SUMMARY OF PUBLIC COMMENTS: PROPOSAL FOR MANDATORY SUSTAINABLE DEVELOPMENT CONTRIBUTIONS REPORTING

1 INTRODUCTION

This document summarizes the main points of feedback received during the 4 November – 5 December 2021 consultation on proposed VCS Program updates requiring sustainable development contributions reporting. In addition to the public consultation, Verra actively sought feedback from a diverse range of stakeholders that the proposed update would directly or indirectly impact. Verra received input from 14 stakeholders, including project developers, corporate buyers, VVBs and other market participants. Verra would like to extend its sincere thanks to all who submitted comments.

During the consultation, Verra sought input on the following questions:

1. Should the VCS Program require projects to report on their contributions to the SDGs?
2. If you responded positively to question #1, what is the minimum number of SDGs, in addition to SDG 13, that should be required? Verra's proposal is for contributions to three total SDGs, including one contribution to SDG 13.
3. (For VVBs) Will the verification of activities outside the scope of the emission reduction/removal activities pose difficulties or significantly increase the cost of verification services?
4. Should Section 1.11 of the VCS Monitoring Report Template be removed if this proposal is accepted?
5. Is a three-year grace period sufficient to allow registered projects to implement the changes necessary to fulfil the requirement if the proposal is adopted?
6. If the proposal is adopted, is a one-year grace period sufficient for new projects to fulfill the requirement (i.e., projects registered within one year of the release of the program update would be given three years from registration to satisfy the requirement)?

Verra analyzed consultation comments concerning each of the questions asked and general comments received. The feedback received provided a range of useful yet divergent perspectives on the proposal and the role of sustainable development claims in the carbon market more broadly.

2 CONCLUSIONS

As described in the public consultation, Verra is committed to promoting sustainability through our standards. Requiring the contribution to three SDGs for all VCS projects is part of that commitment. Verra also knows that VCS projects provide multiple sustainable development benefits that are not currently reported. Lastly, Verra has seen increased interest in sustainable development reporting and market mechanisms that require sustainable development reporting for entry (e.g., by organizations such as CORSIA (the Carbon Offsetting and Reduction Scheme for International Aviation). For these reasons, Verra proposed an update to the VCS Program to require all projects to demonstrate contributions to at least three SDGs by the end of its first monitoring period.

All commenters agreed with the purpose and intent of the proposal, encouraging and accounting for SD contributions. Of the concerns received, the majority were related to how the update would impact perceptions of Verra or Verra's sustainable development-focused programs (i.e., CCBS and SD VISta). One specific concern was that by allowing projects to make self-reported claims of contribution to the SDGs, Verra would be engaging in SDG-washing, allowing projects to make claims about benefits that may not be real. The other major concern was that by allowing VCS projects to make claims about their SD contributions, many market participants would not understand the difference between claims made by projects that use the VCS Program and those using the CCB or SD VISta Programs. If the difference were not understood, few projects would use the CCB or SD VISta Programs as they could obtain the same benefit from using the VCS Program alone.

From the commenters who held the concern that the proposal would obscure the difference between the VCS and SD VISta Programs, there were divergent opinions on how to avoid confusion. Roughly half of this subset of commenters thought that Verra should not make contributions mandatory or reduce the requirements for making claims in order to make a clear distinction between unverified claims from VCS projects and verified claims from CCB or SD VISta projects. The other half suggested Verra strengthen the requirements for SDG claims to avoid potential SDG-washing.

Verra recognizes the potential of being accused of SDG-washing and undermining the CCB and SD VISta Programs. However, we also recognize the risks of continuing to allow projects to report SD contributions on a voluntary basis. As sustainable development continues to gain importance, more and more projects voluntarily report their SD contributions. When outside of the VCS Program's scope, Verra can do little to oversee the claims being made. Verra has recently allowed voluntary claims of SD contributions to be made through the Sustainable Development Contributions Report. Still, the voluntary nature of the reporting has created confusion in the market as to what the claims are and how they differ from claims generated by SD VISta projects. Mandatory reporting allows Verra to oversee the claims being made and more easily distinguish the difference between unverified claims of the VCS Program and verified claims of the CCB and SD VISta Programs.

It will be critical for Verra to communicate how SDG claims from VCS projects are assessed and different from claims made by CCB and SD VISta projects. The difficulty of that task should not inhibit Verra from advancing its principles.

3 SUMMARY OF COMMENTS

The summary of comments below highlights some of the main inputs received as part of the consultation.

Question	Summary of Comments	Response to comments
1) Should the VCS Program require projects to report on their contributions to the SDGs?	The majority of respondents agreed that the VCS Program should require SD contributions. Those who disagreed thought doing so could result in weak SDG claims or undercut the value of SD VISta by allowing SDG reporting with little to none of the safeguards or reporting rigor required by SD VISta.	Verra understands the risks associated with SD claims made by VCS projects but believes the benefits outweigh the risks. By requiring projects to contribute to the SDGs, Verra will ensure that existing activities are monitored or that new activities are initiated. While some benefits will be minimal, a small benefit is still a benefit. Verra will ensure the market understands the value of the claims being made through effective communication. This will also resolve the concern regarding undercutting the CCB and SD VISta Programs by ensuring the difference between an unverified claim and a claim that has been third-party verified through a sustainable development-focused program.
2) If you responded positively to question #1, what is the minimum number of SDGs, in addition to SDG 13, that should be required? Verra's proposal is for contributions to three total SDGs, including one contribution to SDG 13.	Most respondents agreed that three was a reasonable number. While not opposing three, many suggested the number could be higher. There was one objection to three SDGs based on the difficulty of activity types heavily based on technology and therefore provided little benefit other than emission reductions/removals.	Since most commenters agreed that demonstrating contributions to three SDGs is appropriate, Verra will proceed with the proposal. Verra understands that demonstrating contributions to three SDGs may be more difficult for some project types. However, ample time will be provided to allow projects to initiate additional activities, if necessary, to meet the requirement.
3) *(For VVBs)* Will the verification of activities outside the scope of the emission reduction/removal activities	While we received limited feedback from VVBs, the feedback indicated that the additional time required to verify that the activities leading to sustainable	No response required

pose difficulties or significantly increase the cost of verification services?	development contributions were carried out would be minimal.	
4) Should Section 1.11 of the VCS Monitoring Report Template be removed if this proposal is accepted?	There was little feedback provided for this comment, with most agreeing it should be removed. However, there was one commenter who strongly opposed its removal. This commenter noted that it is more impactful to contribute to an SDG that has been determined as a priority than one that did not necessarily need further contributions and that it is beneficial for project proponents to be aware of the host country's priorities.	Based on the importance of nationally determined priorities, Verra will continue to require the identification of host country priority SDGs in Section 1.11 of the *VCS Monitoring Report Template*.
5) If the proposal is adopted, is a three-year grace period sufficient lead time to allow registered projects to implement the changes necessary to fulfill the requirement?	All respondents agreed that three years was sufficient, with some suggesting we could make it shorter.	Verra will provide a three-year grace period for projects registered before 20 January 2023.
6) If the proposal is adopted, is a one-year grace period sufficient for new projects to fulfil the requirement (i.e., projects registered within one year of the release of the program update would be given three years from registration to satisfy the requirement)?	All respondents agreed that one year would be sufficient.	Verra will provide a one-year grace period for projects registered on or after 20 January 2023.