards information systems, are laid out in Section 3.7 of the *JNR Requirements, and* in the *VCS JNR Program Description Template* and *VCS JNR Monitoring Report Template*. *Highlights* of these safeguards requirements include the following:

- **Aligned with UNFCCC:** During their design and implementation, JNR programs must comply with all UNFCCC decisions on safeguards for REDD+ and any relevant national or sub-national REDD+ safeguard requirements.
- **Local stakeholder consultation:** JNR programs must be developed and documented in a transparent manner and in consultation with relevant stakeholders, including local communities and indigenous peoples. To guide the stakeholder consultation process, programs may use the REDD+ Social & Environmental Safeguards (SES), the Guidelines on Stakeholder Engagement for REDD+ Readiness of the FCPF, and/or the UN-REDD Programme. Jurisdictional programs shall also develop a mechanism for receiving and addressing any and all feedback on stakeholder grievances and concerns.

Public Comment Periods (Section 2.3 of the VCS *JNR Validation and Verification Process*): JNR programs are subject to a 60-day public comment period at both validation (prior to registration) and verification (prior to issuance of VCUs), and the jurisdictional proponent must take due account of any and all comments received during this period.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

The proposed revision to strengthen the local stakeholder consultation requirements for AFOLU projects (including nested REDD+ projects), described in detail below, has been made in Section 3.16 of the *VCS Standard* under VCS Version 4.

In response 3e(4) our Material Change Form submission on 15 April 2021, Verra updated the TAB about changes we made to safeguards in JNR, noting that JNR Safeguards are now contained in Section 3.8 of Scenario 2 and Scenario 3 Requirements. No changes have been made that impact our original responses, however, further specification and clarity have been added.

Describe, and provide evidence of the programme's public disclosure of, the institutions, processes, and procedures that are used to implement, monitor, and enforce safeguards to identify, assess and manage environmental and social risks: (*Paragraph 3.8*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

The VCS Program publicly discloses the institutions, processes, and procedures that are used to implement, monitor and enforce safeguards. The relevant policies related to environmental and social safeguards are

publicly available in Section 3.17 of the *VCS Standard* for projects (including nested REDD+ projects), and Section 3.7 of the *JNR Requirements* for JNR programs. The institutions, processes, and procedures that are used to implement and enforce such safeguards are the validation and verification processes. Information about the requirements and procedures for validation and verification are also publicly available in Section 5 of the *VCS Standard* and in the *JNR Validation and Verification Process* document, and the results of all project and program validations and verifications are available publicly on the Verra Project Database.

As described in Section 4.8 (Do no net harm), above, the relevant policies and procedures for environmental and social safeguards are publicly available in Section 3.17 of the *VCS Standard* for projects (including nested REDD+ projects) and Section 3.7 of the *JNR Requirements* for JNR programs. For projects, the safeguards in place include policies and procedures to ensure no net harm, local stakeholder consultation, and public comment periods. For JNR programs, compliance with all UNFCCC decisions on safeguards for REDD+ is required.

As described in Section 3.6 (Validation and verification procedures), above, the VCS Program's validation and verification processes ensure that all projects (including nested REDD+ projects) and JNR programs comply with the safeguards included in VCS Program rules and requirements. Specifically, the VCS Program rules for validation and verification processes for projects (including nested REDD+ projects) are set out in Section 5 of the *VCS Standard*. The rules for validation and verification processes for JNR programs are set out in the *JNR Validation and Verification Process* document.

The rules and requirements set out in Section 5 of the *VCS Standard* and in the *JNR Validation and Verification Process* document require all projects (including nested REDD+ projects) and JNR programs to undergo validation and verification. JNR programs must also be reviewed by a JNR expert panel at validation and where the jurisdictional baseline is updated at the time of verification, as set out in Section 2.5.2 of the *JNR Validation and Verification Process* document.

The Verra Project Database is a publicly accessible website that makes all VCS project and JNR program documents publicly available for download. This provides the public the opportunity to review a project's or JNR program's documents and verify that a project or JNR program meets VCS Program rules and requirements for environmental and social safeguards, and that the project or JNR program has been validated and verified by an approved VVB (and JNR expert panel, where relevant).

PROPOSED REVISION: Strengthening Stakeholder Engagement

As described in Section 3.9 (Safeguards system), above, Verra is proposing to update the VCS rules by introducing enhanced requirements for ensuring local community and stakeholder safeguards for AFOLU projects (including nested REDD+ projects). Specifically, the proposed revisions to the stakeholder consultation requirements will require AFOLU projects to take all appropriate measures to communicate and consult with local stakeholders on an ongoing process throughout the life of the project. The proposed updates to the AFOLU Requirements would strengthen local stakeholder engagement and make the VCS Program fully compatible with the project-level UNFCCC REDD+ Safeguards.

This proposed revision to the VCS local stakeholder consultation requirements is part of a broader update to the VCS rules and requirements that Verra is currently working on, and which will form the next version of the VCS Program: VCS Version 4. The process, timeline and communications with external parties related to the development and implementation of the proposed revision are described in detail above in Part 2: Program Summary.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

Update Submitted June 2020

The proposed revision to strengthen the local stakeholder consultation requirements for AFOLU projects (including nested REDD+ projects), described in detail below, has been made in Section 3.16 of the *VCS Standard* under VCS Version 4.

Update March 2022: the above update is now Section 3.17 of the *VCS Standard* v4.2.

PART 5: Programme comments

Are there any additional comments the programme wishes to make to support the information provided in this form?

From the original application

One additional element of the VCS Program which runs throughout our responses above is that project (including nested REDD+ project) and JNR program proponents, validation/verification bodies, and methodology developers are required to sign legal representations at various points in the process. We have not mentioned this in the individual sections of this form in order to cut down on repetition. However, these representations require these entities to, *inter alia*, state that all information they have provided in their documentation is accurate and no false or fraudulent information has been submitted, and that they have understood and commit to following the VCS Program rules.

Execution of these representations places a legal liability upon these entities, such that they would be liable if they were to violate the provisions of the representation. For example, if a project proponent submitted project documentation which included fraudulent information, and that information led to the issuance of excess VCUs, the project proponent would be liable under the provisions of the representation to remedy that situation.

Examples of representations include the Listing, Registration and Issuance Representations that project proponents need to submit (when undertaking project activities) and that jurisdictional proponents need to submit (when developing a JNR program), and Validation and Verification Representations that validation/verification bodies (VVBs) need to submit along with their respective reports. All of these representations can be accessed under the Templates & Forms section of the VCS Program documentation webpage. These representations serve to further ensure the quality of VCUs issued under the VCS Program.

Verra is very pleased to submit this application, and we look forward to the development of the CORSIA market mechanism to mitigate the climate impacts associated with the future growth of civil aviation.

New comments

Verra has not included every question and response from live discussion questions in this reassessment. Questions not pertaining to a particular EUC or question above were omitted (e.g., general questions about JNR market potential). All Live Discussion Questions are attached (in the folder “Attachment 4”), with notes in the documents that identify any questions that were not added to this form.

In addition, the Verra material change submission with respect to Global Warming Potential values (from April 2021 submission) was also omitted (for the same reason of not falling within any of the questions in this form).

In Appendix B, Sheet B, yellow highlights represent methodologies or modules that are new or have been revised since the original application.

SECTION IV: SIGNATURE

I certify that I am the administrator or authorized representative ("Programme Representative") of the emissions unit programme ("Programme") represented in a) this form, b) evidence accompanying this form, and c) any subsequent oral and/or written correspondence (a-c: "Programme Submission") between the Programme and ICAO; and that I am duly authorized to represent the Programme in all matters related to ICAO's analysis of this application form; and that ICAO will be promptly informed of any changes to the contact person(s) or contact information listed in this form.

As the Programme Representative, I certify that all information in this form is true, accurate, and complete to the best of my knowledge.

As the Programme Representative, I acknowledge that:

the Programme's participation in the re-assessment does not guarantee, equate to, or prejudge future decisions by Council regarding CORSIA-eligible emissions units; and

the ICAO is not responsible for and shall not be liable for any losses, damages, liabilities, or expenses that the Programme may incur arising from or associated with its voluntary participation in the re-assessment; and

as a condition of participating in the re-assessment, the Programme will not at any point publicly disseminate, communicate, or otherwise disclose the nature, content, or status of communications between the Programme and ICAO, and of the re-assessment process generally, unless the Programme has received prior notice from the ICAO Secretariat that such information has been and/or can be publicly disclosed.

Signed:

David Antonioli
Chief Executive Officer, Verra

Full name of Programme Representative (*Print*)

11 March 2022

Date signed (*Print*)

Programme Representative (*Signature*)

(This signature page may be printed, signed, scanned and submitted as a separate file attachment)

Programme Re-Assessment Application Form, Appendix B

Programme Re-Assessment Scope

CONTENTS: List all activities and methodologies/protocols that were assessed by TAB, and are currently within the Scope of Eligibility. Programmes may define additional activities and methodologies/protocols programmes for TAB's re-assessment.

Sheet A) Activities the programme previously assessed by TAB and within the Scope of Eligibility under CORSIA
Sheet B) List of all methodologies / protocols that support activities described under Sheet A
Sheet C) Activities that are not previously-assessed or excluded for assessment by TAB that programmes wish to add for TAB's re-assessment
Sheet D) List of all methodologies / protocols that support activities described under Sheet C

SHEET A: APPROVED ACTIVITIES *(Here, list activities supported by the programme that are previously-assessed by TAB and within the Scope of Eligibility)*

Sector	Supported activity type(s)	Implementation level(s)	Geography(ies)
Energy (renewable/non-renewable)*	Renewable energy (e.g., wind, solar, geothermal, and hydroelectric electricity generation); Non-renewable energy (e.g., natural gas electricity generation)	Project-level and programs of activities	Global
Energy distribution*	Energy distribution activities (e.g., fuel switch (fossil fuel to biomass), waste energy recovery and use, and electrification of new communities)	Project-level and programs of activities	Global
Energy demand*	Energy efficiency measures (e.g., in lighting, thermal applications, weatherization of buildings, fuel switch, jet engine washing, and mechanical/waste energy use)	Project-level and programs of activities	Global
Manufacturing industries	Emission reduction activities in manufacturing activities (e.g., energy effiiency in industrial facilities, fuel switch in cement production, waste energy recovery and utilization)	Project-level and programs of activities	Global
Chemical industry	Emission reduction activities in chemical production (e.g., reduction of N2O in nitric acid production, soda recovery in paper manufacturing, and emission reductions in propylene oxide production)	Project-level and programs of activities	Global
Construction	Emission reduction activities related to construction (e.g., brick and cement manufacture)	Project-level and programs of activities	Global
Transport	Emission reduction activities related to transportation (e.g., use of electric or hybrid vehicles, mass rapid transit, carpooling, and fuel switch from gasoline to ethanol)	Project-level and programs of activities	Global
Mining/Mineral production	Coal mine methane capture and destruction/utilization	Project-level and programs of activities	Global
Metal production	Emission reduction activities related to metal production (e.g., efficiency measures in aluminum smelting)	Project-level and programs of activities	Global
Fugitive emissions from fuels (solid, oil and gas)	Emission reduction activities from capture and/or use of fugitive emissions (e.g., methane recovery from manure management, recovery and utilization of landfill gas, and recovery and utilization of coal mine methane)	Project-level and programs of activities	Global
Fugitive emissions from industrial gases (halocarbons and sulphur hexafluoride)	Emission reduction activities related to fugitive emissions from industrial gases (e.g., from SF6)*	Project-level and programs of activities	Global
Solvents use	Emission reduction activities related to use of solvents	Project-level and programs of activities	Global
Waste handling and disposal	Emission reduction activities related to waste (e.g., landfill methane capture and destruction and/or utilization, waste water treatment, and energy production from waste biomass)	Project-level and programs of activities	Global
Agriculture, forestry and other land use (AFOLU)	Afforestation/reforestation/revegetation (ARR); Reduced emissions from deforestation and forest degradation (REDD); Improved forest management (IFM); Wetland restoration and conservation (WRC); Avoided conversion of grasslands and shrublands (ACoGS); Agricultural land management (ALM)	**Project-level and programs of activities:** ARR, WRC, ALM and ACoGS stand-alone projects are included where they can demonstrate no material risk of leakage **Nested REDD+ project-level and programs of activities:** All nested REDD, IFM and ARR projects are included where they meet the definition of nested project in Section 2 of main application **Jurisdictional-level:** REDD, IFM and ARR activities only as per scope of JNR Requirements	Global

Livestock and manure management	Manure management and waste treatment	Project-level and programs of activities	Global

Note: activities related to the reduction of hydrofluorcarbon-23 (HFC-23) emissions are excluded from the VCS Program (as set out in Section 2.1 of the VCS Standard, v4.2 (available at: https://verra.org/wp-content/uploads/2022/02/VCS-Standard_v4.2.pdf)).

* Verra revised the eligible activity types under the VCS program with release of the VCS Standard, v4.0 on 19 September 2019. After extensive research and review of relevant literature, as well input from experts and stakeholders, Verra identified certain project types and excluded new projects of these types from future eligibility to register under the VCS Program because they are less dependent on carbon finance as a necessary catalyst for development. This update affects certain project activities in specific geographic locations under the "Energy (renewable/non-renewable)", "Energy Distribution" and "Energy Demand" sectors. Specific details of the activities that are no longer eligible under the VCS Program can be found in Table 1 of the latest version of the VCS Standard (available at: thttps://verra.org/wp-content/uploads/2022/02/VCS-Standard_v4.2.pdf). These same details are reiterated in Appendix C of this re-assessment application.

SHEET B: APPROVED METHODOLOGIES / PROTOCOLS LIST *(Here, list all methodologies / protocols that support activities described in Sheet A)*

Methodology name	Unique Methodology / Protocol Identifier	Applicable methodology version(s)	Date of entry into force of most recent version	Prior versions of the methodology that are credited by the Programme (if applicable)	Greenhouse / other gases addressed in methodology	Web link to methodology
Infrared Automatic Refrigerant Leak Detection Efficiency Project Methodology	VM0001	v1.1	20-Aug-12	v1.0	HFC	http://verra.org/methodology/vm0001-infrared-automatic-refrigerant-leak-detection-efficiency-project-methodology-v1-1/
New Cogeneration Facilities Supplying Less Carbon Intensive Electricity to Gr	VM0002	v1.0	03-May-11	N/A	CO2	http://verra.org/methodology/vm0002-new-cogeneration-facilities-supplying-less-carbon-intensive-electricity-to-grid-and-or-hot-water-to-one-or-more-grid-customers-v1-0/
Methodology for Improved Forest Management through Extension of Rotation	VM0003	v1.2	29-Aug-13	v1.0, v1.2	CO2, CH4	http://verra.org/methodology/vm0003-methodology-for-improved-forest-management-through-extension-of-rotation-age-v1-2/
Methodology for Conservation Projects that Avoid Planned Land Use Conversi	VM0004	v1.0	23-Aug-10	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0004-methodology-for-conservation-projects-that-avoid-planned-land-use-conversion-in-peat-swamp-forests-v1-0/
Methodology for Conversion of Low-productive Forest to High-productive Fo	VM0005	v1.2	23-Jul-13	v1.0, v1.1	CO2, CH4, N2O	http://verra.org/methodology/vm0005-methodology-for-conversion-of-low-productive-forest-to-high-productive-forest-v1-2/
Methodology for Carbon Accounting for Mosaic and Landscape-scale REDD	VM0006	v2.2	17-Mar-17	v1.0, v2.0, v2.1	CO2, CH4, N2O	http://verra.org/methodology/vm0006-methodology-for-carbon-accounting-for-mosaic-and-landscape-scale-redd-projects-v2-2/
REDD+ Methodology Framework (REDD-MF)	VM0007	v1.5	09-Mar-15	v1.0, v1.1, v1.2, v1.3, v1.4	CO2, CH4, N2O	http://verra.org/methodology/vm0007-redd-methodology-framework-redd-mf-v1-5/
The following modules are used with VM0007:						
Estimation of carbon stocks in the above- and belowground biomass in liv	VM0001	v1.1	11-Oct-13	v1.0		http://verra.org/methodology/vm0001-estimation-of-carbon-stocks-in-the-above-and-belowground-biomass-in-live-tree-and-non-tree-pools-cp-ab-v1-1/
Estimation of carbon stocks in dead-wood pool (CP-D)	VM0002	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0002-estimation-of-carbon-stocks-in-the-dead-wood-pool-cp-d-v1-0/
Estimation of carbon stocks in the litter pool (CP-L)	VM0003	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0003-estimation-of-carbon-stocks-in-the-litter-pool-cp-l-v1-0/
Estimation of stocks in the soil organic carbon pool (CP-S)	VM0004	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0004-estimation-of-stocks-in-the-soil-organic-carbon-pool-cp-s-v1-0/
Estimation of carbon stocks in the long-term wood products pool (CP-W)	VM0005	v1.1	20-Nov-12	v1.0		http://verra.org/methodology/vm0005-estimation-carbon-stocks-long-term-wood-products-pool-cp-w-v1-1/
Estimation of baseline carbon stock changes and greenhouse gas emissions	VM0006	v1.3	08-Sep-20	v1.0, v1.1, v1.2		http://verra.org/methodology/vm0006-estimation-of-baseline-carbon-stock-changes-and-greenhouse-gas-emissions-from-planned-deforestation-and-planned-degradation-bl-pl-v1-3/
Estimation of baseline carbon stock changes and greenhouse gas emissions	VM0007	v3.3	08-Sep-20	v1.0, v2.0, v3.0, v3.1, v3.2		http://verra.org/methodology/vm0007-estimation-of-baseline-carbon-stock-changes-and-greenhouse-gas-emissions-from-unplanned-deforestation-bl-up-v3-3/
Estimation of baseline emissions from forest degradation caused by extract	VM0008	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0008-estimation-of-baseline-emissions-from-forest-degradation-caused-by-extraction-of-wood-for-fuel-bl-dfw-v1-0/
Estimation of emissions from activity shifting for avoided planned deforest	VM0009	v1.3	08-Sep-20	v1.0, v1.1, v1.2		http://verra.org/methodology/vm0009-estimation-of-emissions-from-activity-shifting-for-avoided-planned-deforestation-lk-asp-v1-3/
Estimation of emissions from activity shifting for avoided unplanned defor	VM0010	v1.2	08-Sep-20	v1.0, v1.1		http://verra.org/methodology/vm0010-estimation-of-emissions-from-activity-shifting-for-avoided-unplanned-deforestation-lk-asu-v1-1/
Estimation of emissions from market-effects (LK-ME)	VM0011	v1.1	03-Mar-15	v1.0		http://verra.org/methodology/vm0011-estimation-of-emissions-from-market-effects-lk-me-v1-1/
Estimation of emissions from displacement of fuelwood extraction (LK-DF	VM0012	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0012-estimation-of-emissions-from-displacement-of-fuelwood-extraction-lk-dfw-v1-0/
Estimation of greenhouse gas emissions from biomass and peat burning (E	VM0013	v1.2	08-Sep-20	v1.0, v1.1		https://verra.org/methodology/vm0013-estimation-of-greenhouse-gas-emissions-from-biomass-and-peat-burning-e-bpb-v1-2/
Estimation of emissions from fossil fuel combustion (E-FFC)	VM0014	v1.0	03-Dec-10	N/A		http://verra.org/methodology/vm0014-estimation-of-emissions-from-fossil-fuel-combustion-e-ffc-v1-0/
Methods for monitoring of greenhouse gas emissions and removals (M-ME	VM0015	v2.2	08-Sep-20	v1.0, v1.1, v2.0, v2.1		http://verra.org/methodology/vm0015-methods-for-monitoring-of-greenhouse-gas-emissions-and-removals-m-mon-v2-2/
Methods for stratification of the project area (X-STR)	VM0016	v1.2	08-Sep-20	v1.0, v1.1		http://verra.org/methodology/vm0016-methods-for-stratification-of-the-project-area-x-str-v1-2/
Estimation of uncertainty for REDD project activities (X-UNC)	VM0017	v2.2	08-Sep-20	v1.0, v2.0, 2.1		http://verra.org/methodology/vm0017-estimation-of-uncertainty-for-redd-project-activities-x-unc-v2-2/
Estimation of baseline carbon stock changes and greenhouse gas emissions	VM0041	v1.1	08-Sep-20	v1.0		http://verra.org/methodology/vm0018-methods-to-determine-stratification-v1-0/
Estimation of baseline soil carbon stock changes and greenhouse gas emiss	VM0042	v1.1	08-Sep-20	v1.0		http://verra.org/methodology/vm0041-estimation-of-baseline-carbon-stock-changes-and-greenhouse-gas-emissions-in-arr-project-activities-on-peat-and-mineral-soil-bl-arr-v1-0/
Estimation of emissions from displacement of pre-project agricultural activ	VM0043	v1.0	09-Mar-15	N/A		http://verra.org/methodology/vm0042-estimation-of-baseline-soil-carbon-stock-changes-and-greenhouse-gas-emissions-in-peatland-rewetting-and-conservation-project-activities-bl-peat-v1-0/
Estimation of emissions from ecological leakage (LK-ECO)	VM0044	v1.1	08-Sep-20	v1.0		http://verra.org/methodology/vm0044-estimation-of-emissions-from-ecological-leakage-lk-eco-v1-0/
Methods for monitoring greenhouse gas emissions and removals in ARR p	VM0045	v1.1	08-Sep-20	v1.0		http://verra.org/methodology/vm0045-methods-for-monitoring-greenhouse-gas-emissions-and-removals-in-arr-project-activities-on-peat-and-mineral-soil-m-arr-v1-0/
Methods for monitoring of soil carbon stock changes and greenhouse gas e	VM0046	v1.1	08-Sep-20	v1.0		http://verra.org/methodology/vm0046-methods-for-monitoring-of-soil-carbon-stock-changes-and-greenhouse-gas-emissions-and-removals-in-peatland-rewetting-and-conservation-project-activities-m-peat-v1-0/
Weatherization of Single Family and Multi-Family Buildings	VM0008	v1.1	10-Oct-12	v1.0	CO2	http://verra.org/methodology/vm0008-weatherization-of-single-family-and-multi-family-buildings-v1-1/
Methodology for Avoided Ecosystem Conversion	VM0009	v3.0	06-Jun-14	v1.0, v1.1, v2.0, v2.1	CO2, CH4, N2O	http://verra.org/methodology/vm0009-methodology-for-avoided-ecosystem-conversion-v3-0/
Methodology for Improved Forest Management: Conversion from Logged to P	VM0010	v1.3	29-Mar-16	v1.0, v1.2	CO2, CH4, N2O	http://verra.org/methodology/vm0010-methodology-for-improved-forest-management-conversion-from-logged-to-protected-forest-v1-3/
Methodology for Calculating GHG Benefits from Preventing Planned Deforest	VM0011	v1.0	21-Mar-11	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0011-methodology-for-calculating-ghg-benefits-from-preventing-planned-deforestation-v1-0/
Improved Forest Management in Temperate and Boreal Forests (LtPG)	VM0012	v1.2	23-Jul-13	v1.0, v1.1	CO2	http://verra.org/methodology/vm0012-improved-forest-management-in-temperate-and-boreal-forests-ltpf-v1-2/
Calculating Emission Reductions from Jet Engine Washing	VM0013	v1.0	27-Mar-11	N/A	CO2	http://verra.org/methodology/vm0013-calculating-emission-reductions-from-jet-engine-washing-v1-0/
Intervention and Destruction of Fugitive Methane from Coal Bed Methane (CI	VM0014	v1.0	14-Jun-11	N/A	CO2, CH4	http://verra.org/methodology/vm0014-intervention-and-destruction-of-fugitive-methane-from-coal-bed-methane-cbm-seeps-v1-0/
Methodology for Avoided Unplanned Deforestation	VM0015	v1.1	03-Dec-12	v1.0	CO2, CH4, N2O	http://verra.org/methodology/vm0015-methodology-for-avoided-unplanned-deforestation-v1-1/
Recovery and Destruction of Ozone-Depleting Substances (ODS) from Produ	VM0016	v1.2	08-Sep-20	v1.0, v1.1	ODS (Ozone depleting substa	http://verra.org/methodology/vm0016-recovery-and-destruction-of-ozone-depleting-substances-ods-from-products-v1-1/
The following module is used with VM0016:						
Activity Method for the Determination of Additionality for Recovered and	VM0048	v1.0	30-Nov-17	N/A		http://verra.org/methodology/vm0048-activity-method-for-the-determination-of-additionality-for-recovered-and-stockpiled-ods-refrigerant-projects-v1-0/
Adoption of Sustainable Agricultural Land Management	VM0017	v1.0	21-Dec-11	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0017-adoption-of-sustainable-agricultural-land-management-v1-0/
Energy Efficiency and Solid Waste Diversion Activities within a Sustainable C	VM0018	v1.0	20-Feb-12	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0018-energy-efficiency-and-solid-waste-diversion-activities-within-a-sustainable-community-v1-0/
Fuel Switch from Gasoline to Ethanol in Flex-Fuel Vehicle Fleets	VM0019	v1.0	18-Jun-12	N/A	CO2	http://verra.org/methodology/vm0019-fuel-switch-from-gasoline-to-ethanol-in-flex-fuel-vehicle-fleets-v1-0/
Transport Energy Efficiency from Lightweight Pallets	VM0020	v1.0	06-Nov-12	N/A	CO2	http://verra.org/methodology/vm0020-transport-energy-efficiency-from-lightweight-pallets-v1-0/
Soil Carbon Quantification Methodology	VM0021	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0021-soil-carbon-quantification-methodology-v1-0/
The following modules are used with VM0017:						
Methods to Determine Stratification	VM0018	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0018-methods-to-determine-stratification-v1-0/
Methods to Project Future Conditions	VM0019	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0019-methods-to-project-future-conditions-v1-0/
Methods to Determine Project Boundaries	VM0020	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0020-methods-to-determine-project-boundaries-v1-0/
Estimation of Stocks in Soil Carbon Pool	VM0021	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0021-estimation-of-stocks-in-the-soil-carbon-pool-v1-0/
Estimation of Carbon Stocks in Living Plant Biomass	VM0022	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0022-estimation-of-carbon-stocks-in-living-plant-biomass-v1-0/
Estimation of Carbon Stocks in the Litter Pool	VM0023	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0023-estimation-of-carbon-stocks-in-the-litter-pool-v1-0/
Estimation of Carbon Stocks in the Dead Wood Pool	VM0024	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0024-estimation-of-carbon-stocks-in-the-dead-wood-pool-v1-0/
Estimation of Woody Biomass Harvesting and Utilization	VM0025	v1.0	16-Nov-12	N/A		https://verra.org/methodology/vm0025-estimation-of-woody-biomass-harvesting-and-utilization-v1-0/
Estimation of Carbon Stocks in the Long-Lived Wood Products Pool	VM0026	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0026-estimation-of-carbon-stocks-in-the-long-lived-wood-products-pool-v1-0/
Estimation of Domesticated Animal Populations	VM0027	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0027-estimation-of-domesticated-animal-populations-v1-0/
Estimation of Emissions from Domesticated Animals	VM0028	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0028-estimation-of-emissions-from-domesticated-animals-v1-0/
Estimation of Emissions from Non-CO2 GHGs in Soils	VM0029	v1.1	14-Jun-13	v1.0		http://verra.org/methodology/vm0029-estimation-of-emissions-from-non-co2-ghgs-from-soils-v1-1/
Estimation of Emissions from Power Equipment	VM0030	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0030-estimation-of-emissions-from-power-equipment-v1-0/
Estimation of Emissions from Burning	VM0031	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0031-estimation-of-emissions-from-burning-v1-0/
Estimation of Emissions from Activity-Shifting Leakage	VM0032	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0032-estimation-of-emissions-from-activity-shifting-leakage-v1-0/
Estimation of Emissions from Market Leakage	VM0033	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0033-estimation-of-emissions-from-market-leakage-v1-0/
Methods for Developing a Monitoring Plan	VM0034	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0034-methods-for-developing-a-monitoring-plan-v1-0/
Methods to Determine the Net Change in Atmospheric GHG Resulting from	VM0035	v1.0	16-Nov-12	N/A		http://verra.org/methodology/vm0035-methods-to-determine-the-net-change-in-atmospheric-ghg-resulting-from-project-activities-v1-0/
Quantifying N2O Emissions Reductions in Agricultural Crops through Nitrogen	VM0022	v1.1	05-Mar-13	v1.0	N2O	http://verra.org/methodology/vm0022-quantifying-n2o-emissions-reductions-in-agricultural-crops-through-nitrogen-fertilizer-rate-reduction-v1-1/
Reduction of GHG Emissions in Propylene Oxide Production	VM0023	v1.0	09-Sep-13	N/A	CO2	http://verra.org/methodology/vm0023-reduction-of-ghg-emissions-in-propylene-oxide-production-v1-0/
Methodology for Coastal Wetland Creation	VM0024	v1.0	30-Jun-14	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0024-methodology-for-coastal-wetland-creation-v1-0/
Campus Clean Energy and Energy Efficiency	VM0025	v1.0	12-Feb-14	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0025-campus-clean-energy-and-energy-efficiency-v1-0/
The following modules are used with VM0024:						
Campus Clean Energy Efficiency Campus-Wide Module	VM0038	v1.0	12-Feb-14	N/A		http://verra.org/methodology/vm0038-campus-clean-energy-efficiency-campus-wide-module-v1-0/
Campus Clean Energy Efficiency LEED-Certified Buildings Module	VM0039	v1.0	12-Feb-14	N/A		http://verra.org/methodology/vm0039-campus-clean-energy-efficiency-leed-certified-buildings-module-v1-0/
Methodology for Sustainable Grassland Management (SGM)	VM0026	v1.1	24-Jun-21	v1.0	CO2, CH4, N2O	http://verra.org/methodology/vm0026-methodology-for-sustainable-grassland-management-sgm-v1-0/
The following module is used with VM0026:						
Leakage from Displacement of Grazing Activities	VM0040	v1.0	22-Apr-14	N/A		http://verra.org/methodology/vm0040-leakage-from-displacement-of-grazing-activities-v1-0/
Methodology for Rewetting Drained Tropical Peatlands	VM0027	v1.0	10-Jul-14	N/A	CO2	http://verra.org/methodology/vm0027-methodology-for-rewetting-drained-tropical-peatlands-v1-0/
Methodology for Canpooling	VM0028	v1.0	17-Apr-15	N/A	CO2	http://verra.org/methodology/vm0028-methodology-canpooling-v1-0/
Methodology for Avoided Forest Degradation through Fire Management	VM0029	v1.0	08-May-15	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0029-methodology-for-avoided-forest-degradation-through-fire-management-v1-0/
Methodology for Pavement Application using Sulphur Substitute	VM0030	v1.0	15-May-15	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0030-methodology-for-pavement-application-using-sulphur-substitute-v1-0/
Methodology for Precast Concrete Production using Sulphur Substitute	VM0031	v1.0	15-May-15	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0031-methodology-for-precast-concrete-production-using-sulphur-substitute-v1-0/
Methodology for Adoption of Sustainable Grasslands through Adjustment of	VM0032	v1.0	16-Jul-15	N/A	CH4	http://verra.org/methodology/vm0032-methodology-for-the-adoption-of-sustainable-grasslands-through-adjustment-of-fire-and-grazing-v1-0/
Methodology for Tidal Wetland and Seagrass Restoration	VM0033	v2.0	30-Sep-21	v1.0	CO2, CH4, N2O	http://verra.org/methodology/vm0033-methodology-for-tidal-wetland-and-seagrass-restoration-v2-0/
British Columbia Forest Carbon Offset Methodology	VM0034	v1.0	08-Dec-15	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0034-british-columbia-forest-carbon-offset-methodology-v1-0/
Methodology for Improved Forest Management through Reduced Impact Log	VM0035	v1.0	28-Apr-16	N/A	CO2	http://verra.org/methodology/vm0035-methodology-for-improved-forest-management-through-reduced-impact-logging-v1-0/
The following module is used with VM0035:						
Performance Method for Reduced Impact Logging in East and North Kalim	VM0047	v1.0	28-Apr-16	N/A		http://verra.org/methodology/vm0047-performance-method-for-reduced-impact-logging-in-east-and-north-kalimantan-v1-0/
Methodology for Rewetting Drained Temperate Peatlands	VM0036	v1.0	17-Jul-17	N/A	CO2, CH4	http://verra.org/methodology/vm0036-methodology-for-rewetting-drained-temperate-peatlands-v1-0/
Methodology for Implementation of REDD+ Activities in Landscapes Affecte	VM0037	v1.0	03-Nov-17	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0037-methodology-implementation-redd-activities-landscapes-affected-mosaic-deforestation-degradation-v1-0/
Methodology for Electric Vehicle Charging Systems	VM0038	v1.0	18-Sep-18	N/A	CO2, CH4, N2O	http://verra.org/methodology/vm0038-methodology-for-electric-vehicle-charging-systems-v1-0/
The following module is used with VM0038:						
Activity Method for Determining Additionality of Electric Vehicle Charging	VM0049	v1.0	18-Sep-18	N/A		http://verra.org/methodology/vm-t0049-activity-method-for-determining-additionality-of-electric-vehicle-charging-systems-v1-0/
Revisions to ACM0008 to Include Pre-drainage of Methane from an Active Or	VM0001	v1.0	31-May-09	N/A	CO2, CH4	http://verra.org/methodology/vm0001-revisions-to-acm0008-to-include-pre-drainage-of-methane-from-an-active-open-cast-mine-as-a-methane-emission-reduction-activity-v1-0/
Revisions to ACM0008 to Include Methane Capture and Destruction from Ab	VM0002	v1.0	19-Jul-10	N/A	CO2, CH4	http://verra.org/methodology/vm0002-revisions-to-acm0008-to-include-methane-capture-and-destruction-from-abandoned-coal-mines-v1-0/
Revisions to AMS-III.Y to Include Use of Organic Bedding Material	VM0003	v1.0	18-Jun-13	N/A	CO2, CH4	http://verra.org/methodology/vm0003-revisions-to-ams-iii-y-to-include-use-of-organic-bedding-material-v1-0/
Revisions to AMS-III.BC to Include Mobile Machinery	VM0004	v1.0	24-Jun-13	N/A	CO2	https://verra.org/methodology/vm0004-revisions-to-ams-iii-bc-to-include-mobile-machinery-v1-0/
Methodology for Installation of Low-Flow Water Devices	VM0005	v1.0	14-Nov-14	N/A	CO2	http://verra.org/methodology/vm0005-methodology-for-installation-of-low-flow-water-devices-v1-0/
Global Commodity Leakage Module: Effective Area Approach	VM0036	v1.0	04-Feb-14	N/A		http://verra.org/methodology/vm0036-global-commodity-leakage-module-effective-area-approach-v1-0/
Global Commodity Leakage Module: Production Approach	VM0037	v1.0	04-Feb-14	N/A		http://verra.org/methodology/vm0037-global-commodity-leakage-module-production-approach-v1-0/
Methodology for Use of Foam Stabilized Base and Emulsion Asphalt Mixtures	VM0039	v1.0	24-Jun-19	N/A	CO2	https://verra.org/methodology/vm0039-methodology-for-us-of-fsb-in-pavement-application-v1-0/
Methodology for Greenhouse Gas Capture and Utilization in Plastic Materials	VM0040	v1.0	23-Jul-19	N/A	CO2	https://verra.org/methodology/vm0040-methodology-for-greenhouse-gas-capture-utilization-plastic-materials/
Methodology for the Reduction of Enteric Methane Emissions from Ruminant	VM0041	v2.0	21-Dec-21	v1.0	CH4	https://verra.org/methodology/reduction-of-enteric-methane-emissions/
Methodology for Improved Agricultural Land Management	VM0042	v1.0	21-Dec-21	N/A	CO2, CH4, N2O	https://verra.org/methodology/vm0042-methodology-for-improved-agricultural-land-management-v1-0/
Methodology for CO2 Utilization in Concrete Production	VM0043	v1.0	05-Apr-21	N/A	CO2	https://verra.org/methodology/methodology-for-co2-utilization-in-concrete-production/

Note: the list above includes methodologies and modules approved under the VCS Program. Methodologies are denoted by an ID number that starts with "VM" or "VMR"; modules are denoted by an ID number that starts with "VMD". Modules are components of a methodology(ies) that can be applied to perform a specific methodological task (as set out in the VCS *Program Definitions, v4.1* (available at: https://verra.org/wp-content/uploads/2022/01/Program-Definitions_v4.1.pdf)). Modules must be used with an appropriate methodology, and cannot be used independently to quantify greenhouse gas emission reductions/removals. Greenhouse/other gases addressed in the methodology are therefore not included for the modules listed above, as the greenhouse/other gases addressed by the methodology are included for each underlying methodology.

Note: in addition to the methodologies, modules, and methodology revisions approved under the VCS Program, projects using the VCS Program can use a methodology or protocol approved under an *approved GHG program* (as set out in Section 7 of the VCS *Program Guide, v4.1* (available at: https://verra.org/wp-content/uploads/2022/01/VCS-Program-Guide_v4.1.pdf)). There are two *approved GHG programs*: the Clean Development Mechanism (CDM) and the Climate Action Reserve (CAR). Therefore, projects issuing credits under the VCS Program can use (1) methodologies approved under the CDM and (2) protocols (excluding forestry protocols) approved under the Climate Action Reserve. These methodologies and protocols can be found at the following web links:

CDM: http://cdm.unfccc.int/methodologies/index.html

CAR (excluding forestry protocols): http://www.climateactionreserve.org/how/protocols/

SHEET C: ADDITIONAL ACTIVITIES *(Here, list activities supported by the programme that were not previously-assessed by TAB that programmes wish to add for re-assessment)*

Sector	Supported activity type(s)	Implementation level(s)	Geography(ies)

SHEET D: ADDITIONAL METHODOLOGIES / PROTOCOLS LIST *(Here, list all methodologies / protocols that support activities described in Sheet C)*

Methodology name	**Unique Methodology / Protocol Identifier**	**Applicable methodology version(s)**	**Date of entry into force of most recent version**	**Prior versions of the methodology that are credited by the Programme** (if applicable)	**Greenhouse / other gases addressed in methodology**	**Web link to methodology**

Programme Re-Assessment Application Form, Appendix C

Programme Exclusions Scope

CONTENTS: List all activities and methodologies/protocols that were excluded from TAB's assessment or outside of Scope of Eligibility. Programmes may define additional activities and methodologies/protocols programmes to be **excluded** from TAB's re-assessment. The four sheets are described below:

Sheet A) Activities that were **excluded** from TAB's assessment, or is outside of programme's Scope of Eligibility
Sheet B) List of all methodologies / protocols that support activities described under Sheet A
Sheet C) Additional activities that the programme wish to **exclude** from TAB's re-assessment
Sheet D) List of all methodologies / protocols that support activities described under Sheet C

SHEET A: EXCLUDED ACTIVITIES *(Here, list activities that were **excluded** from TAB's assessment, or is outside of programme's Scope of Eligibility)*

Sector	Project/programme type(s)	Implementation level(s)	Geography(ies)
Agriculture, forestry and other land use (AFOLU)	Afforestation/reforestation/revegetation (ARR); Reduced emissions from deforestation and forest degradation (REDD); Improved forest management (IFM); Wetland restoration and conservation (WRC); Avoided conversion of grasslands and shrublands (ACoGS); Agricultural land management (ALM)	**Project-level and programs of activities:** All stand-alone REDD and IFM projects, and any stand-alone AFOLU projects that have a material risk of leakage **Nested REDD+ project-level and programs of activities:** WRC, ACoGS and ALM projects cannot be included as nested REDD+ projects as these activities are typically not part of jurisdictional REDD+ programs, reference levels or monitoring systems **Jurisdictional-level:** ALM, WRC, and ACoGS, as per scope of the *JNR Requirements*	Global

SHEET B: EXCLUDED METHODOLOGIES *(Here, list all methodologies / protocols that support activities described in Sheet A)*

Methodology name	Unique Methodology / Protocol Identifier	Applicable methodology version(s)	Date of entry into force of most recent version	Prior versions of the methodology that are credited by the Programme (if applicable)	Greenhouse / other gases addressed in methodology	Web link to methodology

SHEET C: ADDITIONAL EXCLUDED ACTIVITIES *(Here, list additional activities that the programme wish to **exclude** from TAB's re-assessment (although they are currently within the Scope of Eligibility))*

Sector	Project/programme type(s)	Implementation level(s)	Geography(ies)
Energy (renewable/non-renewable)	Grid-connected electricity generation* using hydro power plants/units	Project-level and programs of activities	Global; Within non-LDCs**, both large-scale*** and small-scale*** activities are excluded; Within LDCs, only large-scale activities are excluded
	Grid-connected electricity generation using wind, geothermal, or solar power plants/units	Project-level and programs of activities	Global; Within non-LDCs, both large-scale and small-scale activities are excluded
	Utilization of recovered waste heat for, inter alia, combined cycle electricity generation and the provision of heat for residential, commercial or industrial use	Project-level and programs of activities	Global; Within non-LDCs, both large-scale and small-scale activities are excluded
	Generation of electricity and/or thermal energy using biomass. This does not include efficiency improvements in thermal applications (e.g., cook stoves).	Project-level and programs of activities	Global; Within non-LDCs, both large-scale and small-scale activities are excluded
	Generation of electricity and/or thermal energy using fossil fuels, including activities that involve switching from a higher carbon content fuel to a lower carbon content fuel	Project-level and programs of activities	Global; Within non-LDCs, both large-scale and small-scale activities are excluded
Energy distribution	Installation and/or replacement of electricity transmission lines and/or energy efficient transformers	Project-level and programs of activities	Global; Within non-LDCs, only large-scale activities are excluded
Energy demand	Replacement of electric lighting with more energy efficient electric lighting, such as the replacement of incandescent electrical bulbs with CFLs or LEDs	Project-level and programs of activities	Global; Within non-LDCs, only large-scale activities are excluded
Fugitive emissions from industrial gases (halocarbons and sulphur hexafluoride)	Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions	Project-level and programs of activities	Global; Within both non-LDCs and LDCs, both large-scale and small-scale activities are excluded

* "Grid-connected electricity generation" means the generation of electricity primarily for delivery to a national or regional grid. Generation of electricity primarily for delivery to a micro-grid (i.e., a localized grid that facilitates the delivery of electricity to discrete and often remote sets of infrastructure that do not otherwise have reliable access to electricity) is not included in this definition, and such project activities are eligible under the scope of the VCS Program.
** Least Developed Country, as designated by the United Nations.
*** Small-scale and large-scale designations are as per CDM definitions for same.

Note: Verra revised the eligible activity types under the VCS program with release of the VCS Standard, v4.0 on 19 September 2019. After extensive research and review of relevant literature, as well input from experts and stakeholders, Verra identified certain project types and excluded new projects of these types from future eligibility to register under the VCS Program because they are less dependent on carbon finance as a necessary catalyst for development. This update affects certain project activities in specific geographic locations under the "Energy (renewable/non-renewable)", "Energy Distribution" and "Energy Demand" sectors. Specific details of the activities that are no longer eligible under the VCS Program can be found in Table 1 of the latest version of the VCS Standard (available at: thttps://verra.org/wp-content/uploads/2022/02/VCS-Standard_v4.2.pdf).

SHEET D: ADDITIONAL EXCLUDED METHODOLOGIES *(Here, list all methodologies / protocols that support activities described in Sheet D)*

Methodology name	Unique Methodology / Protocol Identifier	Applicable methodology version(s)	Date of entry into force of most recent version	Prior versions of the methodology that are credited by the Programme (if applicable)	Greenhouse / other gases addressed in methodology	Web link to methodology

PART 3: EVIDENCE OF ADHERENCE TO SCOPE OF REGISTRY RESPONSIBILITIES

7.1	Does the Programme Registry fully meet the objectives of any and all Programme provisions and procedures related to the Programme Registry that the Programme is required to have in place in the manner represented by the Programme in the application form that the Programme has provided to the ICAO Secretariat and, if applicable[7], as acknowledged by the Programme in the signed "Programme acceptance to terms of eligibility for inclusion in the ICAO document "*CORSIA Eligible Emissions Units*"?	☐ YES
	Describe how the Registry ensures its ability to implement these provisions:	
	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*	

7.2	Will the Programme Registry ensure that a CORSIA participant's request for a registry account will not be denied solely on the basis of the country in which the requestor is headquartered or based?	☐ YES
	Describe how the Registry does or will implement this provision:	
	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*	

7.3	Will the Programme Registry (in the case of applicants to be assessed to determine their eligibility)/Does the Programme Registry (when the Programme is determined to be eligible by a decision of the ICAO Council) identify / label its CORSIA eligible emissions units as defined in the ICAO Document "*CORSIA Eligible Emissions Units*"?	☐ YES
	Describe how the Registry does or will implements this provision:	
	The Verra Registry will implement two updates to satisfy this requirement. 1. Using the eligibility criteria specified in the "CORSIA Eligible Emissions Units" (November 2021) document, all existing issued eligible units will be labelled with the "CORSIA" label. 2. New functionality will be introduced which will programmatically label newly issued eligible units. These updates will take place in 2022.	

[7] Only applicable when the Programme submits the signed "*Emissions Unit Programme Registry Attestation*" to the ICAO Secretariat after the Programme is determined to be eligible by a decision of the ICAO Council.

	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*
	Please see Attachment 3, CORSIA label guidance.

7.4	Will the Programme Registry, upon request of the CORSIA participant account holder or participant's designee, designate the participant's cancellation of emissions units for the purpose of reconciling offsetting requirements under the CORSIA, including by compliance cycle?	☐ YES
	Describe how the Registry does or will implement these provisions:	
	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*	

7.5	a. Will the Programme Registry, within 1 – 3 business days of receipt of formal instruction from a duly authorized representative of the owner of an account capable of holding and cancelling CORSIA Eligible Emission Units within the registry, and barring system downtime that is scheduled in advance or beyond the control of the registry administrator, make visible on the Programme Registry's public website the account owner's cancellations of CORSIA Eligible Emission Units as instructed.	☐ YES
	b. Will such cancellation information (row a) include all fields that are specified for this purpose in Annex 16, Volume IV, and ETM, Volume IV?	☐ YES
	Describe how the Registry does or will implement these provisions:	
	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*	

7.6	Will the Programme Registry, upon request of the CORSIA participant account holder or participant's designee, generate report(s) containing the information specified for this purpose in Annex 16, Volume IV, and ETM, Volume IV?	☐ YES
	Describe how the Registry does or will implement this provision:	