SUMMARY OF COMMENTS & VERRA RESPONSES: PUBLIC CONSULTATION ON VERSION 5 OF THE VERIFIED CARBON STANDARD PROGRAM

January 16, 2025

INTRODUCTION

This document summarizes the feedback from comments received during the September 19 – November 4, 2024, public consultation on the initial proposed updates to Version 5.0 of the Verified Carbon Standard (VCS) Program. It provides a synthesis of the sentiments expressed by stakeholders for each question and Verra's responses to the summaries. The full comments received are also provided in a separate document available on the Verra website.

About this consultation

During this consultation, Verra solicited input from stakeholders on the core concepts and foundational principles of the VCS Program, including proposed updates to project additionality, permanence, conservativeness, social and environmental safeguards, enabling digital measurement, reporting, and verification (DMRV), and digital project submission, among other key updates.

Verra posed over 90 questions across 19 different topics, each critical to the VCS Program's future evolution in meeting the needs of the voluntary carbon market and the world's net-zero targets. Verra received 1,943 comments from 61 individual stakeholders representing the following sectors:

- 62 percent - project developers
- 10 percent - corporate/end users
- 8 percent - nonprofit
- 7 percent - consultant
- 2 percent - validation/verification body
- 11 percent – other (e.g., banking & investing, UN agencies, educational institutions)

Verra sincerely thanks all stakeholders for their thorough and thoughtful feedback on each question. For all proposed updates, Verra will take the responses into consideration while preparing the final drafts of the requirements and the supporting guidance, templates, and training. The input will also help shape the next iteration of update proposals included in the second VCS Version 5 public consultation. While some proposals received strong supportive or unsupportive consensus from

respondents, the final drafts of all VCS Version 5 requirements require rigorous and balanced consideration. Verra will incorporate the stakeholder feedback received with the aim of ensuring that VCS Version 5:

- Continues to reflect scientific integrity to achieve positive climate benefits
- Strengthens the necessary safeguards to protect stakeholders and ensure their meaningful participation in project design and implementation
- Improves the experience for all VCS Program users (e.g., project proponents and demand-side entities), including through digital improvements and streamlined processes
- Complies and aligns with other initiatives and frameworks in the carbon market sector, such as the Integrity Council for the Voluntary Carbon Market (ICVCM), Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and Article 6 of the Paris Agreement

About the development of VCS Version 5

This is the first consultation on proposed changes to the VCS Program for VCS Version 5. Verra will use the feedback received to include more specific changes and additional proposed updates in the next public consultations. The publication of VCS Version 5 program documents may occur in phases to enable quicker implementation of updates that are fully developed and awaited by the market.

The planned development timeline for VCS Version 5 is set out in the table below.

Dates	Activity
September 19–November 4, 2024	First public consultation period
January 16, 2025	First public consultation comments and Verra responses published
Q2 2025*	Second public consultation for VCS Version 5
Q4 2025*	Initial release of VCS Version 5.0 program documents Detailed effective dates and grace periods for all updates will be specified

* Timing is approximate and subject to change

SUMMARY OF COMMENTS

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1 REFRESHING THE VCS PROGRAM FUNDAMENTALS

1.1 Revising the VCS Program principles

1.1.1 Requested Feedback

1) Is it clear that Verra expects all project developers and validation/verification bodies to adhere to the quantification principles when quantifying, assessing, and reporting project and GHG-related information?

Comment summary

Within the responses to this question:

- Almost 90 percent of respondents agreed that it is clear that Verra expects project developers and VVBs to adhere to the quantification principles when quantifying, assessing, and reporting project and GHG-related information.
- Around 20 percent of respondents stated that templates, methodologies, or VVB guidance should contain explicit references to the quantification principles with further guidance on the situations where discretion may be needed.

Other comments included suggestions that:

- There should be clarity around grace periods or effective dates of these new expectations on existing projects.
- Verra should consider the importance of consistency versus accuracy as the science behind GHG-related information evolves.
- Verra should consider the need to remain pragmatic in cases where accuracy or conservativeness cannot be ensured.

2) How can Verra more clearly and effectively enforce the quantification principles in situations where there is room for flexibility or discretion when determining how to quantify, assess, or report reductions and removals in conformance with the VCS Program rules?

Comment summary

Respondents primarily pointed to ways for Verra to provide more explicit guidance on how the quantification principles should be adhered to in the methodologies themselves, in the *VCS Standard* and *Methodology Requirements*, and in the VCS project templates. A frequent suggestion was for Verra to provide specific examples or case studies for situations where flexibility is needed. Others suggested adding new reporting requirements for projects to explain and justify how they followed the principles as well as requirements or indicators for VVBs to base their evaluations on the principles. Digitization was also mentioned as an enabler of more rigorous adherence to the quantification principles as it reduces uncertainty.

Verra will incorporate these suggestions when implementing this update to the VCS Program principles, in particular adding clarity on how to adhere to the principles in the VCS project templates. Guidance on how to adhere to the quantification principles in VCS methodologies can also be incorporated into the methodology development and revision workstreams at Verra.

3) Are there any principles that you would consider removing or adding? If so, what are they?

Comment summary
Of the responses to this question, about half stated that they would not recommend adding or changing any of the principles. The other half of respondents provided specific suggestions for principles that they would add, remove, or revise. The principles that commenters suggested adding include ‘digitization’ and ‘financial transparency,’ and they also suggested incorporation of gender equality outcomes in the ‘contributing to sustainable development’ principle. Suggestions for removing principles included ‘measurable’ and ‘additional,’ citing possible contradictions with other principles. Several suggestions to revise principles included: revising the sustainable development principle by separating it from 'contribution to net zero' and by citing gender, equity, and inclusivity; and revising the principle of 'tracked' to incorporate the principle of 'not double counted.'

4) Verra combined the principles of accuracy and conservativeness in this proposal to address the contradiction between them and emphasize that accuracy is the first priority and conservativeness is used to account for practical limitations to accuracy and to avoid overestimation of reductions and removals within the most accurate approach available. Do you agree with this approach?

Comment summary
Of the responses to this question: • 75 percent of the respondents to this question agreed with the approach to combine the two principles and place ‘accuracy’ over ‘conservativeness.’ • 19 percent disagreed. • 6 percent stated no opinion. Among those who agreed, stakeholders said that the hierarchy needs to be more clearly and explicitly stated within the principles themselves, as it was in the consultation question. Others reiterated that clear guidance and more explicit requirements around acceptable thresholds for measuring uncertainty or discount factors are needed within program rules and methodologies. Many stated that accuracy, while preferable, is often impractical or overly burdensome for projects; the threshold for determining where impracticality becomes a barrier needs to be more clearly defined. Of those who disagreed, the respondents cited conservativeness as easier to implement and better for integrity and protecting against criticism from the media. They also cited possible contradictions with Verra's approach in the new REDD+ methodology and in Verra's approach to project reviews. In the final update, Verra will ensure that 1) the hierarchy between accuracy and conservativeness is made clearer, 2) the principle addresses practical limitations to accuracy, and 3) the underlying requirements and methodologies are as clear as possible about the thresholds where conservativeness becomes preferable.

5) Are there any principles which are unclear or which you have suggestions for improving? Please be specific in which principles you are referring to and include the proposed changes in your response.

Comment summary
Stakeholders provided a wide array of feedback on the proposed principles. The most mentioned principles were 'transparent,' 'permanent,' and 'contributing to sustainable development and net zero transition.' • For 'transparent,' respondents requested more clarity on expectations and a clearer overlay within the principle to the ideas of consistency and digitization. • For 'permanent,' stakeholders said that the principle should refer to long-term durability, systemic solutions to reversal risk, and that it should differentiate between project types. • For 'contributing to sustainable development and net zero transition,' stakeholders said that this should be separated from the transition to net zero principle, that it should refer to community objectives, and that it should be more ambitious. Stakeholders also provided specific suggestions for rewording certain principles and reiterated that they would like specific guidance on applying certain principles such as 'accurate and conservative'.

1.2 Additionality: Demonstration of regulatory surplus

1.2.1 Requested Feedback

1) Should the *VCS Standard, v4.7,* Section 3.14.1 be modified to base the determination of systematic enforcement on the high-income country list instead of the Annex I country list to align with the CCP Assessment Framework?

Comment summary
The majority of respondents support the proposed update to the *VCS Standard* to replace the Annex I list with the high-income country list for enforcement. • 78 percent agreed that this change reflects current economic realities. • Respondents indicated that the high-income list better reflects a country's enforcement capacity. Some concerns were raised about: • Regional variations within large countries (e.g., Brazil), where enforcement capabilities vary significantly. Some respondents suggest using regional classifications. • Systematic enforcement assumptions in high-income countries, where enforcement may be inconsistent due to budget constraints. Respondents recommend allowing flexibility for project proponents to demonstrate non-enforcement. • The dynamic nature of the high-income list, particularly for countries transitioning between income categories, raises concerns about handling projects in such cases. Overall, there is broad support for the change, but some respondents encourage providing more flexibility and clarifications to reflect regional circumstances and variations.

2) Which of the options (A, B, or C) for timing of reassessment and demonstration of regulatory surplus do you think would best promote early climate action without compromising integrity? Are there specific challenges you foresee? Please provide an explanation.

Comment summary
The majority of respondents supported Option A for the timing of reassessment and demonstration of regulatory surplus, stating that it provides a good balance between long-term investment certainty and promoting early climate action. However, these respondents did not discuss or acknowledge the possibility that any potential investment risks under Options B and C would be balanced by the likelihood that upcoming regulations would enforce the required investments regardless. About 40 percent of respondents favored the more frequent assessment approach for improved integrity, with a preference for providing flexibility for government agreements as presented in Option B. • Option A (60 percent): Respondents indicate that Option A provides more certainty and predictability for long-term investments and financial planning, as opposed to the more frequent reassessments under Options B or C. • Option B (30 percent): While Option B offers flexibility through government agreements, it may introduce uncertainties for investments and potential manipulation of regulations to accommodate carbon projects. Option B is favored for projects in dynamic legal environments, such as for REDD+ projects, as it allows for alignment with shifting government policies. However, frequent evaluations under Option B could introduce challenges in regions with inconsistent enforcement. • Option C (10 percent): While some stakeholders support this option, most consider that introducing more frequent reassessments and no flexibility would be overly stringent and may impact project development, especially for smaller developers and in regions with developing legal enforcement.

3) What do you think of the proposal to allow flexibility for government agreements or legal requirements in Option B? Do you think this may incentivize the creation or enforcement of legal requirements through carbon credits without compromising integrity? Are there any additional conditions or modifications you would recommend for this addition?

Comment summary
Most respondents indicated that introducing flexibility for government agreements as proposed in Option B could be promising, but highlighted the need for careful design to ensure project integrity: • Support for flexibility: Most respondents stated that Option B could enable collaboration between governments and the private sector, particularly in regions with developing regulatory frameworks. This option could incentivize governments to adopt climate policies with higher ambition by leveraging carbon credits for compliance mechanisms. Some proponents mention specific project types such as REDD+, IFM, and avoided grassland conversion that could benefit from increased flexibility. • Challenges and risks: Some respondents stated that providing flexibility could introduce perverse incentives by encouraging governments or project developers to influence governments not to implement strict regulatory frameworks and allow

continued crediting. Further, there is a risk of ambiguities and lack of clarity in agreements, and clear rules would be required.

In summary, stakeholders prefer Option B's flexibility, as it requires opportunities to align voluntary carbon markets with regulatory frameworks, but they caution that it requires safeguards and transparency to ensure project integrity and credibility.

4) Do you have any further proposals for alternative approaches or modifications to the proposed requirements for timing of reassessment that could improve the regulatory surplus requirement? Please describe.

Comment summary
Respondents proposed several refinements to the regulatory surplus requirement updates, including: • Define how regulatory enforcement or the lack thereof applies to specific projects, particularly in regions with inconsistent enforcement. • Treat sensitive information about enforcement as commercially confidential to avoid public criticism of governments. • Introduce a grace period after new regulations are enacted to align with investment timelines after enforcement. • Instead of requiring periodic assessment, require assessment only if material changes to the regulatory framework occur. • Combine Option A during the crediting period with Option B for crediting period renewal, allowing projects to credit under changing regulations and providing flexibility during renewal. • Instead of options A, B or C, establish a future-looking regulatory framework at the beginning to provide a clear timeline for when regulations will take effect and balance investment risks and integrity.

1.3 Additionality: Reconsidering project method additionality requirements

1.3.1 Requested Feedback

1.3.1.1 Reassessment transparency and timing

1) Do you agree that there is a need to reassess additionality of registered projects that use a project method for additionality? Please justify your response.

Comment summary
Respondents provided arguments for both sides of this question. 50 percent supported the idea, 30 percent strongly opposed it, and 20 percent were neutral or slightly supportive but with caveats and depending on the project type. Of those against the proposal, the main reasons stated were that frequent reassessment may lead to uncertainty and unfairness, discourage investment, increase non-permanence risks and increase costs and time incurred by the project proponent.

Of those in favor of the proposal, the main reasons were that more frequent assessments of project method additionality would take into consideration the technological advancements and dynamic circumstances that occur throughout the project lifetime, enhancing integrity and ensuring that projects remain additional.

Several stakeholders suggested that Verra should differentiate the requirements by project type or provide exemptions for reassessment requirements for some projects. They also suggested applying alternative approaches, such as barrier analysis/common practice alone, or setting differentiated crediting periods instead of reassessing additionality.

2) If Verra provides a pathway for projects to report on the actual results relative to additionality assumptions and for enhanced transparency about ongoing additionality within a crediting period, should this be optional or mandatory?

Comment summary

While there was recognition of the benefits of enhanced transparency, almost 70 percent of stakeholders leaned towards making it optional to report on actual results relative to additionality assumptions if implemented.

Of the stakeholders who favored making the pathway optional, their reasons included:

- Making it optional would address the potential burden and complexity of making this a requirement for all projects.
- Making this a requirement would cause concerns about data availability, potential delays, and the risk of discouraging investment, particularly in AFOLU.
- Additionality is already assessed at the investment decision stage, and ongoing reassessment could introduce uncertainty and risk.

Of the respondents who advocated for mandatory reporting, their reasons included:

- Transparency and accountability are important in maintaining the integrity of carbon markets.
- Mandatory reporting would enhance credibility and trust in the system, despite the potential compliance burden on project developers.

There were also suggestions for using digital tools to reduce reporting costs and improve efficiency.

3) Which of the proposed options for timing of the additionality reassessment would best promote climate action without compromising integrity and workability? Please provide the frequency you consider appropriate and explain your answer.

Comment summary

Of the responses to this question, almost 70 percent stated the reassessment should be tied to crediting period renewals rather than being a continuous or overly frequent process. This approach was seen as promoting climate action while maintaining project integrity and workability, aligning with the lifecycle of carbon projects, and helping to account for changes in market conditions, technology costs, and regulatory risks.

Some respondents expressed concerns about reassessing additionality and stated that it could introduce uncertainty and risk, potentially discouraging investment in long-term projects.

Verra appreciates this feedback and understands the need to balance enhanced program integrity and increased confidence in the ongoing additionality of carbon projects with reasonable expectations on project developer thresholds for risk and uncertainty.

4) Should projects be allowed additional crediting period renewals where ongoing additionality and need for carbon finance is demonstrated at the end of their allowed crediting periods? If so, what specific requirements should be met to justify additional renewals? Please provide a rationale.

Comment summary
More than 90 percent of respondents supported the proposal. However, many respondents also stated that strict requirements for demonstrating ongoing additionality and the need for carbon finance would be essential. A common suggestion was that projects should undergo the same baseline and additionality assessment required at the time of validation to prove the need for carbon finance. There was also a call for clear guidelines and criteria, as well as concrete evidence and independent verification to justify the renewal, ensuring that projects continue to provide genuine environmental benefits. Commenters stated that the proposal would be beneficial for ensuring the long-term viability and permanence of projects, especially those that rely heavily on carbon finance. A few respondents expressed concerns about the potential for projects to become reliant on continuous renewals, which could undermine long-term sustainability planning.

1.3.1.2 Reassessment approach

1) Do you expect project proponents and validation/verification bodies to face any challenges when reassessing and revalidating implementation barriers following the same rules as the existing additionality tools? If any, how could these challenges be addressed?

Comment summary
The responses highlighted several potential challenges: • Inconsistent or evolved data since the initial assessment could pose difficulties in data quality and availability. • Original capital investments may not be relevant for ongoing operations, complicating the reassessment of financial benchmarks like Internal Rate of Return (IRR) and Net Present Value (NPV). • Changing environment due to successful implementation may lead to projects being perceived as common practice and not additional anymore. This is particularly challenging for REDD+ or agricultural land management relying on long-term finance. Investors may abandon the project posing non-permanence risks to carbon stocks • Evolving market and regulatory conditions could create challenges in reassessing barriers or common practice, particularly for smallholder farmers in AFOLU project types.

- There would be a risk of hindsight bias in counterfactual scenarios; changes in the project environment due to carbon markets could make it hard to assess what would have happened without carbon finance.

Stakeholders proposed possible solutions to these challenges, including suggestions that Verra should:

- Provide guidance, clear criteria and training for reassessment to help developers and VVBs.
- Enable the use of digital tools and standardized data formats.
- Allow flexibility in data sources and limit reassessments to occur only at crediting period renewal.

2) Should the investment analysis reassessment process rely on external data (such as market data or industry reports) or should it also consider real project data, even if such data would not be available for a hypothetical investment decision scenario? Please explain and provide a rationale.

Comment summary
The responses highlight a preference for using a combination of both, with an emphasis on real project data when available. External data can offer industry-wide benchmarks and consistency, while real project data can reflect the project's actual financial circumstances and performance (real project data is often seen as more accurate and relevant). Challenges with external data include the availability of up-to-date information, particularly in certain regions or for specific project types. There is also a concern that relying solely on external data could lead to biased reassessments if market conditions are temporarily favorable or unfavorable. Investment analysis needs to be verifiable, so relying on published information and market data that can be publicly shared is important. However, real project data should remain confidential but be included in the reassessment analysis to reflect realistic scenarios.

3) Should the investment analysis reassessment focus on i) what really happened in the past crediting period, ii) the updated expectations for the next crediting period, iii) the current state of the sector/technology on a broader basis, or iv) other alternatives?

Comment summary
The responses suggest a preference for a comprehensive approach that incorporates multiple elements. • 30 percent of the respondents advocate for an approach that includes all three elements: past performance, updated expectations, and the current state of the sector/technology to ensure a robust and accurate assessment. • 35 percent of the respondents emphasize the importance of focusing on updated expectations for the next crediting period. This forward-looking analysis helps reflect evolving market conditions, technological advancements, and regulatory changes that may impact the project's future viability.

- 35 percent of the respondents highlight the need to consider the current state of the sector and technology on a broader basis to ensure that the project remains aligned with industry standards and technological advancements.

There is marginal support for considering only what really happened in the past crediting period. However, when combined with other approaches, this retrospective analysis can validate the initial assumptions made during the project's original investment analysis and assess whether the project has achieved financial viability.

Some respondents noted that focusing solely on updated expectations or the current state of the sector may be more practical and verifiable from an audit standpoint.

4) Do you have any other suggestions on how the challenges outlined in the background section related to investment analysis can be addressed to ensure robustness, workability, and verifiability of the reassessment?

Comment summary
The responses suggested several strategies that Verra could pursue, such as providing guidance on carbon pricing, acceptable data types and timelines, standardized templates or benchmarks, and promoting third-party data verification. Respondents suggested incorporation of external and real project data but acknowledged that data privacy and sensitivity concerns are crucial. Digitization and automation, as well as actively involving stakeholders in the reassessment process, were also suggested as ways to increase transparency and reduce auditing efforts.

1.4 Additionality: Strengthening demonstration of prior consideration for projects and instances

1.4.1 Requested Feedback

1.4.1.1 Require pipeline listing before start of project activities

1) Does requiring projects to list on the pipeline prior to the start date strengthen a project's demonstration of prior consideration?

Comment summary
Of the stakeholders who responded to this question: • 48 percent stated that this requirement would strengthen a project's demonstration of prior consideration. • 52 percent stated that this would not strengthen the demonstration. Nearly all stakeholders pointed out some unintended consequences of the proposed requirement. The most frequent sentiment was that the process to list a project as either 'under development' or 'under validation' is long, complex and costly, which may stop projects from accessing needed carbon finance or prevent emergency AUDD activities. Other respondents said that there may be a consent issue with local stakeholders, FPIC processes, or governments who interpret listing as consent or permission where it has not yet been

obtained. Others flagged that there may be a risk of inundation of 'junk' projects on the Verra registry for those projects that list but do not complete validation.

Stakeholders provided alternative suggestions for this proposal. The most frequently mentioned was to allow different forms of evidence to demonstrate prior consideration. Also mentioned was that Verra should design a less stringent or different listing process altogether to enable a 'notification' of prior consideration rather than require a full pipeline listing. Stakeholders also pointed out that there should be a grace period for existing and developing projects.

Verra will carefully consider the possible pathways to balance meeting the forthcoming ICVCM requirements regarding demonstration of prior consideration without overburdening project proponents.

2) Since prior consideration is tied to additionality, should project proponents be required to complete Sections 3.4 (baseline scenario) and 3.5 (additionality) of the *Project Description Template* prior to requesting pipeline listing as under development?

Comment summary

Of the stakeholders who responded to this question:

- 80 percent did not think that project proponents should be required to fill out the additionality and baseline scenario sections of the project description when listing as under development.
- 20 percent did think that it should be required.

Nearly all stakeholders provided reasons why this should not be required. The most frequently mentioned reason was that these sections are often the most complex and time-consuming to fill out and require information that is often not available or too expensive to acquire at the prior consideration stage. Others pointed out the contradiction of requiring more advanced project development stage information (usually developed after project financing is acquired) when the intent is to demonstrate early-stage prior consideration of carbon finance. Stakeholders also pointed out that this would result in poor-quality information and prevent the use of new and developing methodologies.

A frequently mentioned alternative was that Verra could instead require a preliminary, simplified draft of these sections which could be amended in the final project description draft. Alternatively, Verra could create a 'notification only' mechanism to indicate prior consideration instead of requiring pipeline listing.

1.4.1.2 Revise project validation/registration deadlines

1) Should the validation deadline be replaced with a registration request deadline for the purposes outlined in Section 1.4.2.2?

Comment summary

Of the respondents to this question:

- 58 percent agreed that the validation deadline should be replaced with a registration request deadline.
- 42 percent did not agree.

Of the respondents who expressed concerns, the primary concerns were related to the reduced time available to meet deadlines due to the amount of time it takes for VVBs and Verra to review project documentation. Some respondents stated that the deadline should instead be related to the project's first submission of project documentation after validation for Verra review. Verra would like to clarify that this is the proposed requirement; the proposal is to tie the deadline with the initial registration request; that is, the first time the project requests registration, not including time needed for any of Verra's project review process.

Of those who expressed support for the proposal, the primary reasons were increased transparency and standardization, and the minimal difference between the date of validation completion and the date of the first registration request.

Verra will aim to balance the concerns about timing and process streamlining, with the need to align with the forthcoming prior consideration requirements in the iteration of the ICVCM Assessment Framework.

2) If you answered yes to the previous question, which of the following proposals do you support? Please provide a justification.
    a) Limiting the number of years between the first pipeline listing request (i.e., representing the date of prior consideration) and the first registration request
    b) Limiting the number of years between the project start date and the first registration request

Comment summary

Of the responses who stated a clear preference to this question:

- 76 percent preferred option B (to limit the number of years between the project start date and the first registration request).
- 24 percent preferred option A (to limit the number of years between the first pipeline listing request and the first registration request).

Of those who preferred option B, the primary reason was that there is often a long time between the prior consideration stage and the actual project start date. Introducing a limit to this time would make it difficult to secure project finance and complete validation/verification on time.

Those who preferred option A cited its enhancement of the demonstration of prior consideration and additionality and its introduction of more transparency and standardization.

In the next iteration of the proposal, Verra will consider how to balance the clear preference for option B while also aligning with the anticipated changes in the next iteration of the ICVCM Assessment Framework, Approach A(3). There will still be a need to limit the allowable time gap between the documented date of evidence of prior consideration (which Verra proposed to be the pipeline listing request) and the project registration. Option A aligns with this requirement, while Option B would still require Verra to introduce a clear time limit requirement between the date of provided evidence of prior consideration and project registration.

3) Should the current deadlines (2, 5, and 8 years) be maintained for the proposed registration request deadline? Or do the proposed changes affect the project development timeline enough to warrant extending the deadline? If so, which project types require more time?

Comment summary

Of the comments which provided a direct response to this question:

- 54 percent stated that the existing deadlines should be maintained.
- 31 percent stated that they should be extended.
- 15 percent stated that only the AFOLU project timelines should be harmonized at 5 years.

Several of the responses in both categories (extend/do not extend) stated the caveat that the deadlines should only be extended if Verra decides to change the validation deadline to a deadline between the prior consideration listing and the first registration request date; inversely, they should be maintained if the time limitation is between the project start date and first registration request date.

For the types of projects that may need more time, stakeholders primarily cited AFOLU projects because of the extended timeframes needed for local stakeholder consultation, and the time needed to secure FPIC, funding, and ownership rights.

Verra will consider this feedback in tandem with the decisions taken regarding the requirements for project registration deadlines.

1.4.1.3 Create a new project instance listing process

1) Do you broadly support the concept of instance listing? Do you believe this process would strengthen prior consideration demonstration at the instance level? Do you have any specific concerns with the instance listing process?

Comment summary

Of the comments which provided a clear response to this question:

- 37 percent support the concept of instance listing.
- 63 percent do not support it.

Respondents seemed evenly divided in their opinion of whether this process would strengthen prior consideration at the instance level, with a slightly higher proportion saying that it would strengthen it and ensure integrity. The primary concern about the proposal was that it would introduce a further layer of complexity to an already difficult and time-consuming process, which would be difficult for small projects especially. The concern was also focused on the definition of instance and that some project types have hundreds or even thousands of instances in a single grouped project, such as cookstoves, heat pumps, or EV charging stations. For these types of projects, it was stated that prior consideration is only relevant at the level of the decision-maker or project proponent, rather than each single instance.

Respondents suggested that instead of a separate instance listing process, alternative options could be to introduce clearer instance listing requirements related to demonstration of prior consideration, clearer reporting guidance in the monitoring report, or a simplified instance listing notification of prior consideration.

Verra will take these comments into consideration as we consider how to strengthen demonstration of prior consideration at the instance level. The goal is to enhance transparency of prior consideration at the instance level to strengthen overall project integrity and provide more clarity to the market. We understand the comments about complexity of the

proposed process and the need to refine the definition of project activity instance so that projects with large numbers of project activity instances are not overburdened by an unfeasible administrative requirement. Further proposals to refine grouped project requirements in the *VCS Standard* will be included in the next VCS Version 5 public consultation.

2) Should instances be required to list prior to beginning instance-level project activities? Are there limitations we should be aware of?

Comment summary

Of the comments that provided a clear response to this question:

- 76 percent did not agree that instances should be required to list prior to beginning instance-level project activities.
- 24 percent agreed that instances should be required to do so.

As in the previous question responses, the primary concern was the unnecessary administrative burden and complexity that projects would face to meet this requirement, especially for cases where: (i) there are hundreds or thousands of project activity instances in a grouped project; (ii) where the instances are comprised of smallholder farmers with low capacity or awareness of VCS Program rules to undertake listing prior to starting activities, or (iii) where the instances have a low conversion rate from potential to actual instances in the early stages of project formulation. Another concern that was reiterated is that requiring listing before starting activities may prevent emergency climate action or limit project expansion.

The comments posed alternatives, including a standalone or streamlined project activity instance listing process, specific grace periods for adding instances after their start date, and ensuring that the listing process itself is as streamlined and fast as possible.

Verra will consider these comments in conjunction with the other comments received for the prior consideration proposal. We hear the concerns about adding unnecessary complexity and will seek to balance any new requirements with sound implementation and grace periods while aligning with future ICVCM requirements and strengthening overall program integrity. Verra will also consult on further proposals related to grouped project requirements in a future VCS Version 5 public consultation.

1.5 Conservativeness: Revising definition of project start date and treatment of pre-project emissions

1.5.1 Requested Feedback

1) Should the definition of project start date be the same for all project types? If not, do you have another suggestion to limit over-crediting through arbitrary start date justification?

Comment summary

Of the respondents to this question:

- 57 percent agreed that the start date definition should be the same for all project types.
- 36 percent disagreed.

- 7 percent stated no clear opinion either way.

Stakeholders provided several issues they had with the proposal, most notably:

- 15 percent said that it would not address the root cause of the arbitrary start date justification problem.
- 29 percent said that it would present specific challenges and uncertainties for AFOLU projects, in particular REDD and AUDD project types. For these project types it was stated that there would be a lack of clarity over what types of activities would constitute the start of generation of emission reductions.

Suggestions for improving the proposal included:

- Strengthening evidence requirements for the current start date definition justifications, such as requiring evidence of meeting minutes, formal decisions taken, or the date provided when informing stakeholders of when project activities will begin.
- Providing comprehensive guidance for each project type on what would be considered an acceptable start date justification under the current definitions.

2) Do you have any comments or concerns on the definition of pre-project emissions?

Comment summary

Of the respondents to the question:

- 33 percent stated that they had no issues or comments on the proposed definition.
- 59 percent provided comments or highlighted issues alongside suggestions or improvement.
- 8 percent strongly disagreed with introducing the definition overall.

Stakeholders provided alternative wording suggestions for the definition to make it clearer. Others suggested that Verra should limit what counts as 'pre-project emissions,' specifically that it should not include emissions normally included in the business-as-usual (BAU) scenario or that it should only include major sources of emissions such as land-use change or scope 2 emissions.

Some issues highlighted with the proposed definition are that pre-project emissions would be too costly or difficult to collect data on, especially from equipment fabrication or life-cycle analysis, and that it would only be relevant for non-AFOLU projects as AFOLU methodologies already define non de-minimis pre-project emissions.

If Verra chooses to move forward with this proposal, we will make the definition clearer and be specific about what it includes and excludes (e.g. BAU scenario emissions and pre-project emissions already addressed by the methodology).

3) Do you think that requirements on determining whether pre-project emissions are de minimis should be included at the methodology level, or should some flexibility for specific project contexts be permitted? If the latter, what sort of flexibility is needed?

Comment summary

Of the responses to this question:

- 67 percent stated that requirements for determining whether pre-project emissions are de minimis should be included at the methodology level.
- 21 percent stated that requirements should be included at the project-specific level (in the Standard or in the methodologies).
- 12 percent stated that pre-project emissions should not be required for all project types, especially smallholder projects.

Some respondents specified what type of requirements for determining de minimis pre-project emissions should be included in the methodologies. They included suggestions to provide categories on what types of emissions must be included, to provide time-bound constraints on what should be a pre-project activity, and to introduce an optional default factor for pre-project emissions that are not de minimis, where the measurement of these by the project would be too costly.

Respondents also provided other suggestions for handling these emissions at the Standard level, such as introducing voluntary enhanced disclosures of some pre-project emission categories, introducing a standardized pre-project emission calculation tool, or allowing evidence-based flexibility in the proposed requirements at the project-specific level.

If Verra decides to move forward with this update, the methodology requirements would be updated to mandate that new and revised versions of methodologies provide specific requirements for determining which types of pre-project emissions activities are considered de minimis or part of the BAU scenario.

1.6 Conservativeness: Reconsidering the de minimis threshold

1.6.1 Requested Feedback

1) Should the de minimis requirements be expanded to apply to both AFOLU and non-AFOLU projects? Please justify your response.

Comment summary
Most of the respondents (94 percent) agreed that the de minimis concept should be expanded to non-AFOLU projects, to ensure consistency in the treatment of all projects. Respondents indicated that this would reduce unnecessary burdens in monitoring of insignificant emission sources or sinks. Some respondents stated that specific de minimis requirements should be established at the methodology level (not the Standard level). Several stakeholders stated that the same de minimis threshold could be applied to account for pre-project emissions. Finally, some respondents stated that applying the de minimis requirements should be optional for the project developer and that its use should be justified with special consideration given to high-impact projects.

2) Should there be a different de minimis threshold for AFOLU and non-AFOLU projects, or for any more specific project types? Are there specific cases where the de minimis threshold should be determined at the methodology level?

Comment summary
The responses indicated an evenly split position, with 53 percent stating there should be no differentiation in the de minimis threshold between AFOLU and non-AFOLU projects, and 47 percent stating that there should be. Respondents who said there should be a differentiation argued that AFOLU projects present more challenges in monitoring and accounting and that differentiation should be based on project scale and type. Respondents also stated that there should be specific differentiated requirements at the methodology level.

3) Should the de minimis threshold be differentiated to better account for project scale?

Comment summary
A majority of respondents (74 percent) agreed that the de minimis threshold should be differentiated to account for project scale. Respondents in favor of applying a differentiation stated that this would ensure conservativeness, reduce the impact of the de minimis on small projects, and help in optimizing resource allocations. Respondents against applying a differentiation based on scale argued that it would penalize large projects, especially regarding its impact on grouped projects consisting of small stakeholders. Some stakeholders also stated that the de minimis threshold should be aligned with materiality thresholds. Verra appreciates the stakeholder feedback that the threshold should be differentiated by scale and will consider this in the final proposal.

4) Should a discount factor be applied to ensure conservativeness when treating sources and sinks as de minimis?

Comment summary
Of the responses to this question: • 72 percent did not think a discount factor should be applied. • 14 percent said that it should be applied optionally. • 14 percent said they are unsure, or that it depends on the value. The respondents who indicated a preference not to apply a discount factor stated that improving accuracy would be preferable to being overly conservative. They also stated that there is no need for discounting if the threshold is negligible. Other stakeholders referred to the negative impact of a potential discount factor on projects and the complexity of its application, as this may encourage periodical comparison between the discount factor and the monitored value. Respondents who did show a preference for applying a discount factor were cautious regarding the value applied and highlighted the importance of making it optional if correctly justified.

5) Do you have any other suggestions or feedback related to the de minimis requirements in the VCS Program?

Comment summary

The respondents provided a range of suggestions and feedback, focusing mainly on the need for clarity on the de minimis requirements and determination of the threshold.

- Some respondents requested further clarity on the calculation procedures and requested that more examples be provided during public consultation.
- Several respondents provided further comments on how the threshold should be determined and mentioned the need to differentiate by scale and for smallholders, to define the threshold based on scientific information, and to gradually reduce the threshold as monitoring technologies improve.
- Some additional feedback was received stating that if the de minimis threshold is correctly defined, there should be no reason for discounting.
- Finally, some stakeholders highlighted the challenges faced by stakeholders if the de minimis threshold is reduced and requested more information on the impact of the changes on existing projects.

Overall, the feedback reflects the need for clarity on the definition and application of the de minimis requirements. Stakeholders requested that the thresholds applied be differentiated by scale and based on scientific information.

Verra will take all the comments into consideration in the development of the final update to the de minimis requirements. Special consideration will be given to the impact of reducing the threshold on existing projects.

1.7 Permanence: AFOLU buffer pool management and loss event procedures

1.7.1 Requested Feedback

1) Should buffer credit contributions be made and released proportionally by vintage? Please justify your response.

Comment summary

Of the responses to this question:

- 56 percent thought contributions should be made and released proportionally by vintage.
- 24 percent did not think contributions should be made and released proportionally by vintage.
- 20 percent thought contributions should be made proportionally by vintage, but the newest vintages should be released first.

Respondents supportive of making credit contributions and releases proportional by vintage noted that this approach was fair, ensured consistency, and improved transparency. Those who thought contributions should be made proportionally by vintage, but that newest vintages should be released first elaborated that older vintages have less market value but greater durability value. Therefore, newer vintages should be released first to maximize project revenue, while older vintages should be kept in the buffer for their longer durability and greater value when compensating for reversals. Some of those who did not think contributions

should be made or released proportionally by vintage noted that this could compromise the fungibility of credits.

If Verra decides to move forward with this proposal, Verra would likely require contributions to be made proportionally by vintage but will further evaluate whether releases should be handled differently.

2) If you replied no to Question 1, how do you think the vintage of buffer credit contributions and releases should be determined?

Comment summary

Suggestions included:

- Allowing projects to decide the vintage based on a formula that encourages balance.
- Releasing the newest vintage first.
- Separating contributions and releases into credit types (i.e., avoided emissions and removals) and then ensuring that contributions are made and released proportional to vintage for each credit type.
- Releasing credits proportionally across the crediting period.
- Removing vintages from buffer credit contributions altogether.

3) Should Verra wait 5, 10, or 15 years after a project withdraws from the VCS Program (and has not registered in another GHG program) to conservatively cancel buffer credits or monitor and cancel credits when reversals are observed (see proposed update to Section 4.7.2(4)(c) of the *Registration and Issuance Process*)? Please justify your response.

Comment summary

Of those stakeholders who responded to this question:

- 22 percent said five or fewer years.
- 39 percent said 10 years.
- 6 percent said 15 years.
- 11 percent said they had no opinion.
- The remaining 22 percent said Verra should not conservatively cancel buffer credits but only monitor and cancel credits when reversals are observed.

4) Where a project withdraws from the VCS Program (and has not registered with another GHG program) or fails to submit a verification report for 15 years, should Verra cancel buffer credits from the AFOLU pooled buffer account in an amount equivalent to:

   a) the total number of VCUs issued to the project; or
   b) all buffer credits associated with the project?

Please justify your response.

Comment summary

71 percent of respondents said Verra should cancel buffer credits in an amount equivalent to all buffer credits associated with the project. The remaining 29 percent said Verra should cancel buffer credits in an amount equivalent to the total number of VCUs issued to the project.

Those who said the amount should be equivalent to all buffer credits associated with the project noted that the current approach of canceling buffer credits equivalent to the total number of VCUs issued to the project is overly conservative. When a project withdraws, a reversal has not necessarily occurred. Instead, some recommended that Verra monitor the permanence of projects using the Long-term Monitoring System and cancel credits based on observed, rather than assumed, reversals.

Those who said the amount should be equivalent to the total number of VCUs issued to the project felt this was the most conservative approach. However, one respondent noted that it might be unrealistic for Verra's buffer to be liable for these cancellations, and another clarified that the project should be liable.

An alternative proposal was suggested. Specifically, Verra should give the project the option to conduct an updated non-permanence risk assessment at the time of withdrawal that accounts for the cause of the withdrawal and expected ongoing land use. Once the updated score is verified, a proportionate number of credits could be canceled in the buffer.

1.8 Permanence: Allowing any VCS credits to be used as buffer contributions

1.8.1 Requested Feedback

1) Should Verra allow projects to contribute VCS credits from any project to the buffer? Why or why not?

Comment summary

Of those stakeholders who responded to this question:

- 57 percent said yes.
- 30 percent said no.
- 13 percent were supportive with guardrails.

Those who responded yes emphasized credit fungibility, flexibility, and improved buffer resilience through increased diversity.

Those who said no expressed concerns that:

- The buffer would become less diverse, leading to reduced resilience.
- The buffer would become capitalized with lower-quality credits.
- This could lead to arbitrage and consequent criticism.
- This would benefit companies with multiple projects who could maximize issuances of their most expensive projects, leading to project developer consolidation.

Those who were supportive with guardrails limited their support to situations where restrictions were placed on sector, vintage, or project type (e.g., removals for removals, only if permanent removals/reductions were used as the alternative, only if the credits came from projects with equal or lower risk profiles).

2) If Verra allowed projects to contribute VCS credits from any project to the buffer, what limitations (if any) should be placed on this flexibility (e.g., only Core Carbon Principle-labeled credits, only relatively permanent removals, a limit based on a percentage of buffer contributions, only credits of the same vintage)?

Comment summary

Five respondents stated that no limitations should be placed on this flexibility. The remaining respondents recommended a variety of restrictions, including:

- Based on vintage (e.g., only the same or more recent vintage) (8 respondents)
- Only Core Carbon Principle-labeled credits (6 respondents)
- Based on project type (5 respondents)
- Only lower or similar risk credits (4 respondents)
- Only permanent removals/reductions (1 respondent)
- Based on geography (1 respondent)
- No credits from projects that have not been verified for several years (1 respondent)
- A cap on the number of buffer credits that can come from any one project (1 respondent)

Notably, three respondents emphasized that there should not be CCP-related restrictions due to the lack of certainty surrounding the availability of these credits.

3) Should Verra require projects to contribute some credits with minimal or no reversal risk to the buffer (e.g., relatively permanent carbon dioxide removals such as biochar and non-conservation-related reductions)?

Comment summary

Of those respondents who provided a clear response:

- 85 percent responded no.
- 15 percent responded yes.

Those who said Verra should not require projects to contribute some credits with minimal or no reversal risk to the buffer expressed concerns that this would be overly burdensome for projects given the high cost of these credits and their current limited availability. Those who supported Verra requiring the project to contribute some credits with minimal or no reversal risk to the buffer stated that this would enhance the reliability of the buffer.

Given the strong opposition, Verra will likely not require projects to contribute some credits with minimal or no reversal risk to the buffer in the near term but may consider allowing this as an option.

4) Alternatively, should Verra require a portion of buffer credit replenishments (i.e., after a reversal) to consist of credits with minimal or no reversal risk?

Comment summary

Of those respondents who provided a clear response:

- 74 percent responded no.

- 26 percent responded yes.

Those who responded that Verra should not require a portion of buffer credit replenishments to be made with credits with minimal or no reversal risk reiterated that these credits are costly and hard to source. Those who responded Verra should require a portion of buffer credit replenishments to be made with credits with minimal or no reversal risk said this would contribute to the overall robustness of the buffer.

Given the strong opposition, Verra will likely not require a portion of project buffer credit replenishments from projects with minimal or no reversal risk in the near term but may consider ways to incentivize this optionally.

2 RAISING THE BAR FOR SAFEGUARDS, STAKEHOLDER ENGAGEMENT, AND SUSTAINABLE DEVELOPMENT IMPACT

2.1 Stakeholder engagement

2.1.1 Requested Feedback

1) Are there any additional general updates that could help strengthen or clarify VCS stakeholder engagement requirements? Please describe.

Comment summary

Respondents suggested the following:

- Improving the templates and guidance
- Adding inequality considerations (e.g., gender-related disaggregation)
- Considering specific requirements for reporting and verification
- Differentiating requirements for AFOLU and non-AFOLU projects

Over 30 percent of respondents requested clarification on concepts regarding the process to engage stakeholders (e.g., differentiating between affected and non-affected stakeholders to align with free, prior, and informed consent (FPIC) requirements, the process to withdraw consent, the definition of local communities for non-AFOLU projects). Finally, respondents also requested clarification regarding minimum supporting information or evidence, timing- and transparency-related requirements.

Engaging stakeholders effectively throughout the project life cycle is the first and most important step in ensuring local ownership, relevance, and sustainability of the project outcomes. Verra will consider the consultation respondents' input to ensure practical, robust, and implementable requirements with adequate guidance for stakeholder engagement, ensuring stakeholders' meaningful participation throughout the project lifetime.

2) Do you disagree with any of the proposed new or updated stakeholder engagement requirements? Please explain why.

Comment summary
Over 50 percent of the respondents agreed with the proposed updates for stakeholder engagement. Those who disagreed expressed that lighter requirements should be included for projects on private property without overlapping customary or statutory rights and urged Verra to consider scenarios where traditional and culturally appropriate methods to engage stakeholders violate human rights or perpetuate inequalities for marginalized groups. Finally, they expressed that more clarity is needed on certain proposals about when, how, and which stakeholders must be engaged for different project types and contexts. Verra will consider the respondents' comments and recommendations while drafting the detailed requirements to ensure the stakeholder engagement requirements and guidance are strengthened yet feasible.

3) What components of stakeholder engagement do project proponents and VVBs need the most guidance on if they are to implement/audit them successfully?

Comment summary
Respondents agreed that all existing and new requirements need guidance (including details of what constitutes adequate evidence, tools, and templates) and training. More than 50 percent of the respondents agreed that detailed guidance will be needed to conduct FPIC adequately, define when it's necessary, and ensure stakeholder engagement throughout the project's lifetime. These two were followed by identifying and engaging with marginalized groups, including disaggregation and a specific engagement plan. Stakeholders also suggested Verra integrate requirements on: • Qualitative and quantitative metrics to assess engagement quality. • Reporting exceptions (e.g., communities outside the project area not willing to participate in the project, risks for project proponents and validation/verification bodies (VVBs) to engage with certain communities). • VVB demonstration of social (including gender) and local expertise (e.g., language). Verra will prioritize the development of clear and actionable requirements for stakeholder engagement. To achieve this, Verra will continue to advance and explore partnerships with key stakeholders that could support the development of guidance for critical stakeholder engagement requirements, such as: • Conducting FPIC. • Meaningfully engaging with stakeholders throughout the project's lifetime (including a specific plan to achieve it). • Identifying and involving marginalized groups (including indicator's disaggregation). • Monitoring quantitative and qualitative indicators, and providing adequate evidence.

2.2 Social and environmental safeguards

2.2.1 Requested Feedback

1) Should there be a common set of safeguard requirements for all Verra programs?

Comment summary

There was strong support for a common set of safeguards for Verra programs, with nearly 80 percent of respondents to this question explicitly indicating it would facilitate consistency, understanding, and auditing. About 8 percent were unsupportive, arguing that the programs are designed with different ambitions.

Whether supportive or not, 40 percent of respondents highlighted that safeguards must be tailored to project types or Verra programs (and commensurate with their risks). Some respondents suggested incorporating national and jurisdictional safeguards and maintaining market differentiators between Verra programs (e.g., VCS and CCBS).

Verra will continue exploring a common set of safeguards for all its standards programs, including a risk-based approach that will enable projects to self-identify the applicable safeguard risks based on their activity type and context. Using this approach, projects could also establish mitigation measures commensurate with their level of risk.

As VCS Version 5 continues to be conceptualized and developed, Verra will clarify how its standards programs' safeguards interact and signal the differentiators between the VCS and other benefits programs (e.g., CCBS and SD VISta).

2) Are there any additional general updates that could help strengthen or clarify the VCS safeguard requirements?

Comment summary

Respondents suggested several updates and improvements to the existing and proposed requirements. Nearly 50 percent of respondents indicated that it is necessary for Verra to provide specific guidance on evidence to comply with the safeguard requirements, with distinct considerations per project activity type. About 20 percent of respondents highlighted requirements for monitoring and risk mitigation measures as a key priority, followed by requirements related to securing and demonstrating tenure and customary rights (e.g., under conflicts or regarding displacement). Finally, some respondents suggested that Verra require the use of digital tools for monitoring and detail more specific requirements with a gender and marginalized groups lens (e.g., sexual exploitation, abuse, and harassment (SEAH)).

Verra will consider the respondent's input and prioritize developing clear and implementable requirements for social and environmental safeguards, accompanied by definitions and high-level guidance to the fullest extent possible. Verra will also continue to explore partnerships with key stakeholders that could support the development of requirements, guidance, and tools for critical improvements, including:

- Land-rights
- Considerations to reduce gaps, protect, and empower women and marginalized groups
- Monitoring and evidence needed to demonstrate compliance
- Use of digital tools

3) Do you disagree with any of the proposed new or updated safeguard requirements? Please explain why.

Comment summary
Respondents' most shared disagreement is the requirement for a benefit-sharing mechanism without explicit guidance and defined terminology. Armed personnel requirements were another common topic of disagreement as it is a sensitive topic that should be accompanied by protocols and considerations to avoid conflict and harm to stakeholders due to power dynamics from armed project staff (e.g., training on de-escalation and human rights). Respondents also disagreed with the requirement to provide a written summary in local spoken language(s) since it might be insufficient for illiterate stakeholders. When this occurs, complementary requirements should be included (e.g., understandable summaries provided in culturally appropriate ways). Verra is committed to including guidance for key requirements, such as benefit sharing, FPIC, and armed personnel, to ensure the social and environmental safeguards are implementable and practical while ensuring the integrity of projects.

4) What do project proponents and validation/verification bodies need the most guidance on when it comes to safeguards?

Comment summary
Over 30 percent of respondents indicated that guidance on benefit-sharing mechanisms is necessary, regarding when they are applicable, their content (e.g., core benefits from project operations vs. benefits after profits, in-kind benefits), and the agreement process. Around 20 percent of respondents highlighted that guidance is necessary regarding how to implement, measure, monitor, and assess safeguards (e.g., adequate evidence), closely followed by ecosystem-related safeguards (e.g., definition of conversion, pollutants). Finally, some respondents indicated that guidance is necessary for requirements regarding armed personnel, just transition, and gender equality (including SEAH). Verra will provide further guidance on the benefit-sharing mechanism requirements and prioritize developing clear and implementable safeguard requirements accompanied by definitions and high-level guidance.

2.3 Sustainable development contributions and indicators

2.3.1 Requested Feedback

1) Which features would be most useful in a tool for SDG contribution indicators?

Comment summary

Within the answers, 14 percent of the respondents to this question explicitly stated they supported the proposal to develop a tool that project proponents would use to report their required SDG contributions and optionally demonstrate sustainable development benefits efficiently, in a standardized and flexible way. Less than 10 percent indicated they were unsupportive.

Over 40 percent of respondents agreed that the tool would benefit from clearly defined metrics, means of verification, and monitoring for specific project types, which was followed by 22 percent of respondents who suggested alignment with the SDGs and national priorities. Finally, each of these suggestions for inclusions to the tool was supported by 10 percent of respondents:

- Indicators measuring qualitative and quantitative information
- Targets and actual achievements
- Disaggregated output and outcome level indicators
- Offline functioning of the tool, so that it can be used in projects developed in remote areas

Verra will continue to develop a tool that enables the standardization of SDG contribution indicators for VCS projects, with guidance on the units, indicator disaggregation, and verification means. Self-defined indicators will still be allowed to account for context-specificity, with a certain degree of rigor to ensure projects have meaningful contributions to sustainable development.

2) To increase integrity and ease of use, do you have suggestions for streamlining and aligning VCS with other Verra certifications linked to sustainable development benefits (e.g., CCBS and SD VISta)?

Comment summary
About 25 percent of respondents to this question suggested streamlining Verra's standards programs by highlighting program linkages and aligning requirements and processes (e.g., registration and issuance process and project statuses in Verra's Registry). In connection with this, some stakeholders cautioned Verra to maintain the individual certification's value and clearly distinguish each program. Other stakeholders recommended connecting the SDG contribution indicators to the project's interventions and theory of change, as well as providing joint templates (e.g., VCS and SD VISta) and enhancing the use of digital tools. As VCS Version 5 and other Verra program updates continue to be developed, Verra will streamline and align the requirements where feasible while maintaining and highlighting differentiators between the VCS and other benefits programs (e.g., CCBS and SD VISta).

3) Do you have suggestions to minimize the burden on projects seeking to demonstrate robust sustainable development benefits?

Comment summary
About 30 percent of respondents to this question suggested Verra can minimize the burden on projects by setting default indicators (potentially some being mandatory) linked to the

SDGs and differentiated between project activities. The same number of respondents suggested providing guidance, tools (including in digital formats, or more specific tools like standardized surveys), and training to ensure project proponents can implement the safeguards and VVBs have the capacity to audit them. Some respondents also suggested reducing the time and cost of the certification process and duplications in templates.

Verra's planned tool to help projects select adequate and standardized common SDG contribution indicators aligns with the respondents' views and suggestions. Verra will consider the consultation input as the tool is further conceptualized.

4) How would a project's sustainable development benefits be best communicated to buyers?

Comment summary
Nearly 80 percent of respondents to this question suggested project summaries with infographics, graphs, and key data (e.g., SDG, indicators monitored by the project from a standardized list with links to buyer's interests, target, and results) to signal sustainable development benefits to buyers. The summaries could be displayed in Verra's project hub or one-to-two-page summaries auto-populated from the project information. Nearly 25 percent of respondents also highlighted that project information in the project hub should be available to stakeholders (e.g., buyers or communities) using easily digestible templates and search functions. Finally, some stakeholders also suggested including testimonials or case studies as part of a "market package" to highlight those benefits to buyers. Verra will explore building a function within the project hub to provide project summaries, highlighting the sustainable development benefits (using the indicators, targets, and results) in a visually appealing way that can help buyers identify higher-quality projects.

2.4 New definitions to enable smallholder and community-driven projects

2.4.1 Requested Feedback

Barriers to Smallholders and New Definitions

1) What are the greatest barriers preventing smallholders and small-scale projects from participating in VCS projects? Please make it clear in your response whether the barrier is relevant to smallholders, small-scale projects, or both.

Comment summary
Stakeholders overwhelmingly identified the costs associated with project development and implementation as the primary barrier for small-scale and smallholder project development. Second to this financial barrier, complex methodologies and difficulties providing credible evidence to comply with monitoring and other requirements were highlighted as challenges for small-scale and smallholder projects. Establishing land tenure was also identified as a barrier for smallholders, in particular. Finally, some stakeholders identified a lack of translated Verra documents as a barrier preventing smallholders from accessing the VCS Program. Verra appreciates this feedback on the key barriers to small-scale and smallholder project development under the VCS Program and will use this information to ensure any proposed solutions target these specific barriers.

2) Could providing smallholder or small-scale specific pathways within VCS methodologies enable access for these project types? Why or why not? Which VCS methodology pathways could enable access?

Comment summary
Stakeholders supported providing smallholder or small-scale pathways within VCS methodologies. Some general suggestions included incorporating simplified reporting requirements and utilizing standardized methods for additionality as part of smallholder or small-scale specific pathways within individual methodologies. Stakeholders identified the following project activities as priorities for these pathways: ARR, ALM, REDD, and WRC. Verra will consider this feedback and assess the benefits of revising or updating the specified methodologies.

3) Do you agree with the proposed definitions for small-scale AFOLU project, smallholder, and subsistence farmer? Why or why not?

Comment summary
Stakeholders supported the proposed definitions to some extent, though many suggested that Verra reconsider the threshold for land holdings included in the smallholder definition. There were a few suggestions that the definitions consider regional and local contexts. Several commenters proposed using the FAO definition for smallholders, which is as follows, “small-scale farmers, pastoralists, forest keepers, and fishers who manage areas varying from less than one hectare to 10 hectares.” Verra will take this feedback into account and in particular, reconsider the size of the land holdings in the definition for smallholders.

4) Are there any other opportunities to streamline processes that could benefit smallholders and small-scale projects using the *VCS Standard*?

Comment summary
Stakeholders suggested that providing technical support and capacity building for smallholder project developers could help promote access to the VCS Program. Simplified validation and verification processes were also highlighted as a way to help smallholder projects. The default risk rating for small-scale projects in the NPRT was mentioned as an opportunity to streamline processes for these project types. Finally, several comments highlighted that grouped projects are an existing pathway for smallholders to access the VCS Program, though some commenters suggested that improvements to these rules could further alleviate barriers. Verra will consider all of this feedback on streamlining processes for smallholder and small-scale projects, especially suggestions on Verra’s grouped project rules, as updates to these rules are also planned for the next consultation for VCS Version 5.

Default Risk Rating

1) Should Verra introduce a default risk rating for small-scale projects? Would this help small-scale project development? Please justify your response.

Comment summary
The majority of stakeholders were supportive of introducing a default risk rating for small-scale projects in the NPRT. Some of the justifications provided for this approach were that it could reduce financial uncertainty for these projects, save time, and increase flexibility. While there was far more support than rejection of the default risk rating, some commenters mentioned that the default pathway alone might not be enough to alleviate barriers to small-scale project development. It was noted that the default could lead to risk scores that are inaccurately low, which might not be perceived positively in the market. Verra will continue to assess whether the default risk rating could have a meaningful impact on small-scale project development and explore how to mitigate any unintended consequences of such an update on market integrity.

2) Is the proposed 20 percent default risk rating too high, low, or just right?

Comment summary
The majority of comments stated that the 20 percent default rating was too high. Instead, values ranging from 10-15 percent were proposed as the default rating. It was noted that some basic safeguard requirements should be in place, even if using a lower default value. While not the majority, several commenters agreed that the 20 percent rating was appropriate and that it aligned with other standards. Finally, a minority of comments suggested that the default value was too low, citing that the risk rating would ideally be specific to each project. Verra will further assess what an appropriate default value is, should this update be implemented.

3) If Verra introduced a default risk rating, should this be restricted to a project's first monitoring period, first and subsequent monitoring period, or not restricted at all?

Comment summary
Most commenters felt that applying the default risk rating should not be restricted at all. It was cited that if the update intended to introduce flexibility, then this flexibility should extend through a small-scale project's lifetime. It was also mentioned that continued certainty about the risk reduction would help these projects. A small number of commenters felt that the default risk rating should be restricted to the first and subsequent monitoring periods, as this would be sufficient to help these projects overcome barriers. If this update is pursued, Verra will consider its implementation with no restrictions.

3 ENHANCING DATA TRANSPARENCY AND USABILITY THROUGH DIGITAL TOOLS

3.1 Enabling High-Frequency Digital Measurement, Reporting, & Verification (DMRV) Based Issuances

3.1.1 Requested Feedback

1) Should DMRV-based high-frequency issuances be enabled, supplemented by periodic full verifications?

Comment summary
Over 60 percent of respondents were in favor of enabling DMRV-based high frequency issuances, supplemented by periodic full verifications. Stakeholders indicated that DMRV issuances could increase transparency and help the market to scale. About 30 percent were supportive but with caveats. Those caveats included the following considerations: • Stakeholders recommended that Verra clarify its definitions, including the definition of a "DMRV system." • Respondents recommended rolling out the DMRV issuances by sector or project type, starting with sectors that might already rely on meters/sensors that can directly provide data digitally. Verra appreciates the feedback and support towards DMRV high-frequency issuances. We will take the considerations highlighted by respondents into account as we work to implement this update.

2) Should a portion of VCUs be held back until full verification is complete and approved by Verra? If so:
   a) Is 20–50 percent the right threshold of credits to hold back?
   b) Should the amount of credits held back vary by project type?
   c) What is the right frequency for full verifications: 1, 3, or 5 years?

Comment summary
a) Is 20–50 percent the right threshold of credits to hold back? The majority of respondents suggested that the amount of credits held back should depend on project type. This consideration by project type could also include the project's risk assessment. About 25 percent of stakeholders expressed support for the 20-50 percent threshold for credit withholdings. Approximately 20 percent of respondents suggested that no credit holdback should be required. Finally, a true-up mechanism, where projects true-up issuances at full verification, was also proposed. *b) Should the amount of credits held back vary by project type?* Almost all the respondents agreed that the number of credits held back should vary by project type. Stakeholders suggested that the holdbacks should consider project risk and an activity's readiness for DMRV when determining the appropriate holdback. For example, it was

proposed that certain project types might already utilize sensors with high accuracy, and these projects might not necessitate higher withholdings.

c) What is the right frequency for full verifications: 1, 3, or 5 years?

Stakeholders were split between 3 and 5 years as the right frequency for full verification. Some respondents proposed that the frequency of verifications could decrease as issuances using DMRV approaches became more commonplace and streamlined.

Verra will take these inputs into account as we continue to work with pilots to enable issuances using DMRV.

3) How can stakeholder concerns be dealt with fairly during the DMRV-based issuance period?

Comment summary
Respondents aligned on recommending regular and transparent communication with Verra to ensure that stakeholder concerns are addressed during the DMRV-based issuance period. Stakeholders highlighted the need to have the DMRV results available for review and comment during this period, too. Respondents also suggested that Verra provide a Grievance Mechanism specifically for projects during the DMRV-based issuance period. Finally, stakeholders proposed that projects should respond to comments received during the DMRV-based issuance period itself and that Verra should stop issuing VCUs if comments were related to issuance. It was noted that Forward Action Requests (FARs) could be addressed during the project's full verification. Verra will consider these suggestions for dealing with stakeholder concerns during the DMRV-issuance period to ensure the process is as transparent and accessible as possible.

4) Are there any risks to this approach that you are concerned about and how would you suggest mitigating them?

Comment summary
Stakeholders highlighted three main risks. They included: • The risk of over-crediting. • The risk that Verra's rules lack rigorous and consistent technical requirements. • The possibility of issues with Verra incorporating methodology or template revisions into the digital platform. One stakeholder also pointed out that applying CCB labels to high-frequency DMRV issuances could be a challenge. Some potential solutions could be: • Ensuring that Verra and VVBs have the appropriate capacity to ensure that digital data is high quality and of high integrity. • Implementing consistent and clear requirements for digital data, in terms of accuracy and statistical tests for metrics. Verra appreciates the detailed feedback and will explore implementing the proposed mitigation strategies.

5) Do you have any other feedback on any of the other proposed rule changes or process proposals?

Comment summary
Respondents provided a variety of feedback on the proposed rule changes. Respondents stated that Verra should: • Consider how CCB labels will work with high-frequency VCU issuances. • Differentiate guidelines for digital technologies based on project types. The DMRV pilots should also strive to cover various project types. • Consider how grouped projects will be impacted by high frequency issuances if no new instances are permitted during this period. • Provide capacity building on the DMRV procedures. • Explore how smallholder projects might face barriers to DMRV-based issuances • Consider the fact that digital verification is not included in ISO14065 if deviating from this standard. Verra will consider all comments received as we continue to refine our rules related to high frequency DMRV issuances.

3.2 Enabling digital project submission and data monitoring

3.2.1 Requested Feedback

1) Should use of the Verra Project Hub for digital project submissions be required where digital versions of the templates and methodologies are available?

Comment summary
The majority of stakeholders supported requiring digital submissions where digital versions of templates and methodologies are available, though there were several caveats shared. Stakeholders recommended the following actions before implementing this requirement: • Improving support features for users in the Project Hub • Completing further testing of the digital forms • Including a grace period before requiring digital submissions Finally, some stakeholders noted that submitting project documentation digitally for community-based projects could be challenging.

2) Should project proponents be required to provide data and parameters in the Digital Project Submission Tool where they are available in a digital format?

Comment summary
A majority of commenters supported requiring projects to provide data and parameters in the Digital Project Submission Tool, where available. Some of the feedback in favor of this

requirement included that it would enhance transparency, make data more accessible, and send a signal to the market.

However, stakeholders proposed some caveats. These include that Verra should allow exceptions for areas with limited digital access or sensitive data. Some stakeholders also suggested that further testing should take place before requiring digital submissions.

3) Do you have any other feedback on the proposed changes?

Comment summary
Verra received diverse feedback on the proposed changes. Some of the feedback stated that Verra should: • Allow project proponents to use the same templates throughout the registration process, even if there are updates. • Continue testing and piloting these digital approaches. • Ensure that digital submissions do not add additional time or effort for projects. • Consider making the quantification calculation engine a standalone tool. • Update our requirements for geospatial data (i.e., require formats other than KML). Verra is aligned with ensuring that digital submissions do not create additional effort on projects, as this approach is intended to streamline project development as much as possible.

4) Do you have any feedback on the Digital Project Submission Tool and the digital template and methodologies themselves? Feedback on Verra's digital tools can be submitted via this consultation and anytime by emailing hubsupport@verra.org.

Comment summary
Verra received several submissions with feedback on the Digital Project Submission Tool. This included the following recommendations that Verra should: • Standardize project templates as much as possible. • Publicize bugs and related fixes. • Consider combining logins for the Verra Registry and the Project Hub. • Include an ability for projects to include notes in their draft submissions. Verra greatly appreciates this feedback on our Digital Project Submission tool. We would welcome further feedback to hubsupport@verra.org.

4 REFINING THE PROGRAM SCOPE FOR MAXIMUM IMPACT

4.1 Removing the concept of approved GHG programs

4.1.1 Requested Feedback

1) Should projects that were registered under any GHG program be eligible to register under the VCS Program or should a list of eligible programs be posted on the Verra website? Why?

Comment summary
Respondents were evenly split between allowing projects to transfer from any GHG program and Verra maintaining a list of eligible GHG programs. However, respondents who wanted flexibility to allow transfers from all GHG programs also emphasized the importance of protecting VCS project quality and integrity by having strong eligibility criteria to make up for potential integrity gaps between programs. These gaps may need to be analyzed for each program. Many respondents also recommended that the list of GHG programs or eligibility criteria require the GHG programs to be globally recognized (e.g., ICVCM approved). Overall, respondents are positive about having eligibility criteria for transfer projects that protect the quality and integrity of the VCS Program. Verra understands the need to develop eligibility criteria that ensure the integrity of projects transferring from other GHG programs. Verra will further consider whether to allow transfers from all programs or maintain a list of eligible programs based on the eligibility criteria.

2) Verra is proposing that projects must have a project start date within five years of the VCS Program registration request date. Is this an appropriate number of years? Please explain your answer.

Comment summary
80 percent of the respondents agree with limiting the number of years that projects can transfer within. Most respondents agree that 5 years is appropriate, while others recommend longer time periods for AFOLU projects. Some comments recommended no time limit because it is unfair to projects that have registered for a while under other GHG programs. Verra will further consider the appropriate number of years for projects transferring to the VCS Program with consideration for AFOLU projects.

3) What are the challenges project proponents will face when reassessing their project's additionality and baseline scenario based on the project start date (i.e., date when the project started generating reductions and removals)? How can these be addressed?

Comment summary
Respondents are receptive to requiring project proponents to reassess the transfer project's additionality and baseline if there are clear procedures for conducting the reassessment. The procedures must include guidance on accounting for differences between methodologies and methodology versions. Respondents who disagree with the approach argue that the validity of the original additionality demonstration stands, as the validation was conducted based on the project's circumstances at its start date. Verra will consider the feedback provided on the challenges and recommendations when developing the procedures and guidelines for additionality and baseline reassessment. Verra welcomes further feedback and suggestions to ensure the procedure is helpful.

4) Should projects that were registered under another GHG program be permitted to use the full VCS Program crediting period length, instead of the original GHG program crediting period length as per Section 3.9.7 in the *VCS Standard, v4.7*?

Comment summary
A significant majority of respondents favor permitting transfer projects to use the full VCS Program crediting period length. Some comments caution against allowing projects to automatically extend their crediting periods from the other GHG program, as it questions the projects' additionality and baseline. If Verra decides to implement this update, it will likely allow transfer projects to apply the full VCS Program crediting period length, with considerations for the project's start date and ensuring that no double counting occurs. Transfer projects would still have to adhere to crediting period renewal requirements.

5) What other considerations should Verra evaluate in removing the concept of approved GHG programs?

Comment summary
Respondents are generally receptive to removing the concept of approved GHG programs. Some challenges to removing the concept include regulatory interactions with different programs, technological capacity, cost and the optionality to maximize climate finance. Respondents highlighted further considerations for the new requirements, including the need for clear procedures for transfer projects, accounting for transference and fungibility of previous validations and verifications, and applying the same bar of socio-economic safeguards to transfer projects as new VCS projects. Verra will work to mitigate the challenges and incorporate the considerations highlighted.

4.2 Activities excluded under the VCS Program

4.2.1 Requested Feedback

1) Should Table 1 be removed from the *VCS Standard* and eligible activities described within the relevant methodologies instead? Why or why not?

Comment summary
Of the respondents to this question, 77 percent supported the proposal to remove Table 1 from the *VCS Standard.* Some commenters provided caveats or conditions to their support; the majority supported the change only after all methodologies had been updated and themselves been subject to a public consultation process. The respondents opposed to removing the table consistently indicated a preference for the content of Table 1 to be both in the *VCS Standard* and in relevant methodologies.

2) Which active CDM methodologies should be considered for inactivation under the VCS? Please provide a justification.

Comment summary
Few responses were received for this question. Most respondents supported Verra deactivating CDM methodologies that do not meet the current standards, while respondents who opposed deactivation stated that this discourages innovation.

3) Should program scope exclusions for grid-connected renewable electricity generation be reduced in countries where climate finance may still be needed? If so, what criteria should be met to determine the eligibility conditions?

Comment summary
A majority (75 percent) of respondents supported reducing the exclusions for grid-connected renewable eligibility, with some indicating their support with caveats including that Verra should: • Require robust and transparent evidence that grid-connected renewable electricity projects need carbon finance to advance. • Consider limiting the number of allowable credits from renewable energy based on the amount of energy consumption by project proponents. Some suggestions for criteria for eligibility included an assessment of grid penetration of renewable energy in the jurisdiction of a project. Stakeholders also suggested that Verra could consider whether projects contribute to building the electricity grid and providing storage capacity when assessing eligibility.

4) What threshold should be used to differentiate small-scale and large-scale grid-connected electricity generation? Why?

Comment summary
Responses to this question were varied and there was not a significant trend or consistency. Some respondents preferred to keep the existing threshold, while others suggested country-specific restrictions as more appropriate. Others suggested relying on expert thinking or consumer trends to determine the threshold to differentiate between small-scale and large-scale grid-connected electricity generation.

5) How can we ensure a fair transition to revised methodologies, considering the impact on existing projects?

Comment summary
Responses to this question centered around three ideas: • Developing careful grace periods for projects that need to transition to new methodologies • 'Grandparenting' or allowing validated projects to continue crediting under their current methodology until their next crediting period renewal

- Creating a consistent messaging strategy for stakeholders and the public to not devalue older projects when changes in methodologies or new methodologies arise.

4.3 Requirements for the use of biomass

4.3.1 Requested Feedback

1) Are there other requirements Verra should include in addition to or in place of those suggested? If so, what are they and, where relevant, which requirements should they replace?

Comment summary
The comments received highlighted general agreement on the robustness of the biomass sources list and emphasized the need for stringent requirements to prevent GHG emissions leakage and ensure traceability. Other comments expressed concerns about the impact on food supply of using agricultural products, suggesting clarification on combining biomass projects with other types. Verra will use the feedback received to inform the continuing development of establishing robust and workable requirements to mitigate the impact of the use of biomass across methodologies.

2) Are the proposed requirements sufficiently detailed without being overly prescriptive?

Comment summary
The feedback indicated general agreement on the proposed requirements, highlighted the need for more clarification on definitions and applicability, and emphasized the need for clarity on biomass use, particularly in ARR projects. Verra will take the feedback received into consideration while we work to improve the clarity of the requirements.

3) Does this approach allow robust coverage of projects in cases where biomass is sourced from outside the project boundary? If not, how can robust coverage for sustainable biomass sourcing be improved?

Comment summary
The feedback was mostly positive and emphasized the need for sustainably sourced biomass. Some called for more clarity, especially around the boundaries of upstream emissions reporting and guidance on reporting requirements for biomass from waste and/or by-products. Verra will use the feedback received to clarify and refine the requirements for upstream emissions reporting.

4) Are the proposed requirements and definitions clear and enforceable? Do you have any suggested improvements?

Comment summary
The feedback received indicated support for the adequacy of the requirements. Other respondents called for more clarity on how the definitions related to one another and their applicability, while others requested more explanation on the term "use of biomass" generally and in relation to AFOLU projects specifically. Verra is committed to ensuring sustainable biomass sourcing and use, addressing socio-economic and environmental impacts, and improving traceability. The proposed methodology requirements provide flexibility for different biomass types and recognize the need for separate requirements for biomass from waste and by-products. Clarifications on the interactions between project types, and on the terminology and definitions provided will be explored further.

5) Are the proposed requirements compatible with aquatic ecosystems and applicable sustainable aquaculture management?

Comment summary
The feedback received suggested the need for creating separate requirements for aquatic ecosystems and sustainable aquaculture management, called for more clarification in certain sections, and confirmed that the proposed approach is compatible with aquatic ecosystems and sustainable aquaculture management. Verra will incorporate the feedback received to improve the clarity of the requirements. The approach that Verra proposed in the consultation document requires that methodologies covering project activities using biomass set requirements based on the biomass types relevant to those activities, including those dealing with the aquatic ecosystems and aquaculture management.

6) Do any of the above requirements lead to a conflict with the scope and applicability of existing VCS-approved methodologies which would impact project implementation?

Comment summary
The comment received suggested that Verra review and revise VCS methodologies against the proposed biomass requirements, called for more clarification on certain requirements, recommended aligning with the new VM0050 methodology, and raised concerns about potential bottlenecks due to processing times and fees. Verra will work to improve the clarity of the requirements. Regarding the feedback received on VM0050, this methodology covers project activities that improve combustion efficiency and so is explicitly excluded from the proposed addition of 3.19.30 to the *VCS Standard*. Regarding potential bottlenecks and fees, Verra is committed to ensuring that biomass is sourced and used in a sustainable manner that mitigates negative socio-economic and environmental impacts. Verra believes that these risks are significant enough to warrant the need for projects using biomass to demonstrate sustainable production and sourcing. At the same time, Verra is committed to removing barriers to participation where possible, so we are interested in hearing about and exploring other methods beyond the use of existing certification standards that provide similar levels of assurance.

7) Is leakage accounting necessary where sustainable biomass certification is required?

Comment summary

The feedback received suggested a range of opinions:

- Certification makes leakage reporting redundant.
- Leakage accounting should be optional.
- Leakage accounting should be mandatory for each project.

The feedback received reveals a narrow view of leakage accounting as it pertains to biomass. Verra is seeking to develop requirements that account for the impact of projects outside the project boundary. For biomass, this means looking at land-use change but attempting to quantify the impact on markets for the changing demand for biomass feedstocks. Verra acknowledges that the former is well considered by certification standards but would suggest that there is a gap that needs to be addressed with regard to the latter.

Further, Verra is seeking to require that the emissions associated with the production, harvest, processing and transportation of biomass are accurately accounted for by projects using biomass. Verra has proposed to require projects to account for these emissions as leakage, as they occur outside of the project boundary but result from the project activities.

4.4 A new sectoral scope and requirements for open ocean project activities

4.4.1 Requested Feedback

1) Should Verra create a new sectoral scope for projects implementing activities in the open ocean? Why or why not?

Comment summary

All respondents agreed that the marine environment poses unique challenges and that ocean carbon pools, transport, and storage dynamics are not well suited to existing sectoral scopes and carbon accounting procedures.

- Most respondents (90 percent) emphasized the need to create a separate sectoral scope to set out methodology-level requirements that are specific to open ocean projects.
- Several comments highlighted the significant potential opportunity for climate mitigation action in the near term.
- A few comments cautioned whether there is sufficient science to support certification of open ocean project activities under the VCS Program.
- One respondent agreed to the ocean carbon sectoral scope with the caveat of including coastal wetland project activities and to allow crediting of allochthonous carbon sequestered coastal blue carbon ecosystems.

Verra will consider this feedback and provide further guidance to ensure there is a clear distinction between the existing WRC requirements associated with coastal blue carbon systems (i.e., conserving and restoring mangroves, salt marshes, seagrass meadows) and the new ocean carbon sectoral scope requirements. Ocean carbon activities cover a broad portfolio of emerging approaches. For some of these activities, significant scientific uncertainty still exists, and additional research may be required to reach consensus about the greenhouse gas benefits.

At this time, requirements associated with coastal blue carbon ecosystems will remain supported by the Wetland Restoration and Conservation (WRC) requirements under sectoral scope 14. Agriculture, Forestry, and Other Land Use (AFOLU). Verra will consider the consultation respondents' comments regarding allochthonous carbon to ensure clarity across WRC and ocean carbon requirements.

2) Which open ocean activities offer a significant opportunity for climate mitigation action in the near-term and have sufficient science to support crediting under the VCS Program?

Comment summary
Most respondents showed a preference for certifying activities associated with macroalgal/seaweed cultivation and seabed management under the VCS Program. Among seaweed cultivation activities, intentionally sinking seaweed into the deep ocean was suggested. Many of the comments referenced that these two activities have high mitigation potential but did not address whether there was sufficient science to support crediting under the VCS Program. A few respondents also provided information on the mitigation potential of activities impacting carbon transport associated with marine food webs. Verra appreciates the feedback that scientific uncertainty may exist about the greenhouse gas benefits of some open ocean activities and additional research is required. Quantifying project benefits and approving project types requires robust supporting science and observing technologies. At this time, Verra is not pursuing carbon credit generation based on the carbon fluxes related to marine fauna as a carbon sink due to: • High uncertainty with carbon transport and fate of carbon along the food web. • Limited or lack of science and observing technologies. • Uncertainty in the ability to manage fisheries dynamics for climate mitigation. Verra will continue to engage and consult with ocean and climate science experts to evaluate opportunities as supporting science becomes available.

3) Should Verra consider expanding the new sectoral scope to include open freshwater bodies, such as pond and lake ecosystems?

Comment summary
Overall, feedback reflects a strong preference to include freshwater bodies under the VCS Program if there is sufficient science to quantify project activities' benefits. Verra will continue to assess varying attributes across aquatic biomes and whether the new sectoral scope can effectively and clearly address the inclusion of open freshwater habitats under the VCS Program. Freshwater ecosystem dynamics and carbon cycling differ from marine habitats; therefore, these inland aquatic habitats will require freshwater-specific criteria.

4.5 Geologic carbon storage (GCS) requirements

4.5.1 Requested Feedback

1) Do the changes to ownership rights reduce burden for projects where pore space tenure and surface access are unlikely to be disputed? Why or why not?

Comment summary
Verra received very few responses to this question. Respondents generally agreed that there is adequate increased flexibility with the proposed changes and provided examples of jurisdictions where the requirements may need further consideration.

2) Which countries could be considered for a positive list where regulatory oversight is sufficient and Section 3.1.3 in the attached *GCS Requirements* is unnecessary? Why?

Comment summary
Verra received very few responses to this question. The responses provided were evenly split between those in favor of a positive list, and those not in favor that indicated potential political risk of providing such a positive list.

3) How valuable was the requirement for investigations based on modeled non-negligible CO_2 containment loss in Section 3.4.6 of the *GCS Requirements*?

Comment summary
Respondents could not provide meaningful feedback as they indicated that the existing requirements are too vague, particularly around the definition of 'non-negligible.'

4) Does removing the design risk rating for confining layers (formerly Table 5 (b) in the *GCS Non-Permanence Risk Tool*) reflect the realities of the risk or reversal better and prevent unfair buffer scores? Why or why not?

Comment summary
Verra received very few responses to this question, with some support indicated for the proposed change.

5) How could changes to the scoring in the *GCS Non-Permanence Risk Tool* be improved to better reflect the risk of reversal in GCS projects?

Comment summary
Verra received very few responses to this question, with some specific suggestions provided that Verra should re-examine the conservativeness of the leakage risks in the tool and requires further clarity about the 7-year post-injection monitoring period. As Verra received very few responses to this topic in this public consultation, we will follow up with relevant stakeholders to solicit a more robust range of input on these proposals.