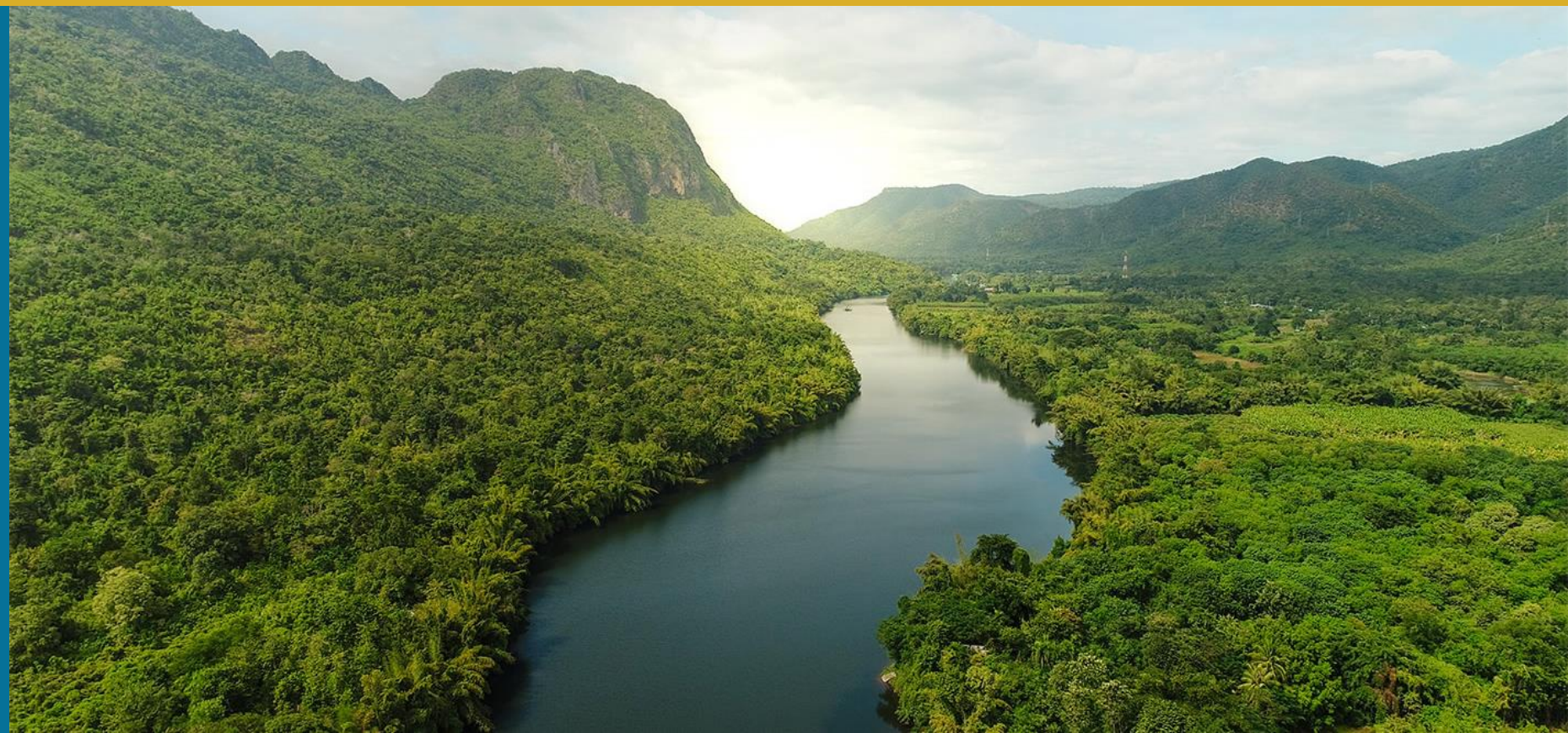
SD VISta Nature Framework v0.1

Public consultation webinar



October 10, 2023

Agenda

1. Welcome and agenda review (5’)
2. Overview of draft Nature Framework and proposed quantification approach (40’)
3. Consultation timeline and logistics (5’)
4. Clarifying Q&A (10’)

Nature Framework overview

Introduction

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Verra's objective for the Nature Framework

Certify and incentivize widespread investment in measurable positive biodiversity outcomes benefitting nature and people

Positive biodiversity outcome: An increase in the amount or quality of biodiversity relative to a baseline resulting from the effective management of conservation and restoration projects

Key design objectives

1. Nature Credits should be applicable across different types of biodiversity, and for terrestrial, marine, and freshwater realms.
2. Establish a balance between standardization, to allow for comparability across projects, and flexibility, to account for project's local ecological and social context.
3. Establish a balance between rigor, to ensure high integrity credits, and accessibility, to promote broad participation, including by Indigenous Peoples and local communities.
4. Promote confidence and integrity in Nature Credits.

Key design objectives

5. Support conservation of ecosystems at high risk of biodiversity loss.
6. Build on the lessons of voluntary carbon markets.
7. Projects transparently report their contribution(s) to global conservation priorities so buyers can make informed investments in nature.
8. Proposal to reward long-term stewardship of nature, even where there is no imminent threat.

The Nature Framework is an SD VISta asset methodology

SD VISta Program

All projects seeking SD VISta certification* must follow the rules and requirements in the program documents below:

- SD VISta Standard
- SD VISta Program Guide
- Templates

** Including those seeking to issue SD VISta assets (e.g., Nature Credits)*

SD VISta Nature Framework

Projects seeking to generate Nature Credits must follow the additional requirements and quantification steps in the:

- Nature Framework
- Ecosystem or biome-specific modules (to be developed)

Nature stewardship credits or certificates

Concept under exploration for further development which:

- Seeks to include or increase the financial viability of areas that have historically been well-managed
- Would reward successful, verified nature conservation and management outcomes, issued on a per hectare basis
- Would be different units focused on nature stewardship, demonstrating:
  - Maintenance of both the project's Extent and existing high Condition (at least 90% at the end of the previous five-year period)
  - Effective and active management of the project area
  - Significance attributes as minimum thresholds

Proposed requirements

General requirements

Concept	Main requirements that projects must demonstrate
Project start date *When the project began implementing activities to generate biodiversity outcomes*	• The project start date is on or after January 1, 2019 • Validation is completed within five years of this date
Project crediting period *Time period during which the project's biodiversity outcomes are eligible for issuance as Nature Credits*	• At least 20 years up to a maximum of 100 years (may be renewed at most four times, without the total exceeding the maximum) • A credible and robust plan for managing and implementing the project over this period • Verified biodiversity outcomes at least every five years, but may be more frequent if desired

General requirements

Concept	Main requirements that projects must demonstrate or document
Project boundary *Spheres of influence where project activities must be assessed to identify and determine benefits. Includes project area and impacts*	• Spatial boundaries, geographic coordinates, and identification of the project area • Projects impacts using a causal chain as required by SD VISta
Baseline scenario *Description of the events or conditions most likely to occur in the absence of the project activity. It is complementary to the crediting baseline*	• Status and possible threats to biodiversity, implementation barriers, and justification for it being the most likely without-project scenario • Consideration of alternative project types, technologies, data availability, limitations, and relevant information concerning present and future conditions (e.g., legislative, socio-cultural, technical)

General requirements

Concept	Main requirements that projects must demonstrate
Additionality *A project activity is additional if it would not have occurred in the absence of credit finance*	• Regulatory surplus at validation • That the activities generating outcomes depend on credit finance or there are barriers to accessing other sources of finance • Biodiversity outcomes are not credited under another program
Benefit sharing *Mechanisms to ensure that customary rights holders and stakeholders, including Indigenous Peoples and local communities, are recognized and rewarded for their role as nature stewards*	• Establishment of a benefit sharing mechanism appropriate to the local context, consistent with local regulation and customary rights, and shared with the communities at first and final draft in a culturally appropriate manner • Full and effective decision-making participation in and agreement on the conditions and amount, transparency, and publicly available outcomes

Safeguards – for biodiversity outcomes

Concept	Main requirements that projects must demonstrate or document
Net positive biodiversity outcomes *Within the project area over its lifetime, compared to the without-project scenario*	• Minimum of a 40-year project longevity,* during which the permanence of biodiversity outcomes must be monitored and reversals accounted for • Assess drivers of biodiversity loss in the project design and implementation, and monitor them over the project's lifetime • Deposit 20% of the Nature Credits generated in each monitoring period into a shared buffer pool to account for potential reversals • Buffer credits are canceled to cover biodiversity known, or believed, to be lost

** Project longevity is the number of years, beginning from the project start date, that project activities will be maintained.*

Safeguards – for sustainable development benefits

Sub-section	Main requirements that projects must demonstrate
Risk management for customary rights holders and local stakeholders *Detailed requirements in section 2.8.1*	• Include Indigenous Peoples and local communities' traditional knowledge and cultural heritage in project design and implementation • Mitigate natural and human-induced threats • Ensure sufficient financial, human and organizational resources to deliver benefits • Comply or exceed all applicable laws and regulation, including worker rights • Promote gender equality and women's empowerment in decision-making
Respect for human rights and equity *Detailed requirements in section 2.8.2*	• Uphold and respect human rights under the International Bill of Human Rights and universal instruments relating to human rights • Identify local communities and Indigenous Peoples and uphold, recognize, respect, and promote the protection of their rights in line with applicable international human rights law • Preserve and protect cultural heritage

Safeguards – for sustainable development benefits

Sub-section	Main requirements that projects must demonstrate
Ecosystem health *Detailed requirements in section 2.8.3*	• Projects must not negatively impact terrestrial, freshwater, or marine biodiversity or ecosystems (e.g., no invasive species or species that affect existence of threatened species, not clearing the area of ecosystems at least ten years prior to project start, reduce water use, stress, soil degradation, and minimize pollution)
Property rights *Detailed requirements in section 2.8.4*	• Recognize, respect, and support all stakeholders' customary and statutory rights to resources and tenure, including stakeholders' rights to participate in and consent to consultation during project design and implementation • Obtain and maintain free, prior, and informed consent (FPIC) of stakeholders whose property rights are affected through a transparent, agreed process, and document the FPIC agreement • Where appropriate, help secure statutory rights for traditional communities • Document ongoing or unresolved conflicts or disputes over rights to lands, territories, and resources for up to 20 years (if records exist) and no less than 10 years

Safeguards – for sustainable development benefits

Sub-section	Main requirements that projects must demonstrate
Customary Rights Holders and Other Stakeholder Engagement *Detailed requirements in section 2.8.5*	• Project proponents must identify and involve customary rights holders and stakeholders in the project on an ongoing basis • Customary rights holders and other stakeholders must have culturally and locally appropriate open communication channels and access to timely and adequate information with project proponents • Obtain and maintain FPIC of Indigenous Peoples, local communities and other stakeholders identified as directly affected by the project through a transparent, agreed process • Develop and document an engagement plan with stakeholders throughout the project, that includes providing regular updates to stakeholders, providing them with access to information in a culturally appropriate manner • Establish and demonstrate accessibility to feedback and a Grievance and Redress Procedure to address disputes that may arise during project planning and implementation

Proposed quantification of biodiversity outcomes

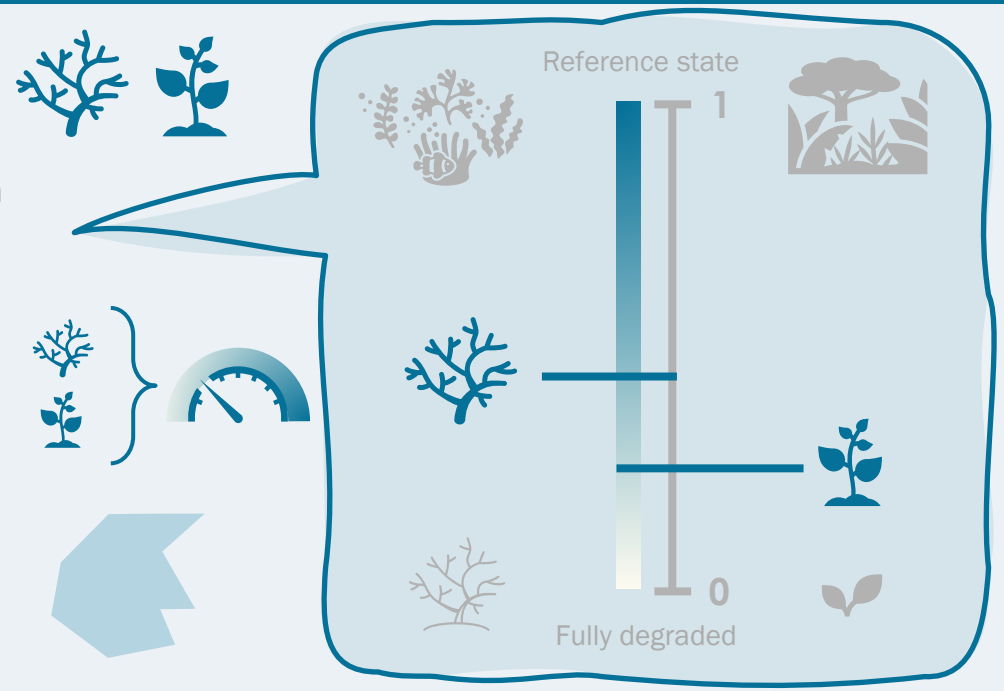
Extent and ecosystem Condition at project start

Preparation
Define ecosystem types and indicators

1. Measure Extent*
2. Select appropriate Condition indicators*
3. Define reference value for Condition indicators*

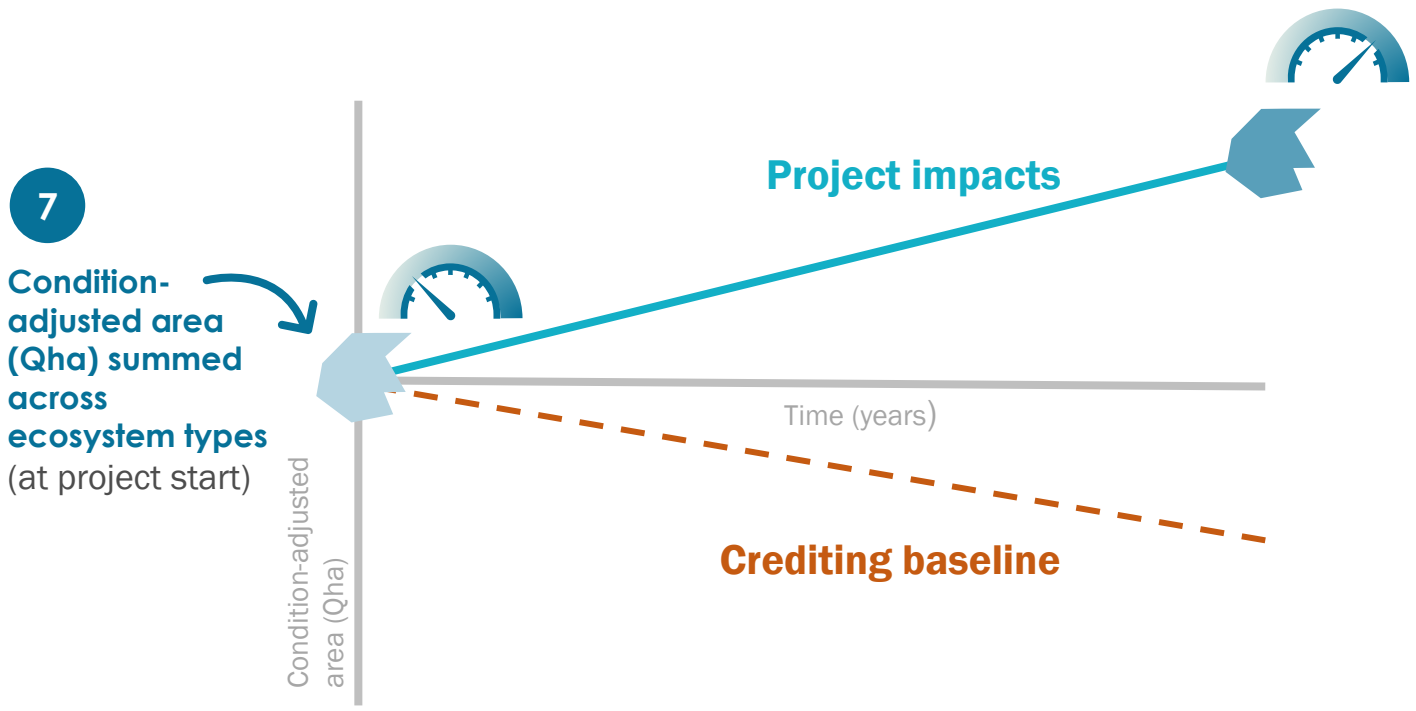
Condition at project start
Calculate Condition-adjusted area at year 0

4. Measure Condition indicators*
5. Standardize each Condition indicator by its reference value*
6. Combine indicators into overall estimate of Condition*
7. Multiply Extent x Condition to calculate Condition-adjusted area in quality hectares (Qha)*



** For each ecosystem type.*

Crediting baseline and project impacts



Project impacts
Calculate Condition-adjusted area at monitoring date

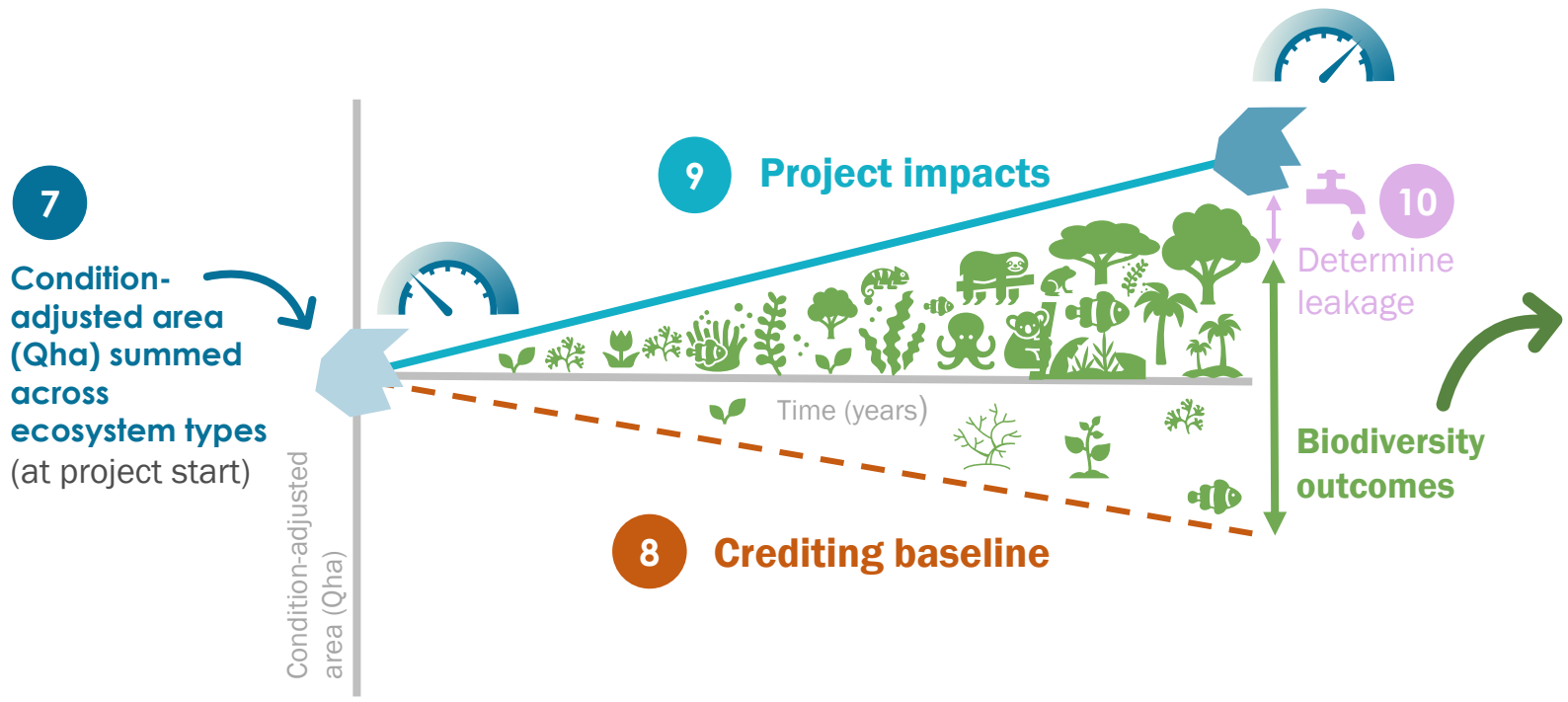
9 Assess the change in Extent and Condition* during project implementation and sum across ecosystem types
(Repeat steps 4-7 at monitoring date)

Crediting baseline
Determine the ecoregional projected trend for ecosystem loss

8 Calculate the expected trend in project Condition-adjusted area in the absence of project intervention, based on a locally-allocated ecoregional baseline trend set by third parties

** For each ecosystem type.*

Net biodiversity impacts and Nature Credits

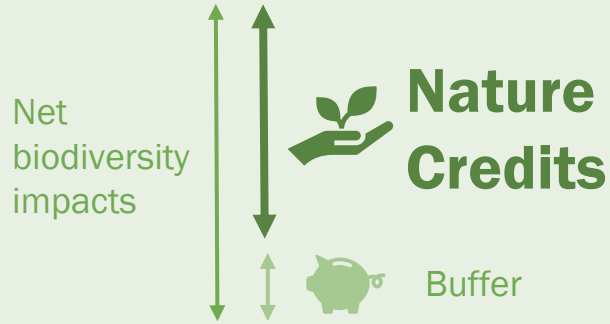


Net biodiversity impacts

11 Determine the biodiversity impacts, equal to the difference between project impacts and the crediting baseline, summed across ecosystem types, minus leakage

12 Calculate shared buffer account contribution

13 Calculate Nature Credits by deducting the buffer contribution from the biodiversity impacts



Biodiversity Significance concept and requirements

Significance is defined as the importance of biodiversity in the project area for contributing to the Global Biodiversity Framework (GBF), as follows:

- It is included as attributes based on project location that represent different GBF Goal A targets based on 20th percentiles in five tiers labeled neutrally (A, B, C, D, E).

- Projects must identify their project's tier for each Significance attribute, using mapped, publicly available global datasets.

Proposed Significance attributes and indicators

GBF target	Project contribution	Potential Significance attribute		Required for
		Terrestrial	Marine	
Target 1. Halt loss of ecosystems of high ecological integrity	Preserving highly intact ecosystems	High ecoregional intactness *(Ecoregion Intactness Index)*	Low human pressures *(Marine Human Pressures Index*)*	Conservation projects *Including mixed conservation and restoration*
Target 2. Effective restoration of degraded ecosystems	Restoring degraded ecosystems	Low ecoregional intactness *(Ecoregion Intactness Index)*	High human pressures *(Marine Human Pressures Index*)*	Restoration projects *Including mixed conservation and restoration*
Target 3. Effective conservation of ecologically representative areas	Conserving under-represented biodiversity	Low percentage of ecoregion protected *(World Database on Protected Areas)*	Low percentage of marine region protected *(World Database on Protected Areas)*	All projects
Target 4. Halt extinctions and reduce extinction risk	Reducing species extinctions	High potential to reduce extinction risk *(Terrestrial STAR)*	High potential to reduce extinction risk *(Marine STAR)*	All projects

** Requires further development.*

Example projects and Significance attributes aligned with GBF Targets 1-4

	1. Halt loss of ecosystems of high ecological integrity	2. Effective restoration of degraded ecosystems	3. Effective conservation of ecologically representative areas	4. Halt extinctions and reduce extinction risk
Example project 1: conservation	**A** Pristine area	N/A	**D** Under existing protection	**B** Potential to reduce species extinction
Example project 2: restoration	N/A	**A** Degraded area	**A** Without existing protection	**E** Limited for reducing species extinction
Example project 3: combined conservation & restoration	**C** Touched area		**D** Under existing protection	**C** Possibilities to reduce species extinction

Claims and communications

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Claim requirements and examples

Subject of claim	Requirements	Example
Validated project, not yet verified	Claim refers only to the quality of **project design** and **projected benefits**	The SD VISta Nature Framework was used to validate that this project was designed to generate biodiversity uplift of 940 quality hectares of natural ecosystems over 20 years, compared to the without-project scenario.
Verified project	Claim refers to the **most recent verification date** and **achieved outcomes**	Activities from XYZ project resulted in a biodiversity uplift of 105 quality hectares of natural ecosystems from January 1, 2024 to December 31, 2025, compared to the without-project scenario.
Nature Credits	Claim specifies the **verification period** and **credit characteristics**	These Nature Credits were verified to the SD VISta Nature Framework for conserving and/or restoring biodiversity, resulting in a biodiversity uplift of 105 quality hectares of natural ecosystems for the period of January 1, 2024 to December 31, 2025, compared to the without-project scenario.

Value proposition and use case for nature credits

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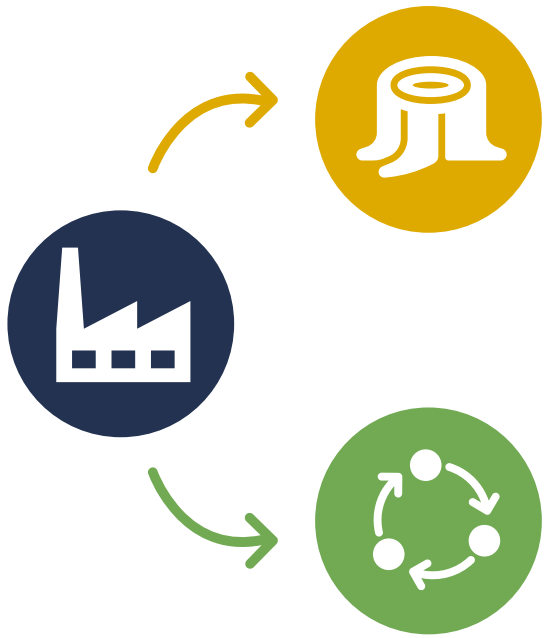
Use cases for Nature Credits

Nature Credits will provide companies a verified way to support high-quality projects, Indigenous Peoples, and local communities while addressing their impacts and dependencies on nature by derisking their value chains.



Impacts on nature

Use case: invest beyond the mitigation hierarchy for accumulated existing impacts or industry-wide impacts not attributable to individual entities

Dependencies on nature

Use case: secure reliance on functional ecosystem services, such as their ability to regulate water flow, water quality, and hazards like fires and floods

Relationship between Verra's Nature and Carbon Credits

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Proposed enabling for stacking or bundling

- The Nature Framework is being built to enable the stacking of nature and carbon credits
- Stacking is the possibility of a project issuing carbon and biodiversity units, as long as there is no double counting of benefits
- Comply with the additionality requirements for the Nature Framework and the Verified Carbon Standard (VCS), including additional benefits for people and their prosperity

Consultation timeline and logistics

Consultation timeline and logistics

Timeline

Dates	Activity
September 18 – November 19, 2023	Public consultation period
October 10, 2023	Public consultation webinar
November 2023 – January 2024	Review comments and finalize responses

Logistics

Please provide comments using the online template

Q&A

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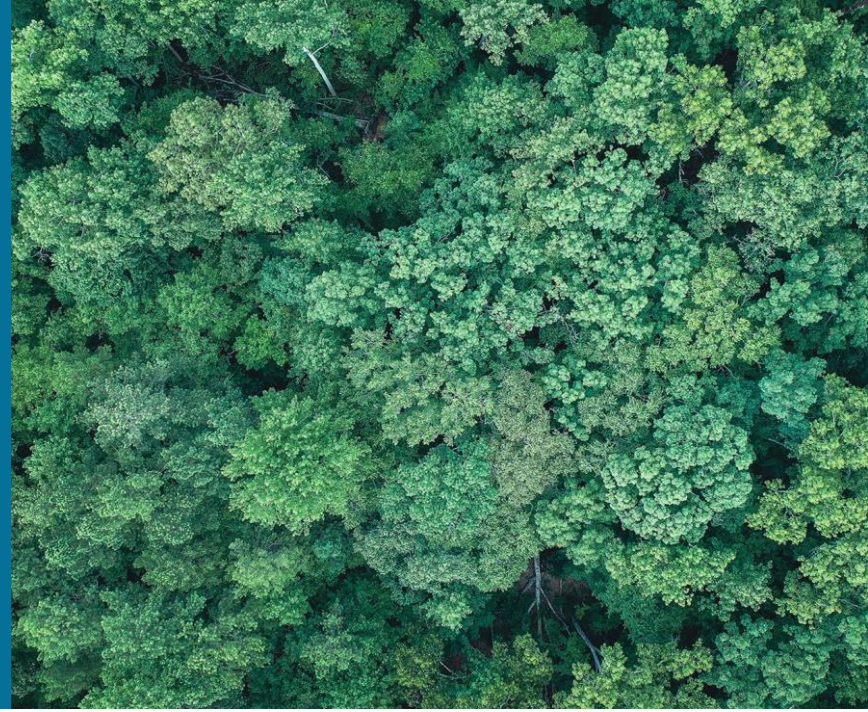
Thank you



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