



Scope 3 Standard Development Group

Terms of Reference

Purpose

The Scope 3 Standard Development Group (Group) will influence the strategic direction and technical design of Verra's Scope 3 Standard (Standard) to ensure the Standard achieves its goals and objectives. These Terms of Reference describe the structure, goals, and objectives of the Group, the roles and expectations of Group members, and Verra's commitments to Group members.

Goal and Objectives of the Scope 3 Standard Development Group

The goal of the Group is to influence the Standard's design so that it unlocks immediate and large-scale investment in credible supply chain climate action. The goals, objectives, and context for the Standard are appended.

To meet this goal, the Group's objectives are as follows:

- To provide input and constructive feedback on key technical decisions and proposed text for the Standard (such as Scope 3 Intervention Unit design, right-to-claim/report, attribution and allocation, confidentiality of data, etc.)
- To find opportunities to improve the relevance and utility of the Standard, and identify opportunities for alignment with initiatives, working groups, tools, concepts, policies, and technologies external to Verra
- To support the goals, objectives, and foundational concepts of the Standard with interconnected initiatives, standards, and programs

Structure of the Scope 3 Standard Development Group

The Group will include up to 15 members representing diverse sectors, geographies, organization types, and perspectives. Members will meet on a bi-monthly to quarterly basis (dependent on work stage) to discuss specific features of the proposed Standard design. The working language will be English.

Group members will be provided with background information before each meeting (e.g., a draft Standard requirement, rule, or document, or a proposed concept for the Standard design). Meetings may be recorded and shared only among Group members.

Selection of Group Members

Group members will be selected from applicants to the Request for Expressions of Interest for Scope 3 Standard Development Group. Selection criteria will be based on the following:

- Relevant expertise and experience in corporate greenhouse gas inventory accounting, emissions reporting, and/or claims
- Commitment and ability to engage
- Diversity in representation of organization type, geography, sector, gender, ethnicity, and perspectives, within the Group as a whole

Member selection is limited to one representative per organization, project, or program. The representing member shall seek to attend all Group meetings. If the representative cannot attend a meeting, they will designate a replacement.

Further details of selection criteria can be found in the [Request for Expression of Interest for Scope 3 Standard Development Group](#). Applications are due July 31, 2023.

Expectations of Group Members

Role and Responsibilities

Group members will have the following roles and responsibilities:

- Provide input on key technical issues (such as Scope 3 Intervention Unit design, right-to-claim/report, attribution and allocation, confidentiality of data, etc.) and influence decision-making, based on their expertise and experience.
- Bring unique insights and constructive criticism, including from other initiatives or working groups, roles and workstreams, and engagement with external parties including influential stakeholders, geographies, sectors, and demographics.
- Acknowledge that Verra will retain all decision-making powers to develop the Scope 3 Standard.

Conduct and Confidentiality

Group members will adhere to the following conduct and confidentiality terms:

- Agree to comply with the policies referenced in the Verra Scope 3 Standard Development Group Code of Conduct and sign the associated Code of Conduct Acknowledgement Form.
- Sign a group non-disclosure agreement to enable open and honest discussion during Group meetings.

Commitment

Group members will commit to the following activities:

- Review background materials, attend and actively contribute to Group meetings (~90-120 minutes in length), and provide additional written or verbal feedback on proposed strategic and technical decisions and Standard documents, without remuneration. The minimum time commitment is approximately three hours per month. Verra will attempt to find a convenient meeting time for all Group members but asks members to be flexible to accommodate multiple time zones.
- Participate for the full duration of the Scope 3 Standard development process, until approximately Q2 2025. Verra asks members to remain committed should the Standard development process extend beyond this time.
- Optionally contribute to other ad hoc working groups or meetings on specific topics (such as Scope 3 Intervention Unit design, right-to-claim/report, attribution and allocation, confidentiality of data, etc.), though there is no obligation to participate in these additional activities.

Verra's Role

Verra will have the following responsibilities:

- Be the Secretariat for the Group and retain all decision-making powers.
- Select up to 15 Group members¹ from submitted Expressions of Interest.
- Provide Group members with background materials at least five working days before a Group meeting.
- Convene and lead Group meetings on a bi-monthly to quarterly basis. Verra will strive to find the most convenient meeting time for all Group members.
- Ensure that all Group members are given the opportunity and space to express their thoughts, ideas, and constructive criticism during Group and private meetings.
- Respect the views and opinions of the Group members.

Additionally, Verra reserves the right to withdraw membership from any Group members at any time, and to terminate the Group at any time.

¹ Including two members of the [Verra Board of Directors](#).

Appendix: Goals, Objectives, and Key Concepts of the Scope 3 Standard

Verra's mission is to enable increasingly ambitious climate and sustainable development goals, and an accelerated transition to a sustainable future. The Verra Scope 3 Standard will advance Verra's mission and build on the findings of the [Scope 3 Initiative](#).

Goal of the Verra Scope 3 Standard

- To unlock immediate and large-scale investment in supply chain climate action

Objectives of the Verra Scope 3 Standard

1. De-risk investments in supply chain climate action.²
2. Create a practical and robust certification pathway for Scope 3 interventions.³

Key Concepts of the Verra Scope 3 Standard

- **Certification of Scope 3 interventions** and associated emission reductions and removals impacts through Scope 3 Intervention Units (the Scope 3 Standard will not directly verify or provide assurance of company Scope 3 emissions inventories, but will aim to improve inventory transparency, accuracy, and verifiability through certification of Scope 3 interventions)
- **Enhanced flexibility in certification options** – while the Verra Scope 3 Standard will be distinct and separate from the Verified Carbon Standard (VCS), the programs will be linked to help prevent double-counting and to enable flexibility to develop certified emissions impacts from a single project or intervention in either Standard (though not at the same time)
- **Limited transferability of emissions claims** to reduce free rider risks and increase flexibility and credibility in accounting and investment opportunities
- **Tracking certified Scope 3 interventions and associated emissions claims** via a Scope 3 Registry
- **Implementation of additional safeguards and tools** to reduce double-counting and free rider risks and improve the ability of companies to credibly account for supply chain interventions and demonstrate progress on Scope 3 emissions targets
- **Broad application** across sectors, geographies, and intervention types

For more information on Verra, please visit: <https://verra.org/about/overview/>.

² Identified risks to supply chain climate action that the Standard aims to reduce include double-counting, free rider, assurance, and accounting risks.

³ Scope 3 interventions are defined as a measurable change in emissions footprint (including emission reductions and removals, compared to a base year emissions footprint) for a product (good or service) located within a Scope 3 emissions inventory.

Context for the Verra Scope 3 Standard

To limit global warming to 1.5 °C and avoid the catastrophic impacts of climate change, companies must reduce their emissions in alignment with science. For most sectors, this means directly abating their Scope 1, 2, and 3 emissions by approximately 80-90 percent by 2050.⁴ Over 2,500 companies have set science-based targets with the [Science Based Targets initiative](#), and over 5,000 companies have joined the UNFCCC's [Race to Zero](#) campaign. These initiatives require companies to prioritize abatement over purchasing carbon credits (compensation), according to the “mitigation hierarchy,” and are expected to increase corporate interest in Scope 3 interventions significantly since Scope 3 interventions can be used towards abatement targets, while carbon credit purchases and retirements cannot.⁵

Simultaneously, carbon markets are rapidly expanding. In most cases, the credited activities are in corporate supply chains (e.g., an agricultural land management project implemented on farms that supply a food retailer, or even interventions in hard-to-abate sectors like steel). As a result, the risk of double-counting project activities as both carbon credits and corporate Scope 3 interventions is growing. To help manage this risk and to maintain the principle of uniqueness, companies must adjust their inventories for any carbon credits sold. However, there is no clear pathway to transition the emission reductions and removals generated from carbon credit projects to Scope 3 interventions that can be counted in a corporate inventory. Consequently, many companies may lose opportunities to reduce emissions in their supply chains and become stuck with emissions they cannot abate.

As interest in Scope 3 emission reductions grows, demand for greater guidance, infrastructure, and standardization also increases. As the world's leading standards setter for certifying carbon credit projects, Verra is uniquely positioned to explore the potential to apply existing knowledge and infrastructure from the [VCS](#) toward standardizing the implementation, quantification, and accounting of Scope 3 interventions through a bespoke Verra Scope 3 Standard.

⁴ SBTi. *SBTi Corporate Net-Zero Standard*, v1.1, 2023. <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>.

⁵ The GHG Protocol Corporate Standard classifies GHG emissions into three scopes: Scope 1 - direct emissions from owned or controlled assets; Scope 2 - indirect emissions from purchased energy; and Scope 3 - all indirect upstream and downstream value chain emissions.