VCS Standard

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ABOUT VERRA

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Verra's certification programs include the Verified Carbon Standard (VCS) Program and its Jurisdictional and Nested REDD+ (JNR) framework, the Climate, Community & Biodiversity Standards (CCBS) Program, the Sustainable Development Verified Impact Standard (SD VISta) Program, and the Plastic Waste Reduction Program.

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1 INTRODUCTION

The *VCS Standard* provides a global standard for GHG emission reduction and removal projects and programs. It uses as its core the requirements set out in *ISO 14064-2, ISO 14064-3,* and *ISO 14065*. The three principal documents of the program are the *VCS Program Guide,* the *VCS Standard,* and the *VCS Methodology Requirements*. The *VCS Program Guide* describes the rules and requirements governing the VCS Program and further describes the constituent parts of the program such as the project and program registration process, the Verra Registry, the methodology development and review process, and the accreditation requirements for validation/verification bodies. The *VCS Standard* provides the requirements for developing projects and programs, as well as the requirements for validation, monitoring, and verification of projects, programs, and GHG emission reductions and removals. The *VCS Methodology Requirements* provide the rules and requirements for developing new VCS methodologies. The *VCS Program Guide* should be read before using the *VCS Standard* or the *VCS Methodology Requirements*.

Verra recognizes the kind agreement of the International Organization for Standardization (ISO, www.iso.org) to allow the inclusion of critical clauses of *ISO 14064-2* and *ISO 14064-3* in the VCS Program documentation to facilitate comprehension.

1.1 Version

All information about version control under the VCS Program is contained in the *VCS Program Guide*.

This document will be updated from time-to-time, and readers shall ensure that they are using the most current version of the document. Where external documents are referenced (e.g., *The 2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories*), and when such documents are updated, the most recent version of the document shall be used.

Previous versions of the VCS Program may have included different rules and requirements than those set out in this version. Previous versions of the *VCS Standard* and other VCS Program documents are archived and available on the Verra website. Appendix 3 *Document History and Effective Dates*, contains information on changes made from previous versions and when those changes take effect. These changes are also described in the Summary of Effective Dates document that corresponds with each update, which is available on the Verra website.

1.2 Language

1.2.1 The operating language of the VCS Program is English. The project and program description, validation report, monitoring report, verification report, and all other documentation (including all and any appendices) required under the VCS Program shall be in English.

2   VCS PROGRAM SPECIFIC ISSUES

2.1   Scope of the VCS Program

2.1.1   The scope of the VCS Program includes:

1) The seven Kyoto Protocol greenhouse gases.

2) Ozone-depleting substances (ODS).

3) Project activities supported by a methodology approved under the VCS Program through the methodology development and review process.

4) Project activities supported by a methodology approved under an approved GHG program, unless explicitly excluded (see the Verra website for exclusions).

5) Jurisdictional REDD+ programs and nested REDD+ projects as set out in the VCS Program document *Jurisdictional and Nested REDD+ (JNR) Requirements*.

2.1.2   The scope of the VCS Program excludes projects that can reasonably be assumed to have generated GHG emissions primarily for the purpose of their subsequent reduction, removal, or destruction.

2.1.3   The VCS Program also excludes the following project activities under the circumstances indicated in Table 1, below.

Table 1: Excluded Project Activities

Exclusions from VCS Program Scope	Exclusion
Grid-connected electricity generation activities using hydroelectric power plants. The exclusion does not apply to ocean energy (e.g., wave, tidal, salinity gradient, and ocean thermal energy conversion). For hydro projects, large scale means a maximum capacity of greater than 15MW, where maximum capacity is the installed/rated capacity or authorized capacity (as determined in the activity approval from the project regulator, government, or similar entity), whichever is lower.	Excluded in non-LDCs. Further, large-scale projects excluded in LDCs[1]

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[1] Least Developed Country, as designated by the United Nations.

Exclusions from VCS Program Scope	Exclusion
Grid-connected means >50% of total generation is exported to a national or regional grid. See the VCS Program document VCS Program Definitions for the full definition.	
Grid-connected electricity generation[1] activities using wind, geothermal, or solar photovoltaic (PV) power plants. The exclusion does not apply to concentrated solar thermal-to-electricity, floating solar PV, or energy storage systems (e.g., batteries). Grid-connected means >50% of total generation is exported to a national or regional grid. See the VCS Program document VCS Program Definitions for the full definition.	Excluded in Non-LDCs
Activities recovering waste heat for combined cycle electricity generation, or to heat/cool via cogeneration or trigeneration. The exclusion does not apply to waste gas recovery or electricity generation using waste heat recovery outside of combined cycle applications (e.g., organic Rankine cycles).	Excluded in Non-LDCs
Activities generating electricity and/or thermal energy for industrial use from the combustion of non-renewable biomass, agro-residue biomass, or forest residue biomass. The exclusion does not apply to gasification, pyrolysis, combusting biofuels, biogas, fractions of renewable biomass in refuse-derived fuels, agro/forest biomass residues in waste streams that are sent to landfills, CO_2 capture and storage from renewable biomass combustion, or thermal efficiency improvements (e.g., cook stoves).	Excluded in Non-LDCs
Activities generating electricity and/or thermal energy using fossil fuels, and activities that involve switching from a higher to a lower carbon content fossil fuel. The exclusion does not apply to the use of captured flare and/or vent gas or waste containing previously used petroleum products (e.g., used plastics, oils, lubricants).	Excluded in Non-LDCs
Activities replacing electric lighting with more energy-efficient electric lighting, such as the replacement of incandescent electrical bulbs with compact fluorescent lights (CFLs) or light emitting diodes (LEDs). Large-scale means energy-efficient improvements with a maximum savings greater than 60 GWh/year or emission reduction greater than 60 kt CO_2e per year.	Excluded for large-scale projects in non-LDCs
Activities installing and/or replacing electricity transmission lines and/or energy-efficient transformers. Large-scale means energy-efficient improvements with a maximum savings greater than 60 GWh/year or emission reduction greater than 60 kt CO_2e per year.	Excluded for large-scale projects in non-LDCs
Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions	Excluded in all countries

2.2 Principles

2.2.1 The application of principles is fundamental in ensuring that GHG-related information is a true and fair account. The principles below shall provide the basis for, and shall guide the application of, the VCS Program rules and requirements.

Principles taken from ISO 14064-2

Relevance
Select the GHG sources, sinks, reservoirs, data, and methodologies appropriate to the needs of the intended user.

Completeness
Include all relevant GHG emissions and removals. Include all relevant information to support criteria and procedures.

Consistency
Enable meaningful comparisons in GHG-related information.

Accuracy
Reduce bias and uncertainties as far as is practical.

Transparency
Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.

Conservativeness
Use conservative assumptions, values, and procedures to ensure that net GHG emission reductions or removals are not overestimated.

Note – Accuracy should be pursued as far as possible, but the hypothetical nature of baselines, the high cost of monitoring of some types of GHG emissions and removals, and other limitations make accuracy difficult to attain in many cases. In these cases, conservativeness may serve as a moderator to accuracy in order to maintain the credibility of project and program GHG quantification.

2.3 Timing of Crediting

2.3.1 Verified Carbon Units (VCUs) are not issued under the VCS Program for GHG emission reductions or removals that have not been verified.

2.3.2 Project activities are eligible for immediate crediting of future avoided emissions under the conditions set out below, which shall be addressed at the level of the methodology:

1) The project immediately avoids future streams of GHG emissions as a result of an upfront intervention that permanently precludes further emissions from the source. VCUs shall be issued only after such an intervention has occurred and the GHG emission reductions have been verified. Examples of such activities include projects that destroy chlorofluorocarbons

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recovered from refrigeration equipment thereby immediately precluding their future release into the atmosphere, and composting projects that divert organic waste from landfill sites thereby immediately precluding future methane emissions. Reduced Emissions from Deforestation and Degradation (REDD) projects do not qualify for immediate crediting because future streams of GHG emissions are not permanently precluded.

2) The physical processes that would generate GHG emissions in the absence of an intervention are well-understood, stable, and quantifiable. Models used to simulate such processes shall meet the requirements for such models set out in the VCS Program document *VCS Methodology Requirements*. Any default factors associated with input parameters shall meet the requirements set out for such default factors in the VCS Program document *VCS Methodology Requirements*.

3) VCUs may be issued only for GHG emissions avoided over a ten-year period, even if such GHG emissions are likely to have continued over a longer period of time under the baseline scenario.

For example, a composting project that diverts organic waste from a landfill site may be eligible for crediting (in relation to a specific amount of composted organic waste) for the GHG emissions that would have occurred at the landfill site over a ten-year period, and any emissions that would have occurred beyond the ten-year period (in relation to the specific amount of composted organic waste) are not eligible. Note that in this particular example, the ten-year rule applies to the specific amount of composted organic waste, and the usual rules on the duration of the project and project crediting period still apply.

2.3.3 ODS projects are eligible for immediate crediting of future avoided emissions, and methodologies may use such a crediting model.

Note – Crediting of ODS projects shall still be in relation to the baseline scenario. In many cases, methodologies will credit projects for all of the ODS destroyed by the project (minus any project emissions and leakage). However, it is possible that projects could destroy ODS from existing stockpiles and only a portion of the ODS would have been emitted under the baseline scenario. For example, if the baseline scenario includes the use of the ODS to service existing equipment and a certain proportion of such ODS would be recovered and destroyed at the end of that equipment's life (whether voluntarily or due to regulation), then the volume of credits granted to the project shall reflect this.

2.4 AFOLU and GCS Non-Permanence Risk and Pooled Buffer Accounts

2.4.1 Non-permanence risk in Agriculture, Forestry, and Other Land Use (AFOLU) and Geologic Carbon Storage (GCS) projects is addressed through the use of a project risk analysis, using the *AFOLU Non-Permanence Risk Tool (NPRT) and the GCS NPRT, respectively*. These tools determine the number of credits to be deposited in the AFOLU pooled buffer account or the GCS pooled buffer account, respectively. The pooled buffer accounts hold non-tradable buffer credits to cover the non-permanence risk associated with AFOLU and GCS projects.

Buffer credits are canceled to cover carbon known or believed to be lost. As such, the VCUs already issued to projects that subsequently fail are not canceled and do not have to be "paid back." All VCUs issued to AFOLU and GCS projects (as with all projects) are permanent. The VCS approach provides environmental integrity because the AFOLU and GCS pooled buffer accounts will always maintain an adequate surplus to cover unanticipated losses from individual project failures, and the net GHG benefits across the entire pool of AFOLU and GCS projects will be greater than the total number of VCUs issued.

The full rules and procedures for AFOLU and GCS projects with respect to non-permanence risk are set out in Sections 3.2 and the VCS program document *GCS Requirements*, respectively.

2.4.2   The AFOLU and GCS pooled buffer accounts are subject to periodic reconciliation. Reconciliation is based on a review of existing AFOLU and GCS verification reports and an assessment of project performance. This process will identify the projects that have failed or underperformed and will seek to identify their common characteristics. The risk analysis criteria and buffer withholding percentages set out in the VCS Program documents *AFOLU Non-Permanence Risk Tool* and the *GCS Non-Permanence Risk Tool* will be adjusted accordingly to ensure that there are always sufficient buffer credits in the AFOLU and GCS pooled buffer accounts to cover project losses. Any changes to the tool will not be retroactive (i.e., they will apply only to future non-permanence risk assessments).

2.4.3   Project risk analyses will be subject to periodic review by Verra. This process consists of a review of a sample of AFOLU and GCS project risk reports to identify any inconsistencies in the process and application of the *AFOLU Non-Permanence Risk Tool* and the *GCS Non-Permanence Risk Tool,* and the assessment of the same by validation/verification bodies. The risk analysis criteria and risk ratings set out in the tool may be adjusted, to ensure consistent and accurate application of the tool. Any changes to the tool will not be retroactive (i.e., they will apply only to subsequent non-permanence risk analyses).

2.5   AFOLU Leakage Assessments

2.5.1   Project market leakage assessments will be subject to periodic review by Verra. This process consists of a review of a sample of AFOLU projects' leakage assessments to identify any inconsistencies in the process and application of the leakage requirements in Sections 3.15.7–3.15.9, methodologies, and the VCS Program document *VCS Methodology Requirements,* and assessment of same by validation/verification bodies. The leakage requirements may be adjusted to ensure consistent and accurate application. Any changes to the leakage requirements will not be retroactive (i.e., they will apply only to subsequent leakage assessments).

3 PROJECT REQUIREMENTS

This section sets out the rules and requirements for projects under the VCS Program. Specific requirements for AFOLU and ODS projects are set out throughout this section to address unique circumstances for these project types. GCS project requirements are set out in the VCS Program document *GCS Requirements*.

To complete the VCS certification process, projects must demonstrate how they meet the rules and requirements set out below. Projects must also demonstrate how they have applied an eligible methodology in full. Projects demonstrate their conformance with the VCS Program rules and the applied methodology through the validation and verification processes, which are defined in Section 4 below. Once projects complete the validation and verification processes, they become eligible to request registration and VCU issuance. Note that the full process for requesting project registration and VCU issuance is set out in the VCS Program document *Registration and Issuance Process*.

3.1 General Requirements

Concept

Establishing a consistent and standardized certification process is critical to ensuring the integrity of VCS projects. Accordingly, certain high-level requirements must be met by all projects, as set out below.

Requirements

3.1.1 Projects shall meet all applicable rules and requirements set out under the VCS Program, including this document. Projects shall be guided by the principles set out in Section 2.2.1.

3.1.2 Projects shall apply methodologies eligible under the VCS Program. Methodologies shall be applied in full, including the full application of any tools or modules referred to by a methodology, noting the exception set out in Section 3.14.1. The list of methodologies and their validity periods is available on the Verra website.

3.1.3 Projects shall apply the latest version of the applicable methodology in all cases unless a grace period applies to the project as set out in 3.21 below. Projects must update to the latest version of the methodology when reassessing the baseline and renewing a crediting period.

3.1.4 Projects and the implementation of project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.

3.1.5 Where projects apply methodologies that permit the project proponent its own choice of model (see the VCS Program document *VCS Program Definitions* for the definition of model), the model shall meet the requirements set out in the VCS Program document *VCS Methodology Requirements,* and it shall be demonstrated at validation that the model is appropriate to the

project circumstances (i.e., use of the model will lead to an appropriate quantification of GHG emission reductions or removals).

3.1.6   Where projects apply methodologies that permit the project proponent to choose a third-party default factor or standard to ascertain GHG emission data and any supporting data for establishing baseline scenarios and demonstrating additionality, such default factor or standard shall meet the requirements set out in the VCS Program document *VCS Methodology Requirements*.

3.1.7   Where the rules and requirements under an approved GHG program conflict with the rules and requirements of the VCS Program, the rules and requirements of the VCS Program shall take precedence.

3.1.8   Where projects apply methodologies from approved GHG programs, they shall conform with any specified capacity limits (see the VCS Program document *VCS Program Definitions* for the definition of capacity limit) and any other relevant requirements set out with respect to the application of the methodology and/or tools referenced by the methodology under those programs.

3.1.9   Where Verra issues new VCS Program rules, the effective dates of these requirements are set out in Appendix 3 *Document History and Effective Dates* or equivalent for other program documents, and are listed in a companion *Summary of Effective Dates* document which corresponds with each update.

3.2   AFOLU-Specific Matters

Concept

AFOLU projects may encounter unique circumstances related to project implementation, monitoring and other matters. This section sets out high-level requirements related to such AFOLU-specific matters. Note that additional AFOLU-specific requirements are also set out throughout this document.

Requirements

General

3.2.1   There are currently six AFOLU project categories eligible under the VCS Program, as defined in *Appendix 1 Eligible AFOLU Project Categories* below: afforestation, reforestation and revegetation (ARR), agricultural land management (ALM), improved forest management (IFM), reduced emissions from deforestation and degradation (REDD), avoided conversion of grasslands and shrublands (ACoGS), and wetland restoration and conservation (WRC). Further specification with respect to eligible activities which may be included within methodologies approved under the VCS Program can be found in the VCS Program document *VCS Methodology Requirements*.

3.2.2 Where projects are located within a jurisdiction covered by a jurisdictional REDD+ program, project proponents shall follow the requirements in this document and the requirements related to nested projects set out in the VCS Program document *Jurisdictional and Nested REDD+ Requirements*.

3.2.3 Where an implementation partner is acting in partnership with the project proponent, the implementation partner shall be identified in the project description. The implementation partner shall identify its roles and responsibilities with respect to the project, including but not limited to implementation, management, and monitoring of the project, over the project crediting period.

3.2.4 Activities that convert native ecosystems to generate GHG credits are not eligible under the VCS Program. Evidence shall be provided in the project description that any ARR, ALM, WRC or ACoGS project areas were not cleared of native ecosystems to create GHG credits (e.g., evidence indicating that clearing occurred due to natural disasters such as hurricanes or floods). Such proof is not required where such clearing or conversion took place at least 10 years prior to the proposed project start date. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible.

3.2.5 Activities that drain native ecosystems or degrade hydrological functions to generate GHG credits are not eligible under the VCS Program. Evidence shall be provided in the project description that any AFOLU project area was not drained or converted to create GHG credits. Such proof is not required where such draining or conversion took place prior to 1 January 2008. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible.

3.2.6 The project proponent shall demonstrate that project activities that lead to the intended GHG benefit have been implemented during each verification period in accordance with the project design. Where no new project activities have been implemented during a verification period, project proponents shall demonstrate that previously implemented project activities continued to be implemented during the verification period (e.g., forest patrols or improved agricultural practices of community members).

3.2.7 For all IFM, Avoiding Planned Deforestation and Degradation (APDD) (except where the agent is unknown), Restoring Wetland Ecosystems (RWE), Avoiding Planned Wetland Degradation (APWD), Avoiding Planned Conversion (APC), and ALM project types, the project proponent shall, for the duration of the project, reassess the baseline every ten years and have this validated at the same time as the subsequent verification. For all Avoiding Unplanned Deforestation and Degradation (AUDD), APDD (where the agent is unknown), Avoiding Unplanned Conversion (AUC), and Avoiding Unplanned Wetland Degradation (AUWD) project types, the project proponent shall, for the duration of the project, reassess the baseline every six years and have this validated at the same time as the subsequent verification.

3.2.8 Baseline projections for deforestation and/or degradation, land conversion, forest

3 Project Requirements

management plans, wetland hydrological changes, and agricultural land management beyond the baseline reassessment period defined above are not likely to be realistic because rates of change in land-use and/or land or water management practices are subject to many factors that are difficult to predict over the long term, hence the need for periodic reassessment of the baseline. The following shall apply with respect to the baseline reassessment:

1) The reassessment will capture changes in the drivers and/or behavior of agents that cause the change in land use, hydrology, sediment supply and/or land or water management practices and changes in carbon stocks, all of which shall then be incorporated into revised estimates of the rates and patterns of land-use change and estimates of baseline emissions.2

2) The latest approved version of the methodology or its replacement shall be applied at the time of baseline reassessment. The grace periods for using the previous version of a methodology are set out in Section 3.21.

3) The project description shall be updated at the time of baseline reassessment following the requirements set out in Section 3.9.8(2)(d).

4) Ex-ante baseline projections beyond the baseline reassessment period defined above are not required.

The following shall apply with respect to ALM baseline reassessment:

1) For projects that set their baseline using historical management data specific to the project lands at validation, the historical baseline shall be compared to published data on current common practice in the project region. If there is a significant difference between the historical baseline and current common practice, the project baseline shall be updated to reflect current common practice in the project region at each baseline reassessment event.

2) For projects that set their baseline using regional data on common practice (i.e., data not specific to the project lands), the baseline shall be updated to reflect current practices at each baseline reassessment event using similar datasets (e.g., agricultural census data) as those used to establish the baseline at validation.

3) ALM projects focusing exclusively on reducing N_2O, CH_4 and/or fossil-derived CO_2 emissions (i.e., those that do not include soil organic carbon stocks) are exempted from the 10-year baseline reassessment requirement.

3.2.9 Where ARR, ALM, IFM or REDD project activities occur on wetlands, the project shall adhere to both the respective project category requirements and the WRC requirements, unless the expected emissions from the soil organic carbon pool or change in the soil organic carbon pool

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[2] Brown, S., M. Hall, K. Andrasko, F. Ruiz, W. Marzoli, G. Guerrero, O. Masera, A. Dushku, B. DeJong, and J. Cornell, 2007. Baselines for land-use change in the tropics: application to avoided deforestation projects. Mitigation and Adaptation Strategies for Global Change, 12 (6):1001-1026.

in the project scenario is deemed below *de minimis* or can be conservatively excluded as set out in the VCS Program document *VCS Methodology Requirements*, in which case the project shall not be subject to the WRC requirements.

Non-Permanence Risk

3.2.10   Projects shall prepare a non-permanence risk report in accordance with the VCS Program document *AFOLU Non-Permanence Risk Tool* at both validation and verification. In the case of projects that are not validated and verified simultaneously, having their initial risk assessments validated at the time of VCS project validation will assist VCU buyers and sellers by providing a more accurate early indication of the number of VCUs projects are expected to generate. The non-permanence risk report shall be prepared using the *VCS Non-Permanence Risk Report Template*, which may be included as an annex to the project description or monitoring report, as applicable, or provided as a stand-alone document.

3.2.11   Projects with tree harvesting shall demonstrate that the permanence of their carbon stock is maintained and shall put in place management systems to ensure the carbon against which VCUs are issued is not lost during a final cut with no subsequent replanting or regeneration. Post-harvest replanting and subsequent harvest plans shall be included in a government- or professional forester-approved forest management plan.

3.2.12   WRC projects shall demonstrate that the permanence of their soil carbon stock will be maintained. The maximum quantity of GHG emission reductions that may be sought by the project is limited to the difference between project and baseline scenario after a 100-year time frame, as further described in the VCS Program document *VCS Methodology Requirements*.

3.2.13   Buffer credits shall be deposited in the AFOLU pooled buffer account based upon the non-permanence risk report assessed by the validation/verification body. Buffer credits are not VCUs and cannot be traded. The full rules and procedures with respect to the deposit of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

3.2.14   Projects shall perform the non-permanence risk analysis at every verification event. Projects that demonstrate their longevity, sustainability, and ability to mitigate risks through this analysis may be eligible for release of buffer credits from the AFOLU pooled buffer account. The full rules and procedures with respect to the release of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

3.2.15   Validation of non-permanence risk analyses may be conducted by the same validation/verification body that is conducting validation or verification of the project and at the same time as the validation or verification of the project, as applicable. The rules and requirements for the process of assessment by validation/verification body(s) are set out in Section 4 below.

3.2.16   When an instance leaves a grouped project or non-grouped project with multiple activity instances before the end of its 30-year longevity period, the project shall:

1) Conservatively assume a loss of all previously verified emission reductions and removals associated with the instance; or

2) Continue to monitor the instance for the remainder of the instance's 30-year longevity period following the monitoring requirements of the applied VCS methodology. If it can be demonstrated that the applied VCS methodology monitoring requirements cannot be followed (e.g., due to loss of access to the project area), a robust remote-sensing-based approach for the project types may be used to detect loss events, upon Verra approval. If a loss is identified, the size of the loss shall be quantified according to the applied methodology. Where this is not possible, the project shall conservatively assume a loss of all previously verified emission reductions and removals associated with the instance.

3.2.17 When a project crediting period is greater than 30 years, the requirements under Section 3.2.16 shall apply until the end of the crediting period.

3.2.18 Where an event occurs that is likely to qualify as a loss event (see the VCS Program document *Program Definitions* for definition of loss event), the project proponent shall follow the loss event reporting requirements set out in the VCS Program document *Registration and Issuance Process*.

3.2.19 At the verification event subsequent to the loss event, the monitoring report shall restate the loss from the loss event and calculate the net GHG benefit for the monitoring period, including the loss event, in accordance with the requirements set out in the methodology applied and the VCS Program document *Registration and Issuance Process*.

3.2.20 At a verification event, where a reversal has occurred, the following applies:

1) Where the reversal is a catastrophic reversal (see the VCS Program document *Program Definitions* for the definition of catastrophic reversal), the project proponent shall follow the buffer account reconciliation requirements set out in the VCS Program document *Registration and Issuance Process,* and the following applies:

   a) The baseline may be reassessed, including any relevant changes to baseline carbon stocks and, where reassessed, shall be validated at the time of the verification event subsequent to the reversal. Note that allowing baseline revisions after catastrophic reversal supersedes any methodological requirements for a fixed baseline.

   b) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the catastrophic event, shall continue to be a part of project monitoring. Projects may not seek GHG credits from any increased rate of sequestration from natural regeneration after a catastrophic reversal until the loss from catastrophic reversals is recovered.

2) Where the reversal is a non-catastrophic reversal (e.g., due to poor management, removal of a portion of the project area from participation in the project, or over-harvesting), the

project proponent shall follow the buffer account reconciliation requirements set out in the VCS Program document *Registration and Issuance Process,* and the following applies:

a) No further VCUs shall be issued to the project, or any other project with the same project proponent or combination of project proponents, until the deficit is remedied. The deficit is equivalent to the full amount of the reversal, including GHG emissions from losses to project and baseline carbon stocks.

b) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the non-catastrophic event, shall continue to be a part of project monitoring. Projects may not seek GHG credits from any increased rate of sequestration from natural regeneration after a reversal until the loss from non-catastrophic reversals is recovered.

3.2.21 As set out in the VCS Program document *Registration and Issuance Process*, where projects fail to submit a verification report the prescribed period from the previous verification event, a percentage of buffer credits is put on hold under the conservative assumption that the carbon benefits represented by buffer credits held in the AFOLU pooled buffer account may have been reversed or lost in the field.

3.2.22 The remaining balance of buffer credits is canceled at the end of the project crediting period.

Long-term Average GHG Benefit

3.2.23 Where ARR and IFM projects meet or exceed the harvesting activity definition, the long-term average shall be applied. The stratification of the sample plots shall be proportionally representative of areas with and without harvesting activity. Projects with harvesting activities shall calculate the long-term average for the area of each stratum and cover the entire project area.

3.2.24 ARR and IFM projects with harvesting activities shall not be issued GHG credits above the long-term average GHG benefit maintained by the project.

3.2.25 Where ARR or IFM projects include harvesting, the loss of carbon due to harvesting shall be included in the quantification of project emissions. The maximum number of GHG credits available to projects shall not exceed the long-term average GHG benefit. The GHG benefit of a project is the difference between the project scenario and the baseline scenario of carbon stocks stored in the selected carbon pools and adjusted for any project emissions of N_2O, CH_4 and fossil-derived CO_2, and leakage emissions. The long-term average GHG benefit shall be calculated using the following procedure:

1) Establish the period over which the long-term average GHG benefit shall be calculated, noting the following:

a) For ARR or IFM projects undertaking even-aged management, the time period over which the long-term GHG benefit is calculated shall include at minimum one full

harvest/cutting cycle, including the last harvest/cut in the cycle. For example, where a project crediting period is 40 years and has a harvest cycle of 12 years, the long-term average GHG benefit will be determined for a period of 48 years.

b) For ARR projects under conservation easements with no intention to harvest after the project crediting period, or for selectively-cut IFM projects, the time period over which the long-term average is calculated shall be the length of the project crediting period.

2) Determine the expected total GHG benefit of the project for each year of the established time period. For each year, the total GHG benefit is the to-date GHG emission reductions or removals from the project scenario minus baseline scenario.

3) Sum the total GHG benefit of each year over the established time period.

4) Calculate the average GHG benefit of the project over the established time period.

5) Use the following equation to calculate the long-term average GHG benefit:

$$LA = \frac{\sum_{t=0}^{n} PE_t - BE_t}{n}$$

Where:

LA   =   The long-term average GHG benefit

PE_t =   The total to-date GHG emission reductions and removals generated in the project scenario (tCO_2e). Project scenario emission reductions and removals shall also consider project emissions of CO_2, N_2O, CH_4 and leakage.

BE_t =   The total to-date GHG emission reductions and removals projected for the baseline scenario (tCO_2e)

t   =   Year

n   =   Total number of years in the established time period

6) For ARR projects using a dynamic performance benchmark, the total with-project GHG benefit will be used to set the long-term average because the change in the dynamic crediting baseline is unknown and may not be accurately modelled at the time the long-term average is set. Note that the value of the change in stocking index $\Delta SI_{wp,t}$ is monitored up until the time at which the long-term average is reached, and then fixed for the remainder of the crediting period. The following equation shall be used to calculate the long-term average:

$$LA = \frac{\sum_{t=0}^{n} PE_t}{n}$$

Where:

LA   =   The long-term average GHG benefit

PEt   =   The total GHG emissions reductions and removals generated in the project scenario (tCO2e)

t   =   Year

n   =   Total number of years in the established time period

7) A project may seek GHG credits during each verification event until the long-term average GHG benefit is reached. Once the total number of GHG credits issued has reached this average, the project can no longer issue further GHG credits. The long-term average GHG benefit shall be calculated at each verification event, meaning the long-term average GHG benefit may change over time based on monitored data. For an example of determining the long-term average GHG benefit, see the Verra website.

Buffer credits are withheld only when GHG credits are issued. The number of buffer credits to withhold is based on the change in carbon stocks only (not the net GHG benefit), as such the buffer credits will be based on the long-term average change in carbon stock. Use the following equation to calculate the long-term average change in carbon stock.

Where:

$$LC = \frac{\sum_{t=0}^{n} PC_t - BC_t}{n}$$

LC   =   The long-term average change in carbon stock

PC_t =   The total to-date carbon stock in the project scenario (tCO$_2$e)

BC_t =   The total to-date carbon stock projected for the baseline scenario (tCO$_2$e)

t   =   Year

n   =   Total number of years in the established time period

Note – The VCS Program guidance document AFOLU Guidance: Example for Calculating the Long-Term Average Carbon Stock for ARR Projects with Harvesting, *available on the Verra website, provides examples for calculating the long-term average carbon stock for a variety of ARR project scenarios with harvesting. The same examples can be applied to IFM projects with harvesting.*

3.3 ODS-Specific Matters

Concept

ODS projects may encounter unique circumstances related to project implementation, avoidance of perverse incentives and other matters. This section sets out high-level requirements related to such

ODS-specific matters. Note that additional ODS-specific requirements are also set out throughout this document.

Requirements

Eligible ODS

3.3.1   ODS residing in stockpiles or ODS recovered directly from any of the products set out in Section 3.3.2 are eligible. The following ODS controlled by the Montreal Protocol for which the IPCC publishes a global warming potential (100-year time horizon) are eligible:

1) Annex A, Group I

2) Annex B, Group I

3) Annex C, Group I

3.3.2   The destruction of ODS recovered from the following products are eligible:

1) Refrigeration equipment, systems, or appliances;

2) Air conditioning equipment, systems, or appliances;

3) Fire suppression equipment or systems; and

4) Thermal insulation foams.

3.3.3   The destruction of ODS recovered from pre-polymers, aerosol products or other products is not eligible.

ODS Origin

3.3.4   Where ODS is recovered from products that have been imported specifically for their disassembly (i.e., the products have not been collected in the host country), the following shall apply:

1) The products shall not originate from any country in which any law, statute or other regulatory framework requires the recovery and destruction of the relevant ODS from such products.

2) The project proponent shall provide documentary evidence, such as shipping manifests, bills of lading and evidence of collection of the products in the originating country, to demonstrate the origin of such products.

3.3.5   Documentary evidence shall be provided to verify the origin of all ODS destroyed by the project. Evidence may include, inter alia, shipping manifests, bills of lading, other commercial documentation, and addresses of households, commercial premises, and other evidence of collection of the products. Such evidence shall be appropriate to the nature and scale of the

project.

Destruction Technology

3.3.6   The project shall use a destruction technology that meets the screening criteria for destruction technologies set out in the UNEP April 2002 Report of the Technology and Economic Assessment Panel (TEAP), Volume 3b, Report of the Task Force on Destruction Technologies[3], as may be updated from time to time. The report sets out, inter alia, requirements for Destruction and Removal Efficiency (DRE).

3.3.7   For concentrated sources (e.g., refrigerants), projects shall use a destruction technology with a minimum verified DRE of 99.99 percent.

3.3.8   For dilute sources (i.e., foams), projects shall use a destruction technology with a minimum verified DRE of 95 percent. In addition, a minimum Recovery and Destruction Efficiency (RDE) of 85 percent shall be achieved. RDE describes the proportion of blowing agent (ODS) remaining in the foam immediately prior to decommissioning that is recovered in the overall end-of-life management step, including ultimate destruction. For a full specification of RDE, see the *UNEP May 2005 Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-Life Issues*.[4]

Note – The May 2005 TEAP report *provides a theoretical model for calculating RDE and methodologies will need to specify a practical approach for determining RDE, such as those provided in* RAL GZ 728 (Quality Assurance and Test Specifications for the Demanufacture of Refrigeration Equipment, 2007)*, the* WEEE Forum standard (Requirements for the Collection, Transportation, Storage, Handling and Treatment of Household Cooling and Freezing Appliances containing CFC, HCFC or HFC, 2007) *or another appropriate approach.*

3.4   GCS-Specific Matters

Concept

Geologic carbon storage is an umbrella term that broadly refers to carbon capture and storage activities, geologic carbon mineralization, and carbon capture, utilization, and storage in geologic reservoirs. GCS projects may encounter unique circumstances related to project implementation, monitoring and other matters. High-level requirements related to such GCS-specific matters are set out in the VCS Program document *GCS Requirements*. Note that additional GCS-specific requirements are also set out throughout this document.

Requirements

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[3] UNEP, 2002, UNEP April 2002 Report of the Technology and Economic Assessment Panel, Volume 3b, Report of the Task Force on Destruction Technologies. http://ozone.unep.org/teap/Reports/Other_Task_Force/TEAP02V3b.pdf

[4] UNEP, 2005, UNEP May 2005 Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-Life Issues. (http://ozone.unep.org/teap/Reports/TEAP_Reports/TEAP-May-2005-Vol-2-Forms-End-of-Life.pdf)

General

3.4.1   GCS projects shall follow the requirements set out in the VCS Program document *GCS Requirements.*

3.5   Project Documentation

Concept

In order to complete the project validation process, project proponents must prepare a project description, which describes the project's GHG emission reduction or removal activities. In order to complete the project verification process, project proponents must prepare a monitoring report, which describes the data and information related to the monitoring of GHG emission reductions or removals.

Requirements

Project Description

3.5.1   The project proponent shall use the *VCS Project Description Template*, an approved combined project description template available on the Verra website or an approved GHG program project description template where the project is registered under an approved GHG program, as appropriate. The project proponent shall adhere to all instructional text within the template.

3.5.2   All information in the project description shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in the VCS Program document *Registration and Issuance Process*, where it can be demonstrated that such information is commercially sensitive.

3.5.3   The validation/verification body shall confirm that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. Information in the project description related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project description.

Monitoring Report

3.5.4   The project proponent shall use the *VCS Monitoring Report Template* or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.

3.5.5   The monitoring period shall be a distinct time period that does not overlap with previous monitoring periods. Projects shall not be eligible for crediting of GHG emission reductions and removals generated in previous monitoring periods.

3.5.6   Grouped projects, AFOLU projects, and other projects with a risk of a reversal or loss event shall not have gaps between monitoring periods.

3.5.7   The monitoring report shall specify the number of GHG emission reductions or removals generated in each calendar year of the monitoring period.

3.5.8   The monitoring report shall be verified prior to submission to Verra.

3.6   Project Design

Concept

The VCS Program allows for different approaches to project design. Projects may be designed as a single installation of an activity. Projects may also be designed to include more than one project activity, such as an AFOLU project that includes REDD and ALM components. In addition, projects may be designed to include more than one project activity instance, such as a clean cookstove project that distributes cookstoves to a number of different communities. Finally, projects may be designed as grouped projects, which are projects structured to allow the expansion of a project activity subsequent to project validation.

Note – Project activity and project activity instance both have the specific meanings that are set out in the VCS Program document Program Definitions*.*

Requirements

Multiple Project Activities

3.6.1   Projects may include multiple project activities where the methodology applied to the project allows more than one project activity and/or where projects apply more than one methodology.

3.6.2   Where more than one methodology has been applied to a project with multiple project activities, the following applies:

1)   Each project activity shall be specified separately in the project description, referencing the relevant methodology.

2)   All criteria and procedures set out in the applied methodologies in relation to applicability conditions, demonstration of additionality, determination of baseline scenario and GHG emission reduction and removal quantification shall be applied separately to each project activity, noting the following:

a)   A single set of criteria and procedures for the demonstration of additionality may be applied where the applied methodologies reference the same additionality tool and/or procedures, and where separate demonstration of additionality for each project activity is not practicable.

For example, separate demonstration of additionality may not be practicable in project activities that are implemented at a single facility and therefore represent a single investment. The onus is upon the project proponent to demonstrate to the validation/verification body that separate demonstration of additionality is not

practicable, failing which separate demonstration of additionality shall be provided. Where a methodology specifies requirements for demonstrating additionality in addition to those specified in the referenced additionality tool and/or procedures, such requirements shall be adhered to.

b) The criteria and procedures for identifying the baseline scenario may be combined where the relevant methodologies or the referenced additionality tool and/or procedures specify criteria and procedures for combining baseline scenarios.

3) The criteria and procedures relating to all other aspects of the methodologies may be combined.

4) Where AFOLU projects are required to undertake non-permanence risk assessment and buffer withholding determination, this shall be done separately for each project activity.

Note – Where a single methodology is applicable to more than one project activity and where the methodology does not provide clear procedures for the application of more than one project activity, the above requirements shall be adhered to.

3.6.3 AFOLU projects that include multiple project activities shall conform with the respective project requirements of each included AFOLU category.

For example, projects that combine agroforestry or enrichment planting with community forestry in a single project, where farmers integrate these activities within a single landscape, shall follow an ARR methodology for planting activities and an IFM methodology for community forestry activities (except where the activities have been combined in a single methodology). Similarly, projects that integrate avoided grassland and shrubland conversion and improved grazing practices shall follow an ACoGS methodology for grassland or shrubland protection activities and an ALM methodology for improved grazing practices (except where both activities have been combined into a single methodology). Avoided conversion projects in landscapes that contain both forest and non-forest shall follow a REDD methodology for forested lands and an ACoGS methodology for non-forested lands. For each activity covered by a different methodology, the geographic extent of the area to which the methodology is applied shall be clearly delineated.

Multiple Project Activity Instances

3.6.4 Both grouped and non-grouped projects can have multiple project activity instances.

3.6.5 Inclusion of further project activity instances subsequent to initial validation of a non-grouped project is not permitted (see Sections 3.6.10 – 3.6.17 for information on grouped projects).

3.6.6 The baseline determination and additionality demonstration for all project activity instances in a project shall be combined (e.g., multiple wind turbines shall be assessed in combination rather than individually).

3.6.7 Where a project includes multiple project activity instances from multiple project activities, the

project activity instances from each project activity shall be assessed in accordance with Sections 3.6.1 – 3.6.3.

3.6.8   The project proponent shall include in a singular project all project activity instances within ten kilometers of another instance of the same project activity and with the same project proponent (i.e., instances of the same project activity may not be spread across more than one project if they are within ten kilometers of each other).

Capacity Limits

3.6.9   Where a capacity limit applies to a project activity included in the project, no project activity instance shall exceed such limit. Further, no single cluster of project activity instances shall exceed the capacity limit, determined as follows:

1) Each project activity instance that exceeds one percent of the capacity limit shall be identified.

2) Such instances shall be divided into clusters, whereby each cluster is comprised any system of such instances such that each instance is within one kilometer of at least one other instance in the cluster. Instances that are not within one kilometer of any other instance shall not be assigned to clusters.

3) None of the clusters shall exceed the capacity limit and no further project activity instances shall be added to the project that would cause any of the clusters to exceed the capacity limit.

Grouped Projects

Baseline Scenario and Additionality

3.6.10 Grouped projects shall specify one or more clearly defined geographic areas within which project activity instances may be developed. Such geographic areas shall be specified using geodetic polygons as set out in Section 3.11 below. Geographic areas with no initial project activity instances shall not be included in the project unless it can be demonstrated that the same (or at least as conservative) baseline scenario and rationale for the demonstration of additionality is applicable to such an area as a geographic area that does include initial project activity instances.

3.6.11 Determination of baseline scenario and demonstration of additionality are based upon the initial project activity instances. The initial project activity instances are those that are included in the project description at validation and shall include all project activity instances currently implemented on the issue date of the project description. The initial project activity instances may also include any instances of the project activity that have been planned and developed to a sufficient level of detail to enable their assessment at validation.

3.6.12 As with non-grouped projects, grouped projects may incorporate multiple project activities (see Section 3.6.1 – 3.6.3 for more information on multiple project activities). Where a grouped

project includes multiple project activities, the project description shall designate which project activities may occur in each geographic area.

3.6.13 The baseline scenario for a project activity shall be determined for each designated geographic area, in accordance with the methodology applied to the project. Where a single baseline scenario cannot be determined for a project activity over the entirety of a geographic area, the geographic area shall be redefined or divided such that a single baseline scenario can be determined for the revised geographic area or areas.

3.6.14 The additionality of the initial project activity instances shall be demonstrated for each designated geographic area, in accordance with the methodology applied to the project. Where the additionality of the initial project activity instances within a particular geographic area cannot be demonstrated for the entirety of that geographic area, the geographic area shall be redefined or divided such that the additionality of the instances occurring in the revised geographic area or areas can be demonstrated.

3.6.15 Where factors relevant to the determination of the baseline scenario or demonstration of additionality require assessment across a given area, the area shall be, at a minimum, the grouped project geographic area. Examples of such factors include, inter alia, common practice; laws, statutes, regulatory frameworks, or policies relevant to demonstration of regulatory surplus; determination of regional grid emission factors; and historical deforestation and degradation rates.

New Project Activity Instance Eligibility Criteria

3.6.16 Grouped projects shall include one or more sets of eligibility criteria for the inclusion of new project activity instances. At least one set of eligibility criteria for the inclusion of new project activity instances shall be provided for each combination of project activity and geographic area specified in the project description. Where grouped projects include multiple baseline scenarios or demonstrations of additionality, such projects will require at least one set of eligibility criteria for each combination of baseline scenario and demonstration of additionality specified in the project description. A set of eligibility criteria shall ensure that new project activity instances:

1) Meet the applicability conditions set out in the methodology applied to the project.

2) Use the technologies or measures specified in the project description.

3) Apply the technologies or measures in the same manner as specified in the project description.

4) Are subject to the baseline scenario determined in the project description for the specified project activity and geographic area.

5) Have characteristics with respect to additionality that are consistent with the initial instances for the specified project activity and geographic area. For example, the new

project activity instances have financial, technical and/or other parameters (such as the size/scale of the instances) consistent with the initial instances, or face the same investment, technological and/or other barriers as the initial instances.

Inclusion of New Project Activity Instances

3.6.17 Grouped projects provide for the inclusion of new project activity instances subsequent to the initial validation of the project. New project activity instances shall:

1) Occur within one of the designated geographic areas specified in the project description.

2) Conform with at least one complete set of eligibility criteria for the inclusion of new project activity instances. Partial conformance with multiple sets of eligibility criteria is insufficient.

3) Be included in the monitoring report with sufficient technical, financial, geographic, and other relevant information to demonstrate conformance with the applicable set of eligibility criteria and enable evidence gathering by the validation/verification body.

4) Be included in an updated project description, with updated project location information (as set out in Section 3.11), which shall be validated at the time of verification against the applicable set of eligibility criteria.

5) Have evidence of project ownership, in respect of each project activity instance, held by the project proponent from the respective start date of each project activity instance (i.e., the date upon which the project activity instance began reducing or removing GHG emissions).

6) Have a start date that is the same as or later than the grouped project start date.

7) Be eligible for crediting from the start date of the project activity instance through to the end of the project crediting period (only).

8) Only eligible for crediting from the start of the verification period in which they were added to the grouped project.

9) Not be or have been enrolled in another VCS project.

10) Adhere to the clustering and capacity limit requirements for multiple project activity instances set out in 3.6.8 - 3.6.9.

3.6.18 Where inclusion of a new project activity instance necessitates the addition of a new project proponent to the project, such instances shall be included in the grouped project description within two years of the project activity instance start date or, where the project activity is an AFOLU activity, within five years of the project activity instance start date. The procedure for adding new project proponents is set out in the VCS Program document *Registration and Issuance Process*.

AFOLU Projects

3.6.19 AFOLU non-permanence risk analyses, where required, shall be assessed for each geographic area specified in the project description (for requirements related to geographic areas of grouped projects see the VCS Standard). Where risks are relevant to only a portion of each geographic area, the geographic area shall be further divided such that a single total risk rating can be determined for each geographic area. Where a project is divided into more than one geographic area for the purpose of risk analysis, the project's monitoring and verification reports shall list the total risk rating for each area and the corresponding net change in the project's carbon stocks in the same area. The risk rating for each area applies only to the GHG emissions reductions generated by project activity instances within the area.

3.6.20 Activity-shifting, market leakage and ecological leakage assessments, where required, shall be undertaken as set out in Section 3.15.5 – 3.15.15, and the methodology applied, on the initial group of instances of each project activity and reassessed where new instances of the project activity are included in the project.

3.6.21 No new instances may be added which overlap with any of the components of another AFOLU project's zone, set out in Section 3.11.3 - 3.11.4.

Project Description for Grouped Projects

3.6.22 A grouped project shall be described in a single project description, which shall contain the following (in addition to the content required for non-grouped projects):

1) A delineation of the geographic area(s) within which all project activity instances shall occur. Such area(s) shall be specified by geodetic polygons as set out in Section 3.11 below.

2) One or more determinations of the baseline for the project activity in accordance with the requirements of the methodology applied to the project.

3) One or more demonstrations of additionality for the project activity in accordance with the requirements of the methodology applied to the project.

4) One or more sets of eligibility criteria for the inclusion of new project activity instances at subsequent verification events.

5) A description of the central GHG information system and controls associated with the project and its monitoring.

Note – Where the project includes more than one project activity, the above requirements shall be addressed separately for each project activity, except for the delineation of geographic areas and the description of the central GHG information system and controls, which shall be addressed for the project as a whole.

3.7 Ownership

Concept

Project and jurisdictional proponents must demonstrate that they have the legal right to control and operate project or program activities.

Requirements

3.7.1 The project description shall be accompanied by one or more of the following types of evidence establishing project ownership accorded to the project proponent(s), or program ownership accorded to the jurisdictional proponent(s), as the case may be (see the VCS Program document *Program Definitions* for definitions of project ownership and program ownership). To aid the readability of this section, the term project ownership is used below, but should be substituted by the term program ownership, as appropriate:

1) Project ownership arising or granted under statute, regulation, or decree by a competent authority.

2) Project ownership arising under law.

3) Project ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).

4) Project ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).

5) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent.

6) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent.

7) Project ownership arising from the implementation[5] or enforcement of laws, statutes or regulatory frameworks that require activities be undertaken or incentivize activities that generate GHG emission reductions or removals.

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[5] Implemented in the context of this paragraph means enacted or introduced, consistent with use of the term under the CDM rules on so-called Type E+ and Type E- policies.

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3.8   Project Start Date

Concept

The project start date of a non-AFOLU project is the date on which the project began generating GHG emission reductions or removals. The project start date of an AFOLU project is the date on which activities that led to the generation of GHG emission reductions or removals are implemented (e.g., preparing land for seeding, planting, changing agricultural or forestry practices, rewetting, restoring hydrological functions, or implementing management or protection plans). Projects must complete validation within specific timeframes from the project start date.

Requirements

Non-AFOLU Projects

3.8.1   Non-AFOLU projects shall complete validation within two years of the project start date. Additional time is granted for non-AFOLU projects to complete validation where they are applying a new VCS methodology. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology by Verra may complete validation within four years of the project start date.

3.8.2   Note that new VCS methodology in this context refers to both newly issued VCS methodologies and newly issued VCS revisions to approved GHG program methodologies. The grace period does not apply in relation to any subsequent versions of such new methodologies and new methodology revisions that may be issued.

AFOLU Projects

3.8.3   AFOLU projects shall initiate the pipeline listing process (as set out in the VCS Program document *Registration and Issuance Process*) within three years of the project start date.

3.8.4   All AFOLU projects with ex-ante emission reduction/removal estimates of 20,000 tCO$_2$e per year or less, and ARR, RWE and IFM (with the exclusion of Logged to Protected Forest (LtPF) projects of any size shall complete validation within eight years of the project start date.

3.8.5   All other AFOLU projects shall complete validation within five years of the project start date.

ODS Projects

3.8.6   ODS projects shall conform with at least one of the following in relation to project start date:

1) The project start date shall not be before the Montreal Protocol production phase-out deadline (except for critical/essential uses) for the relevant ODS as it applies to the host country and/or any country from which ODS destroyed by the project is imported (as applicable); or

2) The project start date shall not be before the date the host country and/or any country from which ODS destroyed by the project is imported (as applicable) implements the production

phase-out, or consumption phase-out where such country does not produce the relevant ODS, of the relevant ODS (critical/essential uses exempted). Such phase-outs shall be implemented in combination with an import ban on the relevant ODS (critical/essential uses exempted). This project start date requirement accounts for countries that phase-out the relevant ODS in advance of their Montreal Protocol production phase-out deadline.

Note – The project can destroy ODS that has not been phased out under either of the two options in above (e.g., if one ODS has contaminated another), but it shall receive no credit for the destruction of such ODS. Note also that the relevant production phase-out deadlines are those of the individual substances and not the substance groups.

3.8.7   Where the project imports ODS, it shall provide documentary evidence, such as shipping manifests and bills of lading, to demonstrate that the ODS originates from a country meeting with the above.

Standardized Methods

3.8.8   Notwithstanding the requirements set out in Sections 3.8.1 – 3.8.7 above, projects applying a standardized method for determining additionality shall initiate the project pipeline listing process set out in the VCS Program document *Registration and Issuance Process* within the project validation timelines set out above. Validation may be completed at any time up to concurrent with the first verification.

For example, a non-AFOLU project applying a standardized method for determining additionality shall initiate the project pipeline listing process within two years of the project start date and may complete validation any time up to concurrent with the first verification.

Projects Registered with Other GHG Programs

3.8.9   For projects registered under an approved GHG program which are seeking registration with the VCS Program, further specification with respect to the validation deadline is set out in Sections 3.22.6 through 3.22.10.

3.9   Project Crediting Period

Concept

The project crediting period is the time period for which GHG emission reductions or removals generated by the project are eligible for issuance as VCUs. Project crediting periods must be renewed periodically in order to ensure that changes to a project's baseline scenario and regulatory surplus are taken into consideration throughout the lifetime of the project.

Requirements

Project Crediting Period Length

General

3.9.1 The project crediting period shall be either seven years (twice renewable for a total of up to 21 years) or ten years fixed, except for AFOLU and GCS projects as defined below and in the VCS program document *GCS Requirements* respectively.

AFOLU Projects

3.9.2 For ALM projects focusing exclusively on reducing N_2O, CH_4 and/or fossil-derived CO_2 emissions, the project crediting period shall be either seven years (twice renewable for a total of 21 years) or ten years fixed.

3.9.3 For all AFOLU projects other than such ALM projects described in 3.9.2, the project crediting period shall be a minimum of 20 years up to a maximum of 100 years, which may be renewed at most four times, with a total project crediting period not to exceed 100 years.

3.9.4 AFOLU projects shall have a credible and robust plan for managing and implementing the project over the project crediting period.

3.9.5 For ARR or IFM extension of rotation age or low-productive to high-productive projects with harvesting, the length of the project crediting period shall be set to include at least one complete harvest/cutting cycle. In the case of selectively cut IFM projects, where trees are individually selected for harvest, the harvest/cutting cycle is the allowable re-entry period into the harvest area as determined by legal and regulatory requirements, and/or common practice.

3.9.6 The earliest project crediting period start date for AFOLU projects shall be 1 January 2002.

Projects Registered under Other GHG Programs

3.9.7 Projects registered under other GHG programs are not eligible for VCU issuance beyond the end of the total project crediting period under those programs. For example, a Clean Development Mechanism (CDM) project with a seven year twice renewable project crediting period is not eligible for VCU issuance beyond the end of those 21 years. Where projects have been registered under more than one other GHG program, they are not eligible for VCU issuance after the date that is the earliest end date of all applicable project crediting periods.

Note – Since the total project crediting period under the Joint Implementation (JI) program is not defined ex-ante, the total project crediting period shall be deemed as 21 years for non-AFOLU JI projects and as 60 years for AFOLU JI projects[6].

Renewal of Project Crediting Period

3.9.8 The following applies with respect to the renewal of the project crediting period under the VCS Program:

   1) A full reassessment of additionality is not required when renewing the project crediting period unless otherwise specified in the methodology. However, regulatory surplus shall be

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[6] Consistent with the UNFCCC's other project-based mechanism, CDM.

demonstrated in accordance with the requirements set out in the VCS Program rules and the project description shall be updated accordingly.

2) The validity of the original baseline scenario shall be demonstrated, or where invalid, a new baseline scenario shall be determined when renewing the project crediting period as follows:

   a) The validity of the original baseline scenario shall be assessed. Such assessment shall include an evaluation of the impact of new relevant national and/or sectoral policies and circumstances on the validity of the baseline scenario.

   b) Where it is determined that the original baseline scenario is still valid, the GHG emissions associated with the original baseline scenario shall be reassessed using the latest version of the *CDM Tool to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period*.

   c) Where it is determined that the original baseline scenario is no longer valid, the current baseline scenario shall be established in accordance with the VCS Program rules.

3) The project description, containing updated information with respect to the baseline, the estimated GHG emission reductions or removals and the monitoring plan, shall be submitted for validation. Such updates shall be based upon the latest approved version of the methodology or its replacement. Where the project does not meet the requirements of the latest approved version of the methodology or its replacement, the project proponent shall select another applicable approved methodology (which may be a new methodology or methodology revision it has had approved via the methodology development and review process), or shall apply a methodology deviation (where a methodology deviation is appropriate). Failing this, the project shall not be eligible for renewal of its project crediting period.

4) The updated project description shall be validated in accordance with the VCS Program rules. In addition, the project shall be validated against the (current) scope of the VCS. Such validation report shall be issued after the end of the (previous) project crediting period but within two years after the end of the (previous) project crediting period.

Additional time is granted for projects to complete such validation where they are switching to a new VCS methodology (*new VCS methodology* in this context has the same meaning as set out in Section 3.8.1) when renewing the project crediting period. Specifically, projects switching to a new VCS methodology and completing such validation within one year of the approval of the methodology by Verra may complete such validation within three years of the end of the (previous) project crediting period.

Where a project crediting period is not renewed within these timelines the project crediting period shall end and the project shall be ineligible for further crediting.

5) The issuance date of the validation report shall not be more than one year prior to the end of the current crediting period.

3.10 Project Scale

Concept

Projects are categorized by size according to their estimated average annual GHG emission reductions or removals. Materiality thresholds differ for projects of different sizes.

Requirements

3.10.1 Project size categorizations are as follows:

1) *Projects*: Less than or equal to 300,000 tonnes of CO_2e per year.

2) *Large projects*: Greater than 300,000 tonnes of CO_2e per year.

3.10.2 Materiality requirements for validation and verification differ according to project size, as set out in Section 4.1.8 below.

3.10.3 Where applying a methodology with scale and/or capacity limits, it shall be demonstrated that the project is not a fragmented part of a larger project or activity that would otherwise exceed such limits. The project shall be considered a fragmented part of a larger project if within one kilometer of the project boundary there exists another project where:

1) The project proponents for both projects are the same.

2) The sectoral scope and project activity for both projects are the same.

3) The other project has been registered under the VCS Program or another GHG program within the previous two years.

3.11 Project Location

Concept

The project location must be provided to accurately describe project characteristics and to demonstrate a project's conformance with other requirements, such as project ownership and regulatory compliance.

Requirements

General

3.11.1 The project location shall be specified in the project description as follows:

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1) Project location for non-AFOLU and non-GCS projects with a single project activity instance shall be specified by a single geodetic coordinate.

2) Where there are multiple project activity instances (see Sections 3.6.4 –3.6.22 for more information on multiple project activities), project location shall be specified according to the following:

   a) A geodetic coordinate shall be provided for each instance and provided in a KML file; or

   b) Where there are a large number of project activity instances (e.g., cookstoves or energy efficient light bulbs), at least one geodetic coordinate shall be provided, together with geodetic polygons to delineate the project's geographic area or areas provided in a KML file , and sufficient additional geographic information (with respect to the location of the instances) to enable evidence gathering by the validation/verification body.

3) Project location for grouped projects shall be specified using geodetic polygons to delineate the project's geographic area or areas (see Section 3.6.10 and 3.6.17 for further information on geographic areas for grouped projects) provided in a KML file, together with sufficient additional geographic information (with respect to the location of the instances) to enable evidence gathering by the validation/verification body.

AFOLU Projects

3.11.2 The spatial extent of the project shall be clearly specified to facilitate accurate monitoring, reporting and verification of GHG emission reductions and removals and to demonstrate that the project meets the eligibility criteria of the relevant project category. The description of the project location shall include the following information:

1) Name of the project area (e.g., compartment number, allotment number and local name).

2) Maps of the project zone.

3) A KML file with geodetic polygons that precisely delineates the project zone of the AFOLU project where net emission reductions and removals occur, in accordance with the following:

   a) Where the project zone is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description.

   b) Grouped projects and non-grouped projects with multiple project activity instances shall provide geodetic polygons showing the boundary of each instance included in the project. Non-contiguous project activity instances shall be reflected in the polygons in the KML file.

   c) KML files shall exclude at the project start:

        i)   Any non-eligible areas (e.g., if a project activity relates to improved crop management, the KML file should only be for the participating croplands and should exclude any surrounding land that may be part of the property), and

        ii)   Areas not part of the project area, as defined by the applied methodology (e.g., roads, water bodies, water ways, settlements).

    4)   Total size of the project zone.

    5)   Details of ownership.

3.11.3   The project area shall not overlap with the project area of another VCS AFOLU project.

3.11.4   The project proponent shall demonstrate control over the entire project area with documentary evidence establishing project ownership, noting the following:

    1)   For non-grouped projects, the entire project area shall be under the control of the project proponent at the time of validation or shall come to be under the control of the project proponent by the first verification event.

    2)   Where the project proponent does not yet have control over the entire area at validation, the entire project area (that shall be specified in accordance with Section 3.11.2) is to be validated as if it were under control and the project is ready to be implemented.

    3)   Where less than 80 percent of the total proposed area of the project is under current control at validation, the following applies:

        a)   It shall be demonstrated that the result of the additionality test is applicable to the project area at the time of validation and to the entire project area to come under control in the future.

        b)   The monitoring plan shall be designed such that it is flexible enough to deal with changes in the size of the project.

        c)   The project shall be verified within five years of validation. At verification, the size of the project becomes fixed.

    4)   Where the area fixed at verification is smaller than intended at validation, areas that at verification have not come under control of the project shall be considered in the leakage management, mitigation, and accounting. This requires the selection, at validation, of a methodology with appropriate leakage methods that may be used in the event the entire area does not come under control of the project.

    5)   WRC projects located in a coastal zone shall consider the impact of expected sea level rise on wetland migration (e.g., the potential for landward expansion of the wetland area) when establishing the project area. Where it is not possible to include the entire area expected to be impacted by landward expansion of the wetland area at validation, coastal WRC projects

may add land to the project area after the first verification to accommodate wetland migration due to sea level rise, following the requirements for a project description deviation as set out in Section 3.20.

3.11.5   WRC projects shall demonstrate that:

1) There is no hydrological connectivity to adjacent (non-project) areas; or

2) It is not possible for hydrologically connected areas to have a negative impact on the hydrology within the project area that could cause a significant increase in GHG emissions; or

3) Where projects are hydrologically connected to adjacent areas that may have a negative impact on the hydrology within the project area, projects shall demonstrate that such impacts will not result in a significant increase in GHG emissions, as follows:

   a) Peatland projects shall establish a WRC buffer zone to ensure that potential negative impacts to the hydrology in the project area, such as causing the water table in the project area to drop or otherwise negatively impacting the hydrology, are mitigated. The WRC buffer zone may be inside or outside the geographic boundary of the project area. Where it is outside of the project area, the WRC buffer zone shall be adjacent to the project geographic boundary and binding water management agreements with land holders in the WRC buffer zone shall be in place by the time of the first verification. WRC buffer zones shall not overlap with another project's area. The size and shape of the WRC buffer zone shall be sufficient to avoid such negative impacts on the project area, which may be demonstrated through peer reviewed literature or expert judgment.

   b) All other wetland projects shall establish a WRC buffer zone as set out in Section 3.11.5(3)(a) above, or implement project activities or establish a mitigation plan to ensure that impacts to the hydrology (e.g., interrupted water or sediment supply) do not result in a significant increase in GHG emissions. Emphasis shall be placed on hydrological connectivity that is immediately adjacent to the project area. Coastal wetlands shall consider hydrological connectivity originating from adjacent lands and shall follow the applied methodology with respect to oceanic impacts. WRC buffer zones shall not overlap with another project's area. Where a project activity to mitigate impacts from hydrological connectivity causes an increase in GHG emissions in the project area or WRC buffer zone, such emissions shall be included in GHG accounting where above *de minimis.*

3.12   Project Boundary

Concept

The project boundary includes the GHG sources, sinks, and reservoirs that are relevant to the project and baseline scenarios. The relevant GHG sources, sinks, and reservoirs that must be included or excluded, or are optional, are set out in the methodology(s) applied by the project.

Requirements

3.12.1 The project boundary shall be described (using diagrams, as required) and GHG sources, sinks, and reservoirs shall be identified and assessed in accordance with the methodology applied to the project. The project shall justify not selecting any relevant GHG source, sink, and reservoir.

3.13 Baseline Scenario

Concept

The baseline scenario represents the activities and GHG emissions that would occur in the absence of the project activity. The baseline scenario must be accurately determined so that an accurate comparison can be made between the GHG emissions that would have occurred under the baseline scenario and the GHG emission reductions and/or removals that were achieved by project activities.

Requirements

3.13.1 The baseline scenario for the project shall be determined in accordance with the requirements set out in the methodology applied to the project, and the choice of baseline scenario shall be justified.

3.13.2 Equivalence in type and level of activity of products or services provided by the project and the baseline scenario shall be demonstrated and, where appropriate, any significant differences between the project and the baseline scenario shall be explained.

3.13.3 In developing the baseline scenario, assumptions, values, and procedures shall be selected that help ensure that net GHG emission reductions and removals are not overestimated.

3.14 Additionality

Concept

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 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.

Requirements

3.14.1 The project shall demonstrate regulatory surplus at validation and each project crediting period

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renewal. Regulatory surplus means that project activities are not mandated by any law, statute, or other regulatory framework, or for UNFCCC non-Annex I countries, any systematically enforced law, statute, or other regulatory framework.

3.14.2 Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project, noting the following exceptions:

1) Where a VCS module using an activity method (see the *VCS Methodology Requirements* for further information on activity methods) is applicable to the project, additionality may be demonstrated using the module in substitution of the additionality requirements set out in the methodology.

   For example, if a module uses an activity method (i.e., positive list) to deem a project activity additional, the project proponent does not have to follow the additionality requirements in the methodology applied to the project and may instead demonstrate additionality by demonstrating that it meets the applicability conditions and any other criteria of the activity method.

   Note that only modules may be used in this way. Where a methodology contains an activity method for additionality, the additionality procedures may not be applied in conjunction with a different methodology.

2) Where the applied methodology was developed under an approved GHG program and uses an activity method or other simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply to the project considering the project characteristics, including the context in which the project activity takes place. Failing this demonstration, the project proponent shall not use the simplified procedure for demonstrating additionality and shall instead use an appropriate additionality assessment method in substitution.

   For example, where a project is developed in the United States and applies a CDM methodology which uses a simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply given that the simplified procedure was originally developed for application in a developing country context.

ODS Projects

3.14.3 The project shall not be mandated by any law, statute or other regulatory framework applying in the host country that was implemented on or before 11 November 2001, or the compliance rate of any such law, statute, or other regulatory framework during (part of) the project crediting period shall be below 50 percent.

3.15 Quantification of GHG Emission Reductions and Removals

Concept

GHG emission reductions and removals achieved by projects are the basis for the volume of VCUs that can be issued. GHG emissions reductions and removals must be quantified in accordance with the applied methodology(s).

Requirements

3.15.1   GHG emission and/or removals shall be estimated for each GHG source, sink, and/or reservoir relevant for the project (including leakage) and the baseline scenarios.

3.15.2   The net GHG emission reductions and removals generated by the project shall be quantified.

3.15.3   Metric tonnes shall be used as the unit of measure and the quantity of each type of GHG shall be converted to tonnes of CO_2 equivalent (CO_2e).

3.15.4   All GHG emission reductions and removals shall be converted to CO_2e using 100-year global warming potential (GWP) values.

For GHG emission reductions and removals occurring on or after 1 January 2021, all ex-ante estimates and ex-post calculations shall be converted to CO_2e using GWP values from the IPCC *Fifth Assessment Report* (AR5).[7] See Table 2 for the GWP values for methane and nitrous oxide established in AR5.[8]

For GHG emission reductions and removals occurring on or before 31 December 2020, all ex-ante estimates and ex-post calculations may be converted to CO_2e using either the GWP values from the *IPCC Fourth Assessment Report* (AR4) or those from AR5.

Projects that complete validation on or before 31 July 2021 may use GWP values from AR4 for ex-ante emission reduction estimates, though such projects shall use GWP values from AR5 for ex-post calculations.

Table 2: Selected GWP values from the IPCC *Fifth Assessment Report*, Table 8.A.1

Eligible GHG	Chemical Formula	100-year GWP value
Carbon dioxide	CO_2	1
Methane	CH_4	28
Nitrous oxide	N_2O	265

AFOLU Projects

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[7] IPCC. 2013. *Fifth Assessment Report*. https://www.ipcc.ch/report/ar5/wg1/
[8] Note that Table 2 is not an exhaustive list of updated GWP values from AR5. For a complete list of updated GWP values, refer to the IPCC *Fifth Assessment Report*, Table 8.A.1.

3.15.5 The potential for leakage shall be identified for AFOLU projects, and projects are encouraged to include leakage management zones as part of the overall project design. Leakage management zones can minimize the displacement of land use activities to areas outside the project area by maintaining the production of goods and services, such as agricultural products, within areas under the control of the project proponent or by addressing the socio-economic factors that drive land use change. Activities to mitigate ecological leakage in WRC projects may include the establishment of a leakage management zone inside the project boundary.

3.15.6 Activities to mitigate leakage and sustainably reduce deforestation and/or forest or wetland degradation are encouraged and may include the establishment of agricultural intensification practices on non-wetlands, lengthened fallow periods, agroforestry and fast-growing woodlots on degraded land, forest under-story farming, ecotourism and other sustainable livelihood activities, sustainable production of non-timber forest products, and/or sustainable aquaculture. Leakage mitigation activities may be supplemented by providing economic opportunities for local communities that encourage forest or wetland protection, such as employment as protected-area guards, training in sustainable forest use or assisting communities in securing markets for sustainable forest products, such as rattan, vanilla, cacao, coffee and natural medicines, or wetland products, such as rattan, fish, and shellfish.

3.15.7 Where projects are required to account for leakage, such leakage evaluation shall be documented in the appropriate section of the project description and/or monitoring report, as applicable.

3.15.8 Market leakage assessments shall occur in accordance with the requirements set out in the applied methodology(s) at validation and verification.

3.15.9 Notwithstanding the requirement set out in Section 3.15.8 above, IFM projects may apply the appropriate market leakage discount factor identified in Table 3 to the net change in carbon stock associated with the activity that reduces timber harvest to determine market leakage.

Table 3: Market Leakage Discount Factors

Project Action	Leakage Risk	Market Leakage Discount Factor
IFM activity with no effect or minimal effect on total timber harvest volumes (e.g., RIL with less than 25% reduction)	None	0%
IFM activity that leads to a shift in harvests across time periods but minimal change in total timber harvest over time (e.g., ERA with rotation extension of 5-10 years)	Low	10%

IFM activity that substantially reduces harvest levels permanently (e.g., RIL activity that reduces timber harvest across the project area, or project that halts logging by at least 25%)	Moderate to High	Conditional upon where timber harvest is likely to be shifted, as follows: • Where the ratio of merchantable biomass to total biomass is higher within the area to which harvesting is displaced compared to the project area, 20% • Where the ratio of merchantable biomass to total biomass is similar within the area to which harvesting is displaced compared to the project area, 40% • Where the ratio of merchantable biomass to total biomass is lower within the area to which harvesting is displaced compared to the project area, 70% • Where the leakage is out of country, 0%

3.15.10 Leakage occurring outside the host country (international leakage) does not need to be quantified.

3.15.11 Projects shall not account for positive leakage (i.e., where GHG emissions decrease, or removals increase, outside the project area due to project activities).

3.15.12 Where the applied methodology(s) does not set out a method to determine whether leakage is *de minimis*, projects may use the process set out in the VCS Program document *VCS Methodology Requirements* or the CDM A/R methodological *Tool for testing significance of GHG Emissions in A/R CDM Project Activities.*

3.15.13 Projects may apply optional default leakage deductions at validation under the following circumstances:

1) Where the applied methodology requires the quantification of activity-shifting leakage, projects may apply the optional default activity-shifting leakage deduction of 15 percent to the gross GHG emission reductions and/or removals.

2) Where the applied methodology requires the quantification of market leakage and where a) timber is a significant9 commodity that is driving deforestation and/or degradation in the baseline scenario and b) the project country is not a leading producer or exporter of forest products as defined by the United Nations Food and Agriculture Organization (FAO)10, projects may apply the optional default market leakage deduction of 10 percent to the gross GHG emission reductions and/or removals.

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9 Defined as contributing to 20 percent or more of baseline emissions.
10 The FAO releases annual listings of countries that are Major Producers of Forest Products (http://www.fao.org/forestry/statistics/80938@180723/en/) and Major Exporters of Forest Products (http://www.fao.org/forestry/statistics/80938@180724/en/).

3.15.14 Projects shall monitor and calculate leakage, in accordance with the applied methodology, for all ex-post accounting (i.e., at each verification), and leakage shall be deducted from the total GHG emission reductions and/or removals of the project. Any leakage shall be subtracted from the number of GHG emission reductions and removals eligible to be issued as VCUs.

3.15.15 The number of GHG credits issued to projects is determined by subtracting out the buffer credits from the net GHG emission reductions or removals (including leakage) associated with the project. The buffer credits are calculated by multiplying the non-permanence risk rating (as determined by the *AFOLU Non-Permanence Risk Tool*) times the change in carbon stocks only. The full rules and procedures with respect to assignment of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

3.16 Monitoring

Concept

The impacts of project activities on relevant emission sources, sinks, and reservoirs must be monitored in order to determine the net GHG benefit. Projects must be monitored in accordance with the applied methodology(s).

Requirements

Data and Parameters

3.16.1 Data and parameters used for the quantification of GHG emission reductions and/or removals shall be provided in accordance with the methodology.

3.16.2 Quality management procedures to manage data and information shall be applied and established. Where applicable, procedures to account for uncertainty in data and parameters shall be applied in accordance with the requirements set out in the methodology.

Monitoring Plan

3.16.3 The project proponent shall establish a GHG information system for obtaining, recording, compiling, and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario.

3.16.4 A monitoring plan for the project that includes roles and responsibilities shall be established.

3.16.5 Where measurement and monitoring equipment is used, the project proponent shall ensure the equipment is calibrated according to the equipment's specifications and/or relevant national or international standards.

3.17 Sustainable Development Contributions

3.17.1 The project proponent shall demonstrate how the project activities, or additional activities

implemented by the project proponent, contribute to sustainable development, as defined by, and tracked against the United Nations Sustainable Development Goals (SDGs). The project proponent shall demonstrate that a project contributes to at least three SDGs by the end of the first monitoring period, and in each subsequent monitoring period.

3.17.2 Projects that complete a verification to the Climate, Community & Biodiversity (CCB) Program or the Sustainable Development Verified Impact Standard (SD VISta) Program at the same time as a VCS Program verification and report contributions to at least three SDGs in the CCB or SD VISta project documentation do not need to conduct a separate demonstration of conformance with the requirements set out in Section 3.17.1.

3.18 Safeguards

Concept

Project activities must not negatively impact the natural environment or local communities. Project proponents must identify and address any negative environmental and socio-economic impacts of project activities, and must engage with local stakeholders during the project development and implementation processes.

Requirements

General

3.18.1 Where projects complete a validation or verification to the CCB or SD VISta Program at the same time as a VCS Program validation or verification, they are not required to conduct a separate demonstration of conformance with the requirements set out in this Section 3.18.

Note – Where a project has previously certified to the CCB or SD VISta Program, but is completing a VCS Program verification without also completing a CCB or SD VISta Program verification for the same verification period, the project proponent shall demonstrate conformance with the requirements set out in this Section 3.18.

No Net Harm

3.18.2 The project proponent shall identify potential negative environmental and socio-economic impacts and shall take steps to mitigate them. Additional certification standards may be applied to demonstrate social and environmental benefits beyond GHG emission reductions or removals (details about labeling with additional certifications are set out in Section 3.23 below).

Local Stakeholder Consultation

3.18.3 The project proponent shall conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. Such consultations allow stakeholders to evaluate impacts, raise concerns about potential negative

impacts, and provide input on the project design.

3.18.4 The project proponent shall establish mechanisms for ongoing communication with local stakeholders to allow stakeholders to raise concerns about potential negative impacts during project implementation.

3.18.5 The project proponent shall take due account of all and any input received during the local stakeholder consultation and through ongoing communications, which means it will need to either update the project design or justify why updates are not appropriate. The project proponent shall demonstrate to the validation/verification body what action it has taken in respect of the local stakeholder consultation as part of validation, and in respect of ongoing communications as part of each subsequent verification.

Public Comment Period

3.18.6 All projects are subject to a 30-day public comment period. The date on which the project is listed on the project pipeline marks the beginning of the project's 30-day public comment period (see the VCS Program document *Registration and Issuance Process* for more information on the VCS project pipeline).

3.18.7 Projects shall remain on the project pipeline for the entirety of their 30-day public comment period.

3.18.8 Any comments shall be submitted through the project's page on the Verra Registry. Respondents shall provide their name, organization, country, and email address. At the end of the public comment period, Verra provides all and any comments received to the project proponent.

3.18.9 The project proponent shall take due account of any and all comments received during the consultation, which means it will need to either update the project design or demonstrate the insignificance or irrelevance of the comment. It shall demonstrate to the validation/verification body what action it has taken.

3.18.10 The Validation/Verification body shall not finalize validation until their 30-day public comment period has ended and the project proponent's responses evaluated.

AFOLU Projects

3.18.11 Where AFOLU project activities do not impact local stakeholders, projects are not required to meet the requirements set out in Sections 3.18.12 – 3.18.20 below. The project proponent shall provide evidence that project activities do not impact local stakeholders at validation and each verification.

Local Stakeholder Identification and Background

3.18.12 The project proponent shall conduct a thorough assessment of the local stakeholders that will be impacted by the project. The project description shall include information on local stakeholders at the start of the project, including:

1) The process(es) used to identify local stakeholders likely impacted by the project and a list of such stakeholders;

2) Identification of any legal or customary tenure/access rights to territories and resources, including collective and/or conflicting rights, held by local stakeholders;

3) A description of the social, economic and cultural diversity within local stakeholder groups and the differences and interactions between the stakeholder groups;

4) Any significant changes in the makeup of local stakeholders over time;

5) The expected changes in well-being and other stakeholder characteristics under the baseline scenario, including changes to ecosystem services identified as important to local stakeholders;

6) The location of communities, local stakeholders and areas outside the project area that are predicted to be impacted by the project; and

7) The location of territories and resources which local stakeholders own or to which they have customary access.

Risks to Local Stakeholders

3.18.13 The project proponent shall identify likely natural and human-induced risks to local stakeholder well-being expected during the project lifetime and outline measures needed to mitigate these risks.

3.18.14 The project proponent shall identify the risks for local stakeholders to participate in the project, including project design and consultation. Risks should include trade-offs with food security, land loss, loss of yields and climate change adaptation. The project shall be designed and implemented to avoid trade-offs and manage the identified risks to local stakeholders.

3.18.15 The project proponent or any other entity involved in project design or implementation shall not be involved in any form of discrimination or sexual harassment.

3.18.16 The management teams involved in the project shall have expertise and prior experience implementing land management and carbon projects with community engagement at the project scale. Where relevant experience is lacking, the project proponent shall either demonstrate how they have partnered with other organizations to support the project or have a recruitment strategy to fill the identified gaps.

Respect for Local Stakeholder Resources

3.18.17 The project proponent shall avoid negative impacts of project implementation and mitigate impacts when unavoidable, including the following:

1) The project proponent shall recognize, respect, and support local stakeholders' property rights and where feasible, take measures to help secure rights. The project shall not

encroach on private, stakeholder or government property or relocate people off their lands without consent. The project may affect property rights if free, prior, and informed consent is obtained from those concerned and a transparent agreement is reached that includes provisions for just and fair compensation. In the event there are any ongoing or unresolved conflicts over property rights, usage or resources, the project shall undertake no activity that could exacerbate the conflict or influence the outcome of an unresolved dispute.

2) To reduce damage to the ecosystems on which the local stakeholders rely:

a) The project shall not introduce any invasive species or allow an invasive species to thrive through project implementation.

b) The project shall justify the use of non-native species over native species, explaining the possible adverse effects of non-native species.

c) The project shall justify the use of fertilizers, chemical pesticides, biological control agents and other inputs used by the project and their possible adverse effects.

Communication and Consultation

3.18.18 The project proponent shall take all appropriate measures to communicate and consult with local stakeholders in an ongoing process for the life of the project. The project proponent shall communicate:

1) The project design and implementation, including the results of monitoring.

2) The risks, costs and benefits the project may bring to local stakeholders.

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

4) The process of VCS Program validation and verification and the validation/verification body's site visit.

3.18.19 The project proponent shall develop a grievance redress procedure to address disputes with local stakeholders that may arise during project planning and implementation, including with regard to benefit sharing. The procedure shall include processes for receiving, hearing, responding and attempting to resolve grievances within a reasonable time period, taking into account culturally-appropriate conflict resolution methods. The procedure and documentation of disputes resolved through the procedure shall be made publicly available. The procedure shall have three stages:

1) The project proponent shall attempt to amicably resolve all grievances and provide a written response to the grievances in a manner that is culturally appropriate.

2) Any grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party.

3) Any grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b) competent courts in the relevant jurisdiction, without prejudice to a party's ability to submit the grievance to a competent supranational adjudicatory body, if any.

3.18.20 All communication and consultation shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. The results of implementation shall be provided in a timely manner and consultation shall be performed prior to design decisions or implementation to allow stakeholders adequate time to respond to the proposed design or action.

3.19 Methodology Deviations

Concept

Projects may deviate from the procedures set out in methodologies in certain cases, where alternative methods may be more efficient for project-specific circumstances, and where the deviation will achieve the same level of accuracy or is more conservative than what is set out in the methodology.

Requirements

3.19.1 Deviations from the applied methodology are permitted where they represent a deviation from the criteria and procedures relating to monitoring or measurement set out in the methodology (i.e., deviations are permitted where they relate to data and parameters available at validation, data and parameters monitored, or the monitoring plan).

3.19.2 Methodology deviations shall not negatively impact the conservativeness of the quantification of GHG emission reductions or removals, except where they result in increased accuracy of such quantification. Deviations relating to any other part of the methodology shall not be permitted.

3.19.3 Methodology deviations shall be permitted at validation or verification and their consequences shall be reported in the validation or verification report, as applicable, and all subsequent verification reports. Methodology deviations are not considered to be precedent setting.

3.20 Project Description Deviations

Concept

Projects may deviate from the validated project description in certain cases in order to accommodate changing circumstances post-validation. Such deviations must be described and assessed by a validation/verification body during the next project verification.

Requirements

3.20.1 Deviations from the project description are permitted at verification, subject to the requirements below.

3.20.2 The procedures for documenting a project description deviation depend on whether the deviation impacts the applicability of the methodology, additionality, or the appropriateness of the baseline scenario. Interpretation of whether the deviation impacts any of these shall be determined consistent with the *CDM Guidelines on assessment of different types of changes from the project activity as described in the registered PDD,* mutatis mutandis. The procedures are as follows:

1) Where the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario, the deviation shall be described and justified in a revised version of the project description. This shall include a description of when the deviation occurred, the reasons for the deviation and how the deviation impacts the applicability of the methodology, additionality and/or the appropriateness of the baseline scenario.

   An example of such a deviation is a change in project capacity where a different baseline scenario would be more plausible, the applied methodology would no longer be applicable, or there would be a significant impact on the investment analysis used by the project to demonstrate additionality. Other examples include changes to the project that might have similar impacts such as the addition of new carbon pools or new types of project activities.

2) Where the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in conformance with the applied methodology, the deviation shall be described and justified in the monitoring report. This shall include a description of when the changes occurred and the reasons for the changes. The deviation shall also be described in all subsequent monitoring reports.

   Examples of such deviations include changes in the procedures for measurement and monitoring, or project design changes that do not have an impact on the applicability of the methodology, additionality, or the appropriateness of the baseline scenario.

3) Project proponents may apply project description deviations for the purpose of switching to a different methodology, where permitted. Where a project switches to a new methodology or methodology version, the project description shall be updated accordingly.

4) A project may switch to a new version of the existing methodology and update its project description accordingly at any point during the crediting or baseline period.

3.20.3 Projects cannot claim additional GHG ERRs in a previously verified monitoring period resulting from a project description deviation.

3.20.4 The deviation shall be assessed by a validation/verification body and the process, findings and conclusions shall be reported in the verification report. The assessment shall determine whether the deviation is appropriately described and justified, and whether the project remains

in conformance with the VCS Program rules. The deviation shall also be reported on in all subsequent verification reports. Where the project description is updated, the updates shall be validated.

3.20.5   Project description deviations are not considered to be precedent-setting.

3.20.6   The validation/verification body assessing the project description deviation shall be accredited for the validation, recognizing that assessment of project description deviations is a validation activity, as further set out in the VCS Program Guide.

3.21   Methodology Grace Periods

Concept

A methodology grace period is the amount of time in which projects may apply a methodology, module or tool that has been revised, newly excluded or becomes inactive. The grace period deadline corresponds with the date the validation report (for registration and crediting period renewal) or verification report (for baseline reassessment) is issued.

Requirements

3.21.1   Grace periods are only granted to projects completing validation that requested listing on the Verra Registry when the prevailing methodology version becomes inactive, or a methodology is excluded from the VCS Program.

3.21.2   Projects that have already been validated can continue to apply the version of the methodology under which they were validated until the next validation, baseline reassessment or crediting period renewal, unless otherwise specified in the revised methodology.

3.21.3   The grace periods for completing validation are set as follows:

1)   Where a methodology is revised, project proponents may apply the prevailing methodology version for up to six months from the approval of the new version, unless otherwise specified on the Verra website.

2)   Where a methodology of an approved GHG program is newly excluded from the VCS Program and replaced by a VCS methodology, project proponents may use the previously accepted methodology of the approved GHG program for up to six months from the approval of the VCS methodology.

3)   Where a previously approved methodology becomes inactive, project proponents may use the methodology version up to six months from the date it becomes inactive unless otherwise specified on the Verra website.

4)   Verra reserves the right to set different grace periods.

3.22   Participation under Other GHG Programs

Concept

Projects may be registered under both the VCS Program and another GHG program (which may be an approved GHG program such as CDM, JI, the Climate Action Reserve, or any other GHG program). The term *GHG program* covers carbon crediting programs, as defined further in the VCS Program document *Program Definitions*. Further requirements relating to potential overlap of projects with other programs and mechanisms such as emission trading programs and the Paris Agreement, and requirements relating to public statements to aid the avoidance of Scope 3 emissions double claiming are set out in Section 3.23 below.

Requirements

General

3.22.1   Project proponents shall not seek credit for the same GHG emission reduction or removal under the VCS Program and another GHG program. Projects issuing GHG credits under both the VCS Program and another GHG program shall also conform with the rules and requirements set out in the VCS Program document *Registration and Issuance Process*.

3.22.2   Projects registered under other GHG programs are not eligible for VCU issuance beyond the end of the total project crediting period under those programs (see Section 3.9.7 for further information).

3.22.3   Projects registered under another GHG program, with activities that are included within the scope of the VCS Program (see Section 2.1), shall only be eligible to complete a gap validation and/or register under the VCS Program where the conditions set out in Appendix 2 are met.

3.22.4   Projects shall not alter their design during the gap validation process, except for projects described in Section 3.22.6.

AFOLU Projects

3.22.5   In addition to the above, AFOLU projects registered under both the VCS Program and another GHG program shall conform with the following:

1)   All and any (VCS) monitoring and verification reports shall state the total amount of credits (GHG credits and, where applicable, buffer credits) issued under the other GHG program.

2)   The project shall prepare a non-permanence risk report in accordance with the VCS Program document AFOLU Non-Permanence Risk Tool and a validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The non-permanence risk analysis shall be based upon the project as a whole, though the buffer withholding shall apply to the net change in carbon stocks for which credits are sought under the VCS Program.

3) Where temporary GHG credits (e.g., temporary certified emission reductions (tCERs) or long-term certified emission reductions (lCERs)) have been issued to the project, VCUs may be issued to the project only in accordance with the rules and requirements set out in the VCS Program document Registration and Issuance Process.

4) Where a loss event or a reversal occurs, the project shall conform with the rules for reporting a loss event and holding/canceling credits set out in Section 3.2.16 and the VCS Program document Registration and Issuance Process. Such reporting, holding, and canceling shall apply to the proportion of credits (GHG credits and buffer credits) granted to date under the VCS Program.

For example, if 50 percent of the total credits (GHG credits and, where applicable, buffer credits) related to the project have been issued under the VCS Program and a loss event results in a reversal of GHG emission reductions or removals achieved, buffer credits would be cancelled to cover 50 percent of the reversal. An example calculation is available on the Verra website.

Approved GHG Programs

3.22.6 For projects registered under the CDM:

1) Multiple CPAs registered under the CDM that have the same project proponent, the same project activity, and occur within 10 km of one another shall register under the VCS as a single project. Such projects shall complete a full *VCS Project Description Template*. A validation/verification body shall undertake a validation of the full project description.

2) Multiple CPAs registered under the CDM that have the same project proponent and project activity may register under the VCS as a single project. Such projects shall complete a full *VCS Project Description Template*. A validation/verification body shall undertake a validation of the full project description.

3) Projects or single CPAs registered under the CDM that register under the VCS as a standalone project shall complete the cover page and sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.12, 1.13, 1.14, 1.15.1, 1.16, 1.17, 1.18 and 3.6 of the *VCS Project Description Template*. A validation/verification body shall undertake a validation of same, which shall be accompanied by a validation representation, to provide a gap validation for the project's conformance with the VCS Program rules.

4) A CPA shall not subdivide into smaller projects or combine subdivided CPAs into one VCS project.

3.22.7 Projects registered under the JI program shall complete a new *VCS Project Description Template* (applying a methodology eligible under the VCS Program). A validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The validation report shall be accompanied by a validation representation.

3.22.8 Projects registered under the Climate Action Reserve shall complete the cover page and

sections 1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.12, 1.13, 1.15.1, 1.16, 1.17, 1.18, 2.1, 2.2, 2.3, 2.4 and 3.6 of the *VCS Project Description Template*. A validation/verification body shall undertake a validation of same, which shall be accompanied by a validation representation, to provide a gap validation for the project's conformance with VCS Program rules.

3.22.9 The approved GHG program validation (or verification, where the approved GHG program does not have a validation step) or VCS validation shall be completed within the relevant validation deadline as set out in Section 3.8. Validation (or verification) is deemed to have been completed when the validation (or verification) report that is submitted to the relevant program to request registration has been issued.

Other GHG Programs

3.22.10 Projects registered under a GHG program that is not an approved GHG program may also register with the VCS Program where a validation or verification report has been issued under such program (by an entity approved under the program to issue such reports). For such projects, the following applies:

1) The project start date shall be on or after 19 November 2007.

2) A new *VCS Project Description Template* shall be completed (using a methodology eligible under the VCS Program) and a validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The validation report shall be accompanied by a validation representation.

3) The validation or verification that is submitted to request registration under the other GHG program shall be completed within the relevant validation deadline set out in Section 3.8. Validation or verification is deemed to have been completed when the validation or verification report that is submitted to the other GHG program to request registration has been issued.

Projects Rejected by Other GHG Programs

3.22.11 Projects rejected by other GHG programs due to procedural or eligibility requirements can be considered under the VCS Program, but the following conditions shall be met:

1) The project description (where the other GHG program has rejected the project before VCS validation) or monitoring report (where the other GHG program has rejected the project after VCS validation) shall clearly state all GHG programs to which the project has applied for registration and the reason(s) for rejection. Such information shall not be deemed as commercially sensitive information.

2) The validation/verification body shall be provided with the rejection document(s), including any additional explanations.

3) The project shall be validated against the VCS Program rules. For projects where the other GHG program has rejected the project after VCS validation, this means a complete revalidation of the project against the VCS Program rules.

3.23   Other Forms of Credit and Supply Chain (Scope 3) Emissions

Concept

To maintain environmental integrity, GHG emission reductions/removals that are issued as VCUs cannot be issued as GHG allowances or other types of GHG credits under an emissions trading program, or as other forms of environmental credit such as renewable energy certificates. Steps must also be taken to aid the avoidance of Scope 3 emissions double-claiming in Scope 3 emissions statements made by organizations in the supply chains of impacted goods and services.[11]

Adherence to specific criteria (including those related to double counting) set out under Paris Agreement Article 6 mechanisms and international Paris-related programs such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is handled via VCU labels.

Requirements

Paris Agreement Article 6 Mechanisms and International Paris-Related Programs

3.23.1   VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments.[12] Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra Registry. See Section 3.24 below for more information about VCU labeling.

3.23.2   VCUs used for voluntary carbon market purposes do not require Paris Agreement Article 6 mechanism and other Paris-related program VCU labels, though labeled VCUs may be used for voluntary market transactions if desired. Note, this applies to all voluntary carbon market transactions globally, including within or between UNFCCC Annex I countries (unless otherwise regulated by those countries).

Emission Trading Programs and Other Binding Limits[13]

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[11] The project proponent shall not be responsible for preventing other companies within the supply chain from reporting the emission reductions or removals represented by the VCUs in their Scope 3 emission statements.

[12] Such requirements are relevant equally to UNFCCC Annex I and non-Annex I countries.

[13] This section covers:

- Emission trading programs such as the European Union Emissions Trading System. Carbon tax programs, including those that include an offsetting mechanism for entities to reduce their tax liability, are not considered emission trading programs.
- Mechanisms that impose binding limits on emissions such as the Kyoto Protocol. Note that with the ending of the Kyoto Protocol in 2020, requirements with respect to the Protocol only apply to pre-2021 VCU vintages.

3.23.3 Where projects reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, evidence shall be provided that the GHG emission reductions or removals generated by the project have not and will not be otherwise counted or used under the program or mechanism. Such evidence may include:

1) A letter from the program operator, designated national authority or other relevant regulatory authority that emissions allowances (or other GHG credits used in the program) equivalent to the reductions or removals generated by the project have been canceled from the program or national cap, as applicable.

2) Evidence of the purchase and cancelation of GHG allowances equivalent to the GHG emissions reductions or removals generated by the project related to the program or national cap.

3) Evidence from the program operator, designated national authority or other relevant regulatory authority stating that the specific GHG emission reductions or removals generated by the project or type of project are not within the scope of the program or national cap.

Other Forms of Environmental Credit

3.23.4 Projects may generate other forms of GHG-related environmental credits, such as renewable energy certificates (RECs), though GHG emission reductions and removals presented for VCU issuance shall not also be recognized as another form of GHG-related environmental credit. The requirements set out in Sections 3.23.5 and 3.23.6 assist Verra in confirming that this requirement has been met at the point of the issuance request (i.e., Verra uses the information disclosed in the project documents to perform its checks).

Therefore, project proponents interested in issuing (sequentially) both VCUs and another GHG-related environmental credit should consider which periods of time they wish to issue one credit or the other. Project proponents should also investigate whether such other GHG-related environmental credits can be canceled from the relevant program in case such credits have already been issued for periods where the project proponent wishes to issue VCUs. Note that additional requirements regarding evidence that no double issuance has occurred are set out in the VCS Program document *Registration and Issuance Process*.

3.23.5 Where projects have sought or received another form of GHG-related environmental credit, the following information shall be provided to the validation/verification body:

1) Name and contact information of the relevant environmental credit program.

2) Details of the project as registered under the environmental credit program (e.g., project title and identification number as listed under the program).

3) Monitoring periods for which GHG-related environmental credits were sought or received under the environmental credit program.

4) Details of all GHG-related environmental credits sought or received under the environmental credit program (e.g., volumes and serial numbers).

3.23.6 Where projects are eligible to participate under one or more programs to create another form of GHG-related environmental credit, but are not currently doing so, a list of such programs shall be provided to the validation/verification body.

Note – The requirements set out in Section 3.23.5 and 3.23.6 do not apply to non-GHG related environmental credits, such as water or biodiversity credits.

Supply Chain (Scope 3) Emissions

3.23.7 Where a project's GHG emission reductions or removals are in a supply chain (see the VCS Program document *VCS Program Definitions* for the definition of supply chain), and the producer(s) or retailer(s) of the impacted goods or services are involved in the project, the project proponent shall require the producer(s) or retailer(s)[14] to post a public statement on their website. The statement shall say: "VCUs may be issued for the greenhouse gas emission reductions and removals associated with [organization name(s)] [name of good or service]." The public statement shall be issued at the project's start date and remain posted for the project crediting period.

3.23.8 Where a project's GHG emission reductions or removals are in a supply chain, and the producer(s) or retailer(s) of the impacted good or service are unknown, not involved in the project or do not have a website, the project proponent shall post a public statement on their website. The statement shall say: "VCUs may be issued for the greenhouse gas emission reductions and removals associated with [name of good or service] [describe the region or location, including organization name(s), where practicable]." The public statement shall be issued at the project's start date and remain posted for the project crediting period.

3.23.9 Where the producer(s) or retailer(s) of the impacted good or service are known but not involved in the project or do not have a website, the project proponent shall notify them of the project and potential risk of Scope 3 emissions double claiming via email.

3.24 VCU Labels

Concept

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[14] Whether the producer or retailer should make the statement depends on the project type. For example, in a clean cookstove project, the retailer of the stove should make the public statement, not the stove owner. In an improved agricultural land management project, the statement could be made by the farm(s) implementing the project activity and selling the associated crops, cooperative working with the impacted farm(s) or the crop aggregator.

VCU labels may be applied to designate that a particular VCU has met the requirements of another certification or is eligible or approved for use in a national, sectoral, or investor-specific market.

Requirements

3.24.1   Where a VCU vintage period is entirely within the time period for which the requirements of a qualifying certification have been met, or the eligibility or approval is valid, VCUs from that period may be labeled.

3.24.2   Where the period of a qualifying certification entirely encompasses a VCS project's lifetime or monitoring period, the qualifying certification may be referred to as evidence for meeting relevant requirements of the VCS Program in a project description or monitoring report (respectively).[15]

3.24.3   A VCU label does not represent ownership of the benefits or outcomes generated by the project to fulfil the requirements of any other standard or criteria.

3.24.4   See the VCS Program document *Registration and Issuance Process* for details on label application. The Verra website provides the list of current VCU labels and the procedure for attaining such VCU labels.

3.25   Records and Information

Concept

The project proponent must make relevant information available to the validation/verification body during validation and each verification and must retain documents and records related to the project for future reference.

Requirements

Records Relating to the Project

3.25.1   The project proponent shall ensure that all documents and records are kept in a secure and retrievable manner for at least two years after the end of the project crediting period.

Information for the Validation/Verification Body

3.25.2   For validation, the project proponent shall make available to the validation/verification body the project description, evidence of project ownership and any requested supporting information and data needed to support statements and data in the project description and evidence of project ownership.

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[15] Project proponents are not prohibited from transferring ownership of the benefits or outcomes generated by the project to fulfil the requirements of another standard or program to the credit buyer. Any transfer of ownership falls outside the scope of the VCS Program and therefore carries no assurances.

3.25.3 For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to support statements and data in the monitoring report.

4 VALIDATION AND VERIFICATION REQUIREMENTS

This section sets out the rules and requirements for validation and verification of projects under the VCS Program. Validation/verification bodies must assess projects' conformance with the VCS Program rules and the applied methodology. Validation/verification bodies must be approved under the VCS Program as set out in the *VCS Program Guide*.

4.1 Introduction and General Requirements

Concept

Validation is the independent assessment of the project by a validation/verification body that determines whether the project and its GHG statement conforms with the VCS Program rules and evaluates the reasonableness of assumptions, limitations, and methods that support a claim about the outcome of future activities. Verification is the periodic ex-post independent assessment by a validation/verification body of the project and its GHG statement of emission reductions and removals that have occurred as a result of the project during the monitoring period. Verification is based on historical data and information to determine whether the claim is materially correct, conforms with specified requirements and is conducted in accordance with the VCS Program rules.

Requirements

General

4.1.1 Validation and verification is a risk-based process and shall be carried out in conformance with *ISO 14064-3* and *ISO 14065*. Additional requirements with respect to validation and verification are set out in this Section 4 and shall be adhered to.

4.1.2 The validation/verification body shall gather evidence to:

1) Validate a project to determine conformance with the VCS Program rules and evaluate the reasonableness of assumptions, limitations, and methods that support a statement about the outcome of future activities, and/or;

2) Verify a statement of historical data and information of a project to a reasonable level of assurance and ensure that the project meets the relevant materiality requirements.

4.1.3 The project shall be validated, and GHG statements of emission reductions or removals verified, by a validation/verification body that meets with the eligibility requirements set out in the *VCS Program Guide*.

4.1.4 Validation and verification of the project may be undertaken by the same validation/verification

body, noting the rules on rotation of validation/verification bodies set out in Section 4.1.23 below. Validation may occur before the first verification or at the same time as the first verification.

4.1.5   The validation/verification body shall ensure that the project is listed on the project pipeline with a status of *under validation* before the opening meeting with the project proponent, such opening meeting representing the beginning of the validation process. Further, validation shall not begin until the 30-day public comment period has begun, and the validation/verification body shall not complete validation until after the 30-day public comment period has ended.

4.1.6   Where the project applies a methodology from an approved GHG program that does not have an independent validation step the project shall be validated in accordance with the VCS Program rules.

4.1.7   Validation/verification bodies are expected to follow the guidance provided in the *VCS Validation and Verification Manual* when validating or verifying projects and conducting methodology assessments under the VCS Program.

Validation and Verification Process

4.1.8   In addition to the requirements set out in *ISO 14064-3:2019*, the following shall apply:

1)   The level of assurance for verifications shall be reasonable, with respect to material errors, omissions, and misrepresentations.

2)   The criteria for validation shall be the *VCS Version 4*, or approved GHG program where the validation is performed under an approved GHG program (as in cases of participation under the VCS Program and an approved GHG program). The criteria for verification shall be the *VCS Version 4* (regardless of the VCS version or GHG program under which the project was validated). This means the validation or verification shall ensure conformance of the project with the VCS Program rules, or rules and requirements of the approved GHG program, as applicable.

3)   The objective of validation or verification shall be in conformance with the VCS Program rules and the methodology applied to the project.

4)   The threshold for materiality with respect to the aggregate of errors, omissions, and misrepresentations relative to the total reported GHG emission reductions and/or removals shall be five percent for projects and one percent for large projects.

4.1.9   A site visit that includes a visit to facilities and/or project areas shall be conducted at validation. Such a site visit shall be conduct at verification under the following circumstances:

1)   The first verification of the project after validation;

2)   Verification of project baseline reassessments; and

3) Verifications that assess a project description deviation where the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario.

4.1.10 Where a site visit to facilities and/or project areas is not required under Section 4.1.9, the validation/verification body shall identify whether a site visit is needed based on an independent risk assessment. Such risk assessment shall identify the risk of a material misstatement or nonconformity with the audit criteria. Where it is determined that no site visit is required, the validation/verification body shall justify and document the rationale for the decision.

4.1.11 Evaluation of the project's stakeholder engagement shall be done in a culturally appropriate manner, and individual stakeholders and/or stakeholder groups to be interviewed shall be selected by the validation/verification body's auditor team independently and, to the extent possible, in advance of the site visit. Validation/verification bodies shall plan and conduct interviews in a manner that demonstrates that the stakeholder interviews are free from bias or influence from the project proponent.

4.1.12 Where the project does not fully conform with the methodology, the validation/verification body shall determine whether this represents a methodology deviation or a methodology revision (in accordance with the specifications for each), and the case shall be handled accordingly.

4.1.13 Where the project applies a revision to an approved GHG program methodology and the version of the (underlying) methodology referenced by the methodology revision is no longer current, the validation/verification body shall determine whether material changes have occurred to the underlying methodology that affect the integrity of the methodology revision. Where such material changes have occurred, the project shall not be approved.

4.1.14 Where the project does not meet the criteria for validation or verification, the validation/verification body shall produce a negative validation opinion and provide the validation or verification report and project description, or monitoring report, to Verra. The project shall be ineligible for registration until such time as corrective action is taken and the same validation/verification body has provided a positive validation or verification.

Competence

4.1.15 The validation/verification body and validation and verification team shall meet the competence requirements set out in *ISO 14065*.

Validation and Verification Reporting

4.1.16 The validation report describes the validation process, any findings raised during validation and their resolution, and the opinion reached by the validation/verification body on the GHG statement in the project design document and/or monitoring report. The validation/verification body shall use the *VCS Validation Report Template,* an approved combined validation report template available on the Verra website, or an approved GHG program validation report

template where the project is registered under an approved GHG program, as appropriate, and adhere to all instructional text within the template. The validation report shall be accompanied by a validation representation, which shall be prepared using the *VCS Validation Deed of Representation Template*.

4.1.17   The verification report describes the verification process, any findings raised during verification and their resolutions, and the opinion reached by the validation/verification body. The validation/verification body shall use the *VCS Verification Report Template,* or an approved combined verification report template available on the Verra website, and adhere to all instructional text within the template. The verification report shall be accompanied by a verification representation, which shall be prepared using the *VCS Verification Deed of Representation Template*.

4.1.18   The verification report shall specify the number of GHG emission reductions or removals generated in each calendar year of the monitoring period.

Validation and Verification Opinion

4.1.19   The validation report and the verification report shall contain a validation opinion and a verification opinion, respectively.

4.1.20   Validation and verification opinions shall:

1) State the date of the opinion.

2) State the name of project; the GHG statement subject to validation or verification, including the date and period it covers, and that the GHG statement is the responsibility of the project proponent(s).

3) Identify the objectives, scope and criteria used to compile and assess the GHG statement.

4) Describe whether the data and information supporting the GHG statement were hypothetical, projected and/or historical in nature.

5) Include the validation/verification body's conclusion on the GHG statement. Adverse, disclaimed, modified, or qualified opinions shall include a description of the reason(s) for the opinion, placed before the validation/verification body's conclusion.

6) Describe the verification body's conclusion including level of assurance.

7) For validation conclusions of the GHG statement of forecast of future emission reductions/removals, the GHG opinion shall explain that actual results may differ from the forecast as the estimate is based on assumptions that may change in the future.

8) International Accreditation Forum accreditation body approved validation/verification body opinions shall include a declaration that the validation and/or verification of the GHG

statement was conducted in accordance with ISO 14064-3. The applicable ISO version shall be included (e.g., ISO 14064-3; 2019).

9) For AFOLU projects, state the version number of the non-permanence risk report or market leakage evaluation documentation upon which the opinion is based.

4.1.21 Verification opinions shall state the volume of GHG emission reductions or removals generated during the monitoring period that have been verified. For AFOLU projects, the verification opinion shall also include the non-permanence risk rating, leakage emissions and number of GHG emission reductions or removals eligible to be issued as VCUs.

Records of Validation and Verification

4.1.22 The validation/verification body shall keep all documents and records in a secure and retrievable manner for at least two years after the end of the project crediting period, even where they do not conduct verification for the whole project crediting period.

Rotation of Validation/Verification Bodies

4.1.23 Rotation of validation/verification bodies is required in respect of validation and verification, as follows:

1) Validation (including project crediting period renewal validation) and the first verification of a project (in a given project crediting period) may be undertaken by the same validation/verification body. However, the subsequent verification shall be undertaken by a different validation/verification body. For example, if validation and verification were undertaken at the same time, the subsequent verification would have to be undertaken by a different validation/verification body. If validation were undertaken first (i.e., separately), the first verification could be undertaken by the same validation/verification body, but the subsequent verification would have to be undertaken by a different validation/verification body.

    Note – The gap validation of a project registered under an approved GHG program may be disregarded when assessing adherence to these requirements.

2) A validation/verification body shall not verify more than six consecutive years of a project's GHG emission reductions or removals. The validation/verification body may undertake further verification for the project only when at least three years of the project's GHG emission reductions or removals have been verified by a different validation/verification body. Additionally, where a validation/verification body verifies the final six consecutive years of a project crediting period, the project crediting period renewal validation shall be undertaken by a different validation/verification body. Notwithstanding these rules, where AFOLU projects have verification periods longer than six years, a validation/verification body is permitted to verify more than six consecutive years of a project's GHG emission reductions or removals, and the subsequent verification shall be undertaken by a different validation/verification body.

Note – Validations and verifications performed under other GHG programs shall be counted when assessing adherence to these requirements.

Validation and Verification Requirements for Grouped Projects

4.1.24   Validation and verification of grouped projects shall assess conformance of the project with the requirements for grouped projects set out in the VCS Program rules.

4.1.25   New project activity instances shall be validated, based on the information reported in the monitoring report, against the applicable set of eligibility criteria. The validation/verification body shall specify which instances meet the eligibility criteria for inclusion in the project. Such validation may be reported in the verification report or a separate validation report.

4.1.26   Where, due to the number of project activity instances, it is unreasonable to undertake an individual assessment of each initial or new instance, the validation/verification body shall document and explain the evidence gathering methods employed for the validation of such instances. Such evidence gathering methods shall be statistically sound. The number of instances included in the project, eligible for monitoring and generation of VCUs shall be proportional to the percentage of sampled instances found to be in conformance by the validation/verification body.

4.1.27   The verification report for grouped projects shall document and explain the evidence gathering methods employed by the validation/verification body for the verification of the GHG statement of emission reductions or removals generated by the project. Such methods shall be statistically sound. Any subsequent changes to the evidence gathering method(s) required as a result of the verification findings shall be documented.

Non-Permanence Risk Analysis and Market Leakage Evaluations for AFOLU Projects

4.1.28   Non-Permanence risk analysis and market leakage evaluations shall be assessed by the validation/verification body in accordance with the VCS Program rules.

4.1.29   The validation/verification body shall assess the risk analysis carried out by the project proponent in accordance with the VCS Program documents A*FOLU Non-Permanence Risk Tool* and *GCS Non-Permanence Risk Tool*. The project proponent shall respond to all and any of the validation/verification body's findings. As a result of any such findings, the project proponent shall amend the documentation as necessary and update the risk rating accordingly.

APPENDIX 1 ELIGIBLE AFOLU PROJECT CATEGORIES

This appendix defines the types of activities that are included within each AFOLU project category and is intended to aid project proponents in determining which type of methodology may be applicable to their AFOLU project activity(s). As set out in Section 3.2 above, AFOLU projects must apply a methodology eligible under the VCS Program.

Additional information about the eligible activities and specific GHG sources, sinks and reservoirs that must be included in methodologies developed under the VCS Program for each eligible AFOLU project category is available in the VCS Program document *VCS Methodology Requirements*.

Afforestation, Reforestation and Revegetation (ARR)

A1.1   Eligible ARR activities are those that increase carbon sequestration and/or reduce GHG emissions by establishing, increasing, or restoring vegetative cover (forest or non-forest) through the planting, sowing, or human-assisted natural regeneration of woody vegetation. Eligible ARR projects may include timber harvesting in their management plan. The project area shall not be cleared of native ecosystems within the 10-year period prior to the project start date, as set out in Section 3.2.4.

Note – Activities which improve forest management practices such as enrichment planting and liberation thinning are categorized as IFM project activities.

Agricultural Land Management (ALM)

A1.2   Eligible ALM activities are those that reduce net GHG emissions on croplands and grasslands by increasing carbon stocks in soils and woody biomass and/or decreasing CO_2, N_2O and/or CH_4 emissions from soils. The project area shall not be cleared of native ecosystems within the 10-year period prior to the project start date. Eligible ALM activities include:

1)   Improved Cropland Management (ICM): This category includes practices that demonstrably reduce net GHG emissions of cropland systems by increasing soil carbon stocks, reducing soil N_2O emissions, and/or reducing CH_4 emissions.

2)   Improved Grassland Management (IGM): This category includes practices that demonstrably reduce net GHG emissions of grassland ecosystems by increasing soil carbon stocks, reducing N_2O emissions and/or reducing CH_4 emissions.

3)   Cropland and Grassland Land-use Conversions (CGLC): This category includes practices that convert cropland to grassland or grassland to cropland and reduce net GHG emissions by increasing carbon stocks, reducing N_2O emissions, and/or reducing CH_4 emissions.

Note – Project activities relating to manure management are eligible under sectoral scope 15 (livestock, enteric fermentation, and manure management), not sectoral scope 14 (AFOLU).

Improved Forest Management (IFM)

A1.3   Eligible IFM activities are those that increase carbon sequestration and/or reduce GHG emissions on forest lands managed for wood products such as sawtimber, pulpwood and fuelwood by increasing biomass carbon stocks through improving forest management practices. The baseline and project scenarios for the project area shall qualify as forests remaining as forests, such as set out in the *2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories*, and the project area shall be designated, sanctioned or approved for wood product management by a national or local regulatory body (e.g., as logging concessions or plantations).

A1.4   Various sanctioned forest management activities may be changed to increase carbon stocks and/or reduce emissions, but only a subset of these activities make a measurable difference to the long-term increase in net GHG emissions compared to the baseline scenario. Eligible IFM activities include:

1)   Reduced Impact Logging (RIL): This category includes practices that reduce net GHG emissions by switching from conventional logging to RIL during timber harvesting.

2)   Logged to Protected Forest (LtPF): This category includes practices that reduce net GHG emissions by converting logged forests to protected forests. By eliminating harvesting for timber, biomass carbon stocks are protected and can increase as the forest re-grows and/or continues to grow. Harvesting of trees to advance conservation purposes (e.g., the removal of diseased trees) may continue in the project scenario.

3)   Extended Rotation Age / Cutting Cycle (ERA): This category includes practices that reduce net GHG emissions of evenly aged managed forests by extending the rotation age or cutting cycle and increasing carbon stocks.

4)   Low-Productive to High-Productive Forest (LtHP): This category includes practices that increase carbon sequestration by converting low-productivity forests to high-productivity forests. Note - Activities that reduce GHG emissions from unsanctioned forest degradation (e.g., illegal logging) are considered REDD activities. Activities that degrade wetlands to increase forest production are not eligible.

Reduced Emissions from Deforestation and Degradation (REDD)

A1.5   Eligible REDD activities are those that reduce net GHG emissions by reducing deforestation and/or degradation of forests. Deforestation is the direct, human-induced conversion of forest land to non-forest land. Degradation is the persistent reduction of canopy cover and/or carbon stocks in a forest due to human activities such as animal grazing, fuelwood extraction, timber removal or other such activities, but which does not result in the conversion of forest to non-

forest land (which would be classified as deforestation), and qualifies as *forests remaining as forests*, such as set out under the *IPCC 2003 Good Practice Guidance*. The project area shall meet an internationally accepted definition of forest, such as those based on UNFCCC host-country thresholds or FAO definitions, and shall qualify as forest for a minimum of 10 years before the project start date. The definition of forest may include mature forests, secondary forests, and degraded forests. Under the VCS Program, secondary forests are considered to be forests that have been cleared and have recovered naturally and that are at least 10 years old and meet the lower bound of the forest threshold parameters at the start of the project. Forested wetlands, such as floodplain forests, peatland forests and mangrove forests, are also eligible provided they meet the forest definition requirements mentioned above.

A1.6   Activities covered under the REDD project category are those that are designed to stop planned (designated and sanctioned) deforestation or unplanned (unsanctioned) deforestation and/or degradation. Avoided planned degradation is classified as IFM.

A1.7   Activities that stop unsanctioned deforestation and/or illegal degradation (such as removal of fuelwood or timber extracted by non-concessionaires) on lands that are legally sanctioned for timber production are eligible as REDD activities. However, activities that reduce or stop logging only, followed by protection, on forest lands legally designated or sanctioned for forestry activities are included within IFM. Projects that include both avoided unplanned deforestation and/or degradation as well as stopping sanctioned logging activities, shall follow the REDD guidelines for the unplanned deforestation and/or degradation and the IFM guidelines for the sanctioned logging activities, and shall follow the requirements set out in Section 3.6.2.

A1.8   Eligible REDD activities include:

1)   Avoiding Planned Deforestation and/or Degradation (APDD): This category includes activities that reduce net GHG emissions by stopping or reducing deforestation or degradation on forest lands that are legally authorized and documented for conversion.

2)   Avoiding Unplanned Deforestation and/or Degradation (AUDD): This category includes activities that reduce net GHG emissions by stopping deforestation and/or degradation of degraded to mature forests that would have occurred in any forest configuration.

Avoided Conversion of Grasslands and Shrublands (ACoGS)

A1.9   Eligible ACoGS activities are those that reduce net GHG emissions by reducing the conversion of grassland and shrubland ecosystems to other land uses with lower carbon densities. Eligible avoided conversion activities include avoiding, at a minimum, the removal/replacement of vegetation and may also include avoiding soil disturbance.

A1.10   The project area shall be native grasslands (including savanna) and/or shrublands (including chaparral). Non-forested wetlands, including peatlands, are not eligible under ACoGS and are covered under other AFOLU project categories.

A1.11   Activities covered under the ACoGS project category are those that are designed to stop planned (designated and sanctioned) conversion or unplanned (unsanctioned) conversion on public or private lands. This category type only includes avoided conversion of non-forested lands, noting that other management activities on non-forested land may qualify under ALM or ARR project categories.

A1.12   Eligible ACoGS activities include:

1) Avoiding Planned Conversion (APC): This category includes activities that reduce net GHG emissions by stopping conversion of grasslands or shrublands that are legally authorized and documented for conversion.

2) Avoiding Unplanned Conversion (AUC): This category includes activities that reduce net GHG emissions by stopping unplanned conversion of grasslands or shrublands.

Wetlands Restoration and Conservation (WRC)

A1.13   Eligible WRC activities are those that increase net GHG removals by restoring wetland ecosystems or that reduce GHG emissions by rewetting or avoiding the degradation of wetlands. The project area shall meet an internationally accepted definition of wetland, such as from the IPCC, Ramsar Convention on Wetlands, those established by law or national policy, or those with broad agreement in the peer-reviewed scientific literature for specific countries or types of wetlands. Common wetland types include peatland, salt marsh, tidal freshwater marsh, mangroves, wet floodplain forests, prairie potholes and seagrass meadows. WRC activities may be combined with other AFOLU project categories, as further explained in Section A1.16.

A1.14   A peatland is an area with a layer of naturally accumulated organic material (peat) at the surface (excluding the plant layer). Common peatland types include peat swamp forest, mire, bog, fen, moor, muskeg and pocosin. Rewetting of drained peatland and the conservation of undrained or partially drained peatland are sub-categories of restoring wetland ecosystems and conservation of intact wetlands, respectively[16].

A1.15   Activities that generate net reductions of GHG emissions from wetlands are eligible as WRC projects or combined category projects (such as REDD on peatland). Activities that actively lower the water table depth in wetlands are not eligible. Eligible WRC activities include:

1) Restoring Wetland Ecosystems (RWE): This category includes activities that reduce GHG emissions or increase carbon sequestration in a degraded wetland through restoration activities. Such activities include enhancing, creating and/or managing hydrological conditions, sediment supply, salinity characteristics, water quality and/or native plant communities. For the purpose of these requirements, restoration activities are those that

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[16] These categories existed as rewetting drained peatlands (RDP) and conservation of undrained and partially drained peatlands (CUPP) in the *AFOLU Requirements* v3.2.

result in the reestablishment of ecological processes, functions, and biotic and/or abiotic linkages that lead to persistent, resilient systems integrated within the landscape.

2) <u>Conservation of Intact Wetlands (CIW)</u>: This category includes activities that reduce GHG emissions by avoiding degradation and/or the conversion of wetlands that are intact or partially altered while still maintaining their natural functions, including hydrological conditions, sediment supply, salinity characteristics, water quality and/or native plant communities.

Wetland degradation or conversion can be planned (designated and sanctioned) or unplanned (unsanctioned). Planned and unplanned degradation or conversion of wetlands can therefore encompass a wide variety of activities such as those listed under REDD while adding a wetland component. Activities covered under the CIW project category are those that are designed to stop or reduce planned or unplanned degradation or conversion in the project area to other land uses. The following CIW activities are eligible:

a) <u>Avoiding Planned Wetland Degradation (APWD)</u>: This activity reduces GHG emissions by avoiding degradation of wetlands, or further degradation in partially drained wetlands that are legally authorized and documented for conversion.

b) <u>Avoiding Unplanned Wetland Degradation (AUWD)</u>: This activity reduces GHG emissions by avoiding unplanned degradation of wetlands, or by avoiding further degradation in partially degraded wetlands.

Note – Activities where drainage is continued or maintained are not eligible. This includes, for example, projects that require the maintenance of drainage channels to maintain the pre-project drainage level on a partially drained peatland (e.g., where periodic deepening may be needed to counteract peat subsidence). Projects that allow selective harvesting that results in a lowering of the water table depth (e.g., by extracting timber using drainage canals) or affects the ability of vegetation to act as a major hydrological regulation device (e.g., extracting trees which support the peat body) are also not eligible. Project activities may include selective harvesting where harvesting does not lower the water table, for example by extracting timber using wooden rails instead of drainage canals.

A1.16 Activities that generate net GHG emission reductions by combining other AFOLU project activities with wetlands restoration or conservation activities are eligible as WRC combined projects. RWE may be implemented without further conversion of land use, or it may be combined with ARR, ALM, IFM, REDD or ACoGS activities, referred to as ARR+RWE, ALM+RWE, IFM+RWE, REDD+RWE or ACoGS+RWE, respectively. CIW may be implemented on non-forest land or combined with IFM, REDD or ACoGS activities, referred to as IFM+CIW, REDD+CIW or ACoGS+CIW, respectively.

Table 4 illustrates the types of WRC activities that may be combined with other AFOLU project categories. The table identifies the applicable AFOLU requirements that shall be followed for combined category projects, based on the condition of the wetland in the baseline scenario, the land use in the baseline scenario and the project activity.

Table 4: Eligible WRC Combined Category Projects

Baseline Scenario		Project Activity	Applicable Guidance
Condition	Land Use		
Degraded wetland (including, drained, impounded, and with interrupted sediment supply)	Non-forest (including aquacultures, grasslands and shrublands)	Restoration of wetlands*	RWE
		Restoration of wetlands* and revegetation or conversion to forest	ARR+RWE
		Restoration of wetlands* and conversion to wetland agriculture (including paludiculture)	ALM+RWE
		Restoration of wetlands* and avoided conversion of grasslands or shrublands	ACoGS+RWE
	Forest	Restoration of wetlands*	RWE
	Forest with deforestation/ degradation	Restoration of wetlands* and avoided deforestation/degradation	REDD+RWE
	Forest managed for wood products	Restoration of wetlands* and improved forest management	IFM+RWE
Non-wetland or open water	Non-forest	Creation of wetland conditions and afforestation, reforestation, or revegetation	ARR+RWE
	Open water or impounded wetland	Creation or restoration of conditions for vegetation development and afforestation, reforestation or revegetation	ARR+RWE
Intact wetland	Non-forest (including grasslands and shrublands)	Avoided drainage and/or interrupted sediment supply	CIW
		Avoided conversion to open water or impounded wetland (including excavation to create fish ponds)	CIW
		Avoided drainage and/or interrupted sediment supply and avoided conversion of grasslands and Shrublands	ACoGS+CIW
	Forest	Avoided drainage and/or interrupted sediment supply	CIW

		Avoided conversion to open water or impounded wetland	CIW
	Forest with deforestation/ degradation	Avoided drainage and/or interrupted sediment supply and avoided deforestation/degradation	REDD+CIW
		Avoided conversion to open water or impounded wetland and avoided deforestation/degradation	REDD+CIW
	Forest managed for wood products	Avoided drainage and/or interrupted sediment supply and improved forest management	IFM+CIW

Restoration of wetlands includes all the activities set out in Section A1.15.

A1.17   Combined category projects shall use the relevant WRC requirements and the respective AFOLU project category requirements for quantifying GHG emissions/removals unless the former may be deemed *de minimis* or conservatively excluded.

APPENDIX 2 ELIGIBILITY CONDITIONS FOR PROJECTS AND CPAS SEEKING VCS REGISTRATION

This appendix defines the eligibility conditions (effective dates) for projects and Component Project Activities (CPAs) registered under another GHG program, with activities included within the scope of the VCS Program (Section 2.1), seeking to register under the VCS Program. These conditions remain unchanged from the 22 April 2021 update to the *VCS Standard* (see Appendix 3 Document History). These conditions are copied to this appendix for greater ease of use.

Standalone projects seeking registration under the VCS Program

Projects registered under another GHG program, with activities that are included within the scope of the VCS Program (see Section 2.1), shall only be eligible to complete a gap validation and/or register under the VCS Program where the following applies:[17]

A2.1   For a project that does not include afforestation and/or reforestation activities:

1) The project must have an original project crediting period start date on or after 1 January 2016 with another GHG program; or

2) Where the project has an original project crediting period start date from 1 January 2013 to 31 December 2015, the project must have issued credits during the period 1 January 2016 to 5 March 2021 or must have a status of "issuance requested" on the relevant GHG program registry by 5 March 2021.

A2.2   For a project with afforestation and/or reforestation activities, the project must have been registered under another GHG program on or after 1 January 2013.

Further, the following applies with respect to vintages:[18]

A2.3   For a project that does not include afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2016 are eligible for VCU issuance.

A2.4   For a project with afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2013 are eligible for VCU issuance.

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[17] A project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021.

[18] Similarly, a project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021.

CDM CPAs seeking registration under the VCS Program

CDM CPAs with activities that are included within the scope of the VCS Program (see Section 2.1), shall only be eligible to complete a gap validation and/or register under the VCS Program where the following applies:[19]

A2.5   For a CPA that does not include afforestation and/or reforestation activities:

1) The CPA must be part of a Program of Activities (PoA) with an original program crediting period start date on or after 1 January 2016; or

2) Where the CPA is part of a Program of Activities (PoA) with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date from 1 January 2013 to 31 December 2015, the CPA must have issued credits during the period 1 January 2016 to 5 March 2021, or must have a status of "issuance requested" by 5 March 2021; or

3) Where the CPA is part of a PoA with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date on or after 1 January 2016, no prior credit issuance is required.

A2.6   For a CPA with afforestation and/or reforestation activities, the CPA must be part of a PoA that was registered on or after 1 January 2013.

Further, the following applies with respect to vintages:[20]

A2.7   For a CPA that does not include afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2016 are eligible for VCU issuance.

A2.8   For a CPA with afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2013 are eligible for VCU issuance.

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[19] A project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021 can use the previous requirements

[20] Similarly, a project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021 and can use the previous requirements.

APPENDIX 3 DOCUMENT HISTORY AND EFFECTIVE DATES

Version	Date	Comment
v4.0	Released: 19 Sep 2019 Updated: 9 Mar 2020	Initial version released under *VCS Version 4*, with immediate effect except for the following: For project activities that were eligible under *VCS Version 3*, but are now excluded from the scope of the VCS Program (Section 2.1): **Updated on 9 March 2020** to revise the effective dates for projects registered with an approved GHG Program. New text is shown in red and deleted text is shown in strikethrough, below. 1) Registered VCS projects and projects that request registration with the VCS Program on or before 31 December 2019 remain eligible under the VCS Program for the entirety of their crediting periods. 2) Grouped projects registered under the VCS Program shall be prohibited from adding new project activity instances of the newly excluded project types on or after 1 January 2020; verification reports dated on or after 1 January 2020 shall not be accepted where they include the validation of such new project activity instances. 3) Projects registered under an approved GHG program shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the project has applied for registration with the VCS Program ~~approved GHG program~~ on or before 9 March 2020 ~~31 December 2019~~, unless evidence of contracting for a VCS gap validation prior to 9 March 2020 is provided. 4) GHG credits issued under an approved GHG program shall only be eligible to be converted into VCUs where a conversion request has been submitted ~~the project has applied for registration with the approved GHG program~~ on or before 9 March 2020 ~~31 December 2019~~, unless evidence of contracting for a CER conversion prior to 9 March 2020 is provided, in which case the conversion must take place on or before 9 April 2020. For projects subject to new crediting period requirements under *VCS Version 4* (i.e., non-AFOLU projects and ALM projects focusing exclusively on reducing N_2O, CH_4 and/or fossil-derived CO_2 emissions) (Section 3.8): 1) Registered projects and projects that complete validation on or before 19 March 2020 remain eligible to apply the crediting period requirements under *VCS Version 3*. 2) Projects applying a new VCS methodology (i.e., a methodology for which a concept note was submitted to Verra on or before 31 December 2018) shall be granted additional time to apply the crediting period requirements under VCS Version 3. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology may apply the crediting requirements as set out under *VCS Version 3*.

v4.1	22 Apr 2021	Main updates (all effective on issue date, unless otherwise stated):

1) Required use of IPCC *Fifth Assessment Report* global warming potential values (revised from *Fourth Assessment Report* values). See Section 3.15.4 for details, including information on effective dates.

2) Clarified 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 3.23.1).

3) Clarified that VCUs used for voluntary carbon market purposes do not require the VCU labels mentioned above, though labelled VCUs may be used for voluntary market transactions if desired (Section 3.23.2).

4) Further clarified eligibility conditions (effective dates) for projects registered under another GHG program, with activities included within the scope of the VCS Program (Section 2.1), seeking to transfer to the VCS Program. This clarification builds upon Clarification 1 of *Errata and Clarifications, VCS Standard, v4.0*, issued on 5 February 2021, by removing unintended restrictions on projects registered with an approved GHG program. This also clarifies that the conditions below apply to projects seeking to transfer from any other GHG program, and not only to projects registered under an approved GHG program. These eligibility conditions are clarified in the following paragraphs.

Projects registered under another GHG program, with activities that are included within the scope of the VCS Program (see Section 2.1), shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the following applies:[21]

For a project that does not include afforestation and/or reforestation activities:

    i) The project shall have an original project crediting period start date on or after 1 January 2016 with another GHG program; *or*

    ii) Where the project has an original project crediting period start date from 1 January 2013 to 31 December 2015, the project shall have issued credits during the period 1 January 2016 to 5 March 2021, or shall have a status of "issuance requested" on the relevant GHG program registry by 5 March 2021.

For a CDM Component Project Activity (CPA) that does not include afforestation and/or reforestation activities:

    i) The CPA shall be part of a Program of Activities (PoA) with an original program crediting period start date on or after 1 January 2016; *or*

    ii) Where the CPA is part of a Program of Activities (PoA) with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date from 1 January 2013 to 31 December 2015, the CPA shall have issued credits during the period 1 January 2016 to 5 March 2021, or shall have a status of "issuance requested" by 5 March 2021; *or*

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[21] A project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021.

iii) Where the CPA is part of a PoA with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date on or after 1 January 2016, no prior credit issuance is required.

For a project with afforestation and/or reforestation activities, the project shall have been registered under another GHG program on or after 1 January 2013.

For a CDM CPA with afforestation and/or reforestation activities, the CPA shall be part of a PoA that was registered on or after 1 January 2013.

Further, the following applies with respect to vintages:[22]

a) For a project that does not include afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2016 are eligible for VCU issuance.

b) For a project with afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2013 are eligible for VCU issuance.

5) Further clarified eligibility conditions (effective dates) for projects registered under another GHG program, with activities now excluded from the scope of the VCS Program (Section 2.1), seeking to transfer to the VCS Program. This clarification builds upon Clarification 2 of *Errata and Clarifications, VCS Standard, v4.0*, issued on 5 February 2021, by clarifying that the conditions below apply to projects seeking to transfer from any other GHG program, and not only to projects registered under an approved GHG program. These eligibility conditions are clarified in the following paragraph.

For project activities that were eligible under *VCS Version 3*, but are now excluded from the scope of the VCS Program (Section 2.1) … Projects registered under another GHG program shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the project has applied for registration with the VCS Program on or before 9 March 2020, unless evidence of contracting for a VCS gap validation prior to 9 March 2020 is provided. Where such evidence is available, the project must also request pipeline listing with the VCS Program on or before 5 March 2021 and complete gap validation on or before 31 May 2021. The project must also submit a request for registration with the VCS Program on or before 30 June 2021.

	20 Jan 2022	Main updates (all effective on issue date, unless otherwise stated):
		1) Updated baseline assessment requirements for specific AFOLU project activities. See Section 3.2.7 for details.
v4.2		Reduced the baseline reassessment period to six years for AUDD, APDD (where the agent is unknown), AUC and AUWD type projects. For projects that are registered on or before 19 January 2022 and those that are listed on the Verra Registry and have a contract signed on or before 19 January 2022 for an upcoming validation or baseline reassessment, this update is effective at their subsequent baseline reassessment period For other projects, this update is effective on 20 January 2022.

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[22] Similarly, a project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021.

		Added baseline reassessment requirements for ALM projects. This update is effective on 20 January 2022.
		2) Added a pipeline listing deadline for all AFOLU projects and extended the validation deadline to eight years for small-scale AFOLU projects and all ARR, wetland restoration and IFM (except LtPF) projects. Effective immediately for all AFOLU projects with a project start date on or after 20 July 2019. AFOLU projects with a start date on or before 20 July 2019 shall list on the pipeline on or before 20 July 2022 and complete validation within the relevant deadline as set out in Section 3.8.
		3) Updated the project area requirements to allow WRC projects located in coastal areas to add land to the project area after the first verification to accommodate landward expansion due to sea level rise, effective immediately. See Section 3.11.3 for details.
		4) Required project proponents to demonstrate contributions to a minimum of three SDGs in all monitoring reports verified after the effective date. Effective immediately for all projects that request registration on or after 20 January 2023. Projects that request registration before 20 January 2023 shall demonstrate contributions to at least three SDGs by 20 January 2025. See Section 3.17 for details.
		5) Clarified that where projects concurrently certify activities under both the VCS Program and either the CCB or SD VISta Program, such projects may demonstrate compliance with safeguard requirements of the CCB or SD VISta Program. Such projects need not demonstrate compliance with VCS safeguard requirements. See Section 3.18.1 for details.
v4.3	22 Jun 2022	Main updates (all effective on issue date, unless otherwise stated): 1) When an instance leaves a grouped project or non-grouped project with multiple activity instances before the end of its 30-year longevity period, new rules require the project either (1) to conservatively assume a loss of the previously verified emission reductions and removals or (2) continue to monitor the instance for the remainder of the instance's 30-year longevity period (Section 3.2.16). 2) A new rule requires that project activity instances must not leave one VCS project and subsequently enroll in another VCS project (Section 3.6.17). 3) Clarified technical requirements of geodetic polygons which proponents are required to provide to Verra in a KML file for AFOLU projects (Section 3.11.2). 4) Incorporated a clarification that individual CPAs are assigned a VCS project start date reflecting the date on which the specific CPA began reducing or removing GHG emissions from *Clarifications to VCS Program Rules and Requirements, v4.0*, published 19 April 2022, updated 21 April 2022. See Section **Error! Reference source not found.**. This clarification is effective 19 April 2022. 5) Incorporated a specification on the implications of VCS project start date for validation deadlines from *Clarifications to VCS Program Rules and Requirements, v4.0*, published 19 April 2022, updated 21 April 2022. See Section **Error! Reference source not found.**. This clarification is effective 19 April 2022.

v4.4	21 Dec 2022	

6) New rules set out that VCU labels may be applied to designate that a particular VCU has met the requirements of another certification or is eligible or approved for use in a national, sectoral or investor-specific market (Section 3.24).

7) Incorporated clarifications to eligibility conditions for projects and CDM CPAs seeking VCS registration into Appendix 2 from Document History.

Main updates (all effective on issue date, unless otherwise stated):

1) **Table 1 in Section 2.1 'Excluded Project Activities'** updated to provide clarity to stakeholders. Eligibility criteria remain the same but clarifying language has been added to support stakeholders in evaluating the potential inclusion of their respective project activity in the VCS Program.

2) Clarified requirement in Section 3.2.16 & 3.2.17 about **instances leaving a grouped or non-grouped project** before the end of the project crediting or longevity period.

3) Added language to Sections 3.2.20 to clarify that in the event of a **non-catastrophic reversal** no further VCUs shall be issued to the project, or any other VCS project solely with the same project proponent, or combination of project proponents, until the buffer is replenished.

4) Added Section 3.2.23 to clarify that all afforestation, reforestation, and revegetation (ARR) projects and improved forest management (IFM) projects shall apply the **long-term average** (LA) if the project exceeds the harvesting activity definition. The LA equation has also been updated in Section 3.2.25 for afforestation, reforestation, and revegetation projects that use dynamic performance benchmarks for ARR projects and IFM projects. Projects that requested listing on or before 21 December 2022 shall complete validation by 30 June 2023.

5) **Expanded the scope of the VCS Program to include geologic carbon storage (GCS)** projects in Section 3.3 of the *VCS Standard* and on the Verra website.

6) Added language in Sections 3.5.6 to clarify the **requirement for no gaps in verification periods** for AFOLU projects, grouped projects, and other projects with risk of reversal or loss. Projects which have already begun verification activities for a previous gap in monitoring periods may proceed with submitting such monitoring and verification reports where confirmed by Verra, in writing, to the project proponent or an authorized representative on or before 21 December 2022.

7) Language added in Section 3.5.7 and 4.1.18 to clarify requirement for monitoring and verification report **ERRs to be broken down by calendar year,** effective 1 April 2023.

8) Added requirements related to projects with multiple project activity instances. Updated language in Sections 3.6.4 – 3.6.17 to provide added clarity around requirements and eligibility criteria for **grouped projects, projects with multiple activity instances, and capacity limits.**

For projects that request listing after 21 December 2022, this update is effective immediately.

For projects that requested listing on or before 21 December 2022:

i. These requirements do not apply if validation is completed by 30 June 2023

ii. If a project that has already listed chooses to follow the new requirement prior to the deadline, the project proponent shall:

		a. Update one of the projects to include the combined projects as new instances in the project description; and
		b. Withdraw from the Verra Registry the other projects that have been combined into one project
		9) Section 3.9.8 has been updated to clarify that **validation reports for crediting period renewal** shall not be issued more than one year prior to the end of the current crediting period. Effective immediately for projects that complete validation after 21 December 2022.
		10) Updated language in Section 3.11.3 to clarify that **an AFOLU project area shall not overlap with another AFOLU project area.**
		11) Clarified requirement in Section 3.11.5 that **WRC buffer zones shall not overlap** with another project's area. Effective 01 July 2023 for projects which have requested listing on or before 21 December 2022 but do not complete validation by 30 June 2023.
		12) Language has been added to Section 3.14.1 to clarify **regulatory surplus additionality requirements**. Effective 01 July 2023 for projects which have requested listing on or before 21 December 2022 but do not complete validation by 30 June 2023.
		13) A new section 3.21 has been added to clarify **methodology grace periods** and language updated to clarify **guidance for updating to the latest methodology version** or switching to a new methodology in Section 3.20.2.
		14) Clarified requirements related to **design changes for projects transferring** from the CDM in 3.22.6 in the *VCS Standard*.
		15) Sections 3.23.7 through 3.23.9 have been added to require public statements to help avoid double claiming of emissions reductions and removals in **Scope 3 emissions inventories.** Effective 1 July 2023, public statements are required for all emission reductions and removals associated with impacted goods or services for which VCUs may be requested from this date onwards.
		16) Updated references to ISO 14064-3:2006 to align with ISO **14064-3:2019**, including updated requirements and terms, particularly in Section 4. Some references to the specific versions of ISO 14064-2 and ISO 14065 were removed to allow VVBs to transition on to the most recent versions of these ISO standards. Effective immediately for projects that initiate validation, verification, or joint validation and verification after 31 December 2022.
		17) **Site visit requirements** have been clarified in Section 4.1.9. Effective immediately for projects that initiate validation, verification, or joint validation and verification after 21 December 2022.
		18) Updated language in Section A1.4 (4) to adjust **eligibility requirements for AFOLU projects in LtHP forest project category.**
		19) **General text improvements**, including removal of text where there is duplication in other program documents and rewrites of various clauses for clarity & consistency while maintaining intent.
		20) Updated references throughout the document to the *Methodology Approval Process* to the new *Methodology Development and Review Process*.
v4.4	January 2023	Minor cross-referencing and formatting errors were corrected.

Standards for a Sustainable Future

- **Verified Carbon Standard**
- **Jurisdictional & Nested REDD+**
- **Climate, Community & Biodiversity Standards**
- **Sustainable Development Verified Impact Standard**
- **Plastic Waste Reduction Standard**