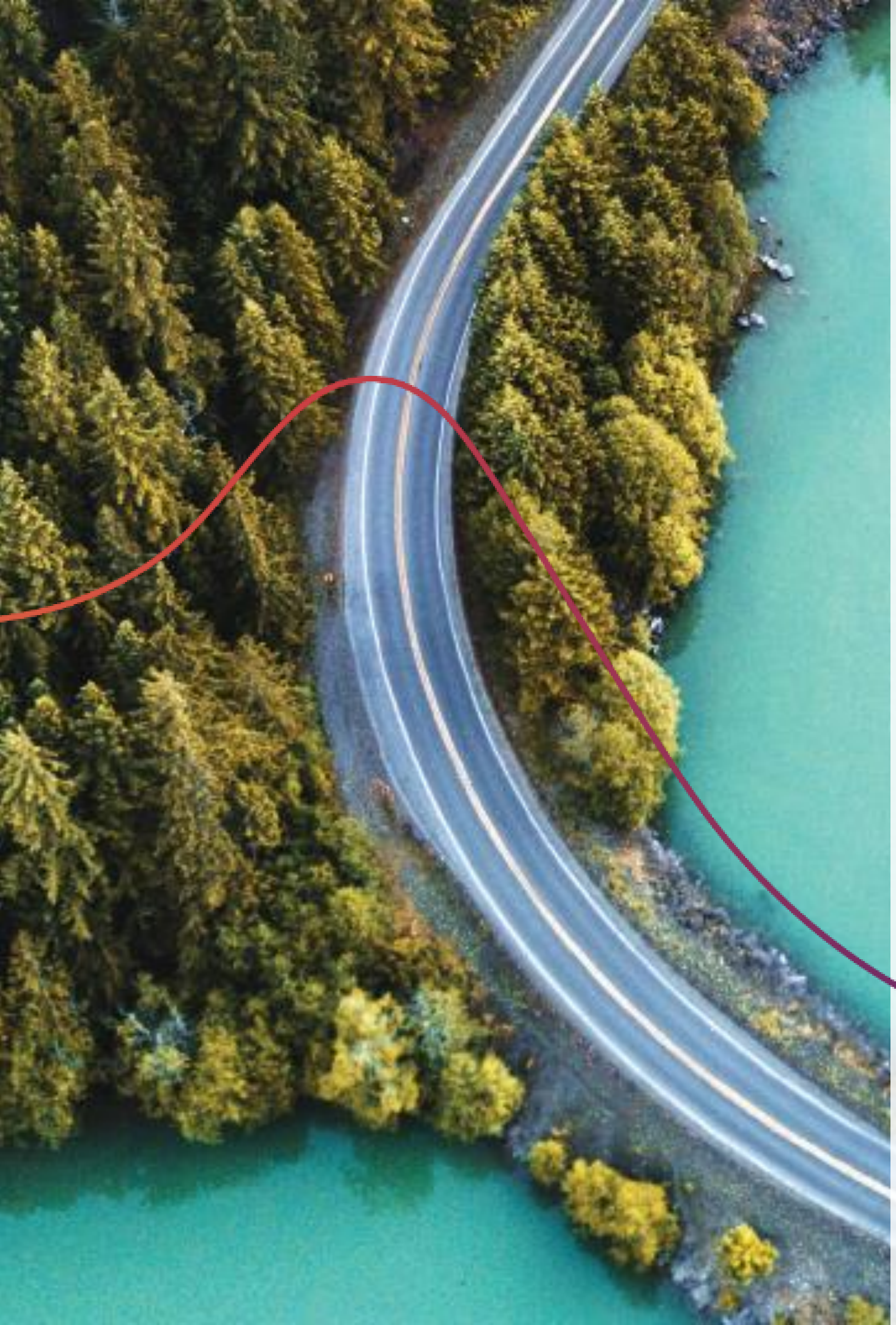

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Summary of responses to the Science Based Targets initiative's public consultation on Beyond Value Chain Mitigation (BVCM)

Publication date: September 2023

PARTNER ORGANIZATIONS

CDP DISCLOSURE INSIGHT ACTION
United Nations Global Compact
WORLD RESOURCES INSTITUTE
WWF

IN COLLABORATION WITH

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Introduction

- In June and July 2024, the Science Based Targets initiative (SBTi) held a 6-week public consultation on the topic of beyond value chain mitigation (BVCM). The SBTi published a public consultation document alongside an online survey that were designed to elicit feedback from a diverse set of stakeholders on the topic of BVCM to inform the development of SBTi products.
- All of the information that the SBTi received from respondents to the BVCM survey are treated with reasonable care, kept confidential and are communicated in aggregated form.
- Data cleaning: Where multiple individuals from a given organization submitted feedback, the most complete response was chosen. Responses from SBTi partner organizations (CDP, UN Global Compact, WRI, WWF and We Mean Business) were excluded from the analysis.
- This document provides the aggregated results from the BVCM survey. Responses are aggregated based on the organizational type that the respondent selected at the beginning of the survey. For open text questions, the responses were grouped into themes and then the number or “count” of mentions of each theme are reported within this document.
- This document does not contain conclusions on how the survey results are to be interpreted nor a description of how the SBTi is intending to incorporate them into BVCM-related products – it is merely a presentation of the results published for transparency purposes.
- Next steps: The SBTi is considering the results from the public consultation as it works to finalize the BVCM Guidance and associated research on incentives for BVCM.

Contents

The BVCM Public Consultation document was structured around 9 topics

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Public consultation topics	High-level focus of the topics
1. Defining BVCM	• What activities and investments can companies count towards their BVCM commitments?
2. Overarching process for BVCM	• What are the steps companies need to take when designing and implementing their BVCM strategies?
3. Determining the nature and scale of the commitment to BVCM	• How do companies determine how much BVCM they will deliver each year either in terms of how much finance they will deploy or how much mitigation they will deliver?
4. Deploying resources and finance across BVCM activities	• To which BVCM activities should companies channel their finance and resources in the near-term, and how might this change over time?
5. BVCM-related claims	• What claims can companies make about their BVCM activities and investments and how does the claim that they make influence what activities they finance and support?
6. Reporting on BVCM	• What do companies need to report on their BVCM activities and investments, where and how often?
7. Incentives for BVCM	• What barriers need to be addressed and what new incentive mechanisms could be established to encourage companies to finance and deliver BVCM?
8. Terminology	• Where is there an inconsistent use of terminology and how can the SBTi support standardization of terminology?
9. Illustrative case studies	• How do these recommendations get operationalized by companies? How might this look different across sectors?

Summary of high-level consultation results (page 1 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
Contextual questions	• 268 responses were received, of which 27% were submitted by individuals representing corporates, financial institutions (FIs) and small and medium-sized enterprises (SMEs); 10% representing civil society organizations (non-business member-led) and 6% research and academia (see page 14). • The corporate and SME respondents covered a wide range of sectors, in particular technology, food, beverage and tobacco and electric utilities (see page 15). • Respondents were based in 33 countries. 90% of respondents were either organizations headquartered in Europe and North America, or individuals based in those same regions (see page 16). • 63% of corporate respondents, 7% of FIs and 14% of SMEs had targets validated by the SBTi (see page 17).
1. Defining BVCM (i)	• 49% of respondents felt that the SBTi should maintain the definition of BVCM; 43% proposed that the SBTi amends definition to also capture mitigation actions or investments may not have guaranteed outcomes (see page 19) • 54% of respondents think that BVCM should be limited to quantifiable mitigation only, while 42% think that BVCM should also include unquantifiable mitigation (see page 20). • Respondents see additionality as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance. For example, 48% of respondents stated that the SBTi should incentivize investment into mitigation activities which might not meet the same additionality requirements as carbon credits used for compensation purposes, but which are underfinanced (see pages 21 and 22).

Summary of high-level consultation results (page 2 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
1. Defining BVCM (ii)	• Respondents see avoidance of double claiming as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance. For example, 35% of respondents believe that if a company investing in BVCM which occurs in the scope 1-3 inventory of another company, both can claim the mitigation, but only if the company investing in BVCM makes a "contribution claim" (see pages 23 and 24). • Respondents see permanence as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance. For example, 48% of respondents think companies should only be able to count actions and investments towards their BVCM commitments if they have mitigation measures in place to manage the risk of reversals including monitoring of the continued storage of carbon (see pages 26 and 27). • 73% of respondents think that the distinction between BVCM and neutralization described in the public consultation document was clear, however, there is still room for further clarification, in particular with corporates, FIs and SMEs (see page 28). • A number of respondents proposed that the SBTi provides a pathway for scaling permanent carbon dioxide removal (CDR), while others proposed that the SBTi prioritizes driving investment into emissions reductions over CDR (see page 29).
2. Overarching process for BVCM	• 90% of respondents found the overarching process visualization included within the public consultation document helpful, but there is still room for improvement with corporates, FIs and SMEs (see page 31). • Respondents suggested the process diagram more clearly articulate the cyclical nature of steps (see page 32).

Summary of high-level consultation results (page 4 of 8)

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BVCM Public Consultation Topic	Summary of high-level consultation results
3. Determining the nature and scale of the commitment (ii)	• The most frequently identified benefits of the money-for-ton method were that it applies the polluter pays principle (i.e., there is a link between investment volume and externality linked to unabated emissions) and that it can maximize the amount of finance mobilized from private sector entities participating in BVCM. The most frequently identified risks of the money-for-ton method were that companies are not required to deliver guaranteed mitigation outcomes as the commitment relates to the volume of finance rather than the tCO_2e outcome, and it is difficult to establish the "right" price (e.g., social cost of carbon or otherwise). The most frequently identified best practice applications of money-for-ton were that the chosen carbon price should be transparently reported and be sufficiently high enough to address the climate externality (see pages 41, 42 and 43). • The most frequently identified benefits of the money-for-money method were that it may increase use of higher cost mitigation options or investments with an uncertain outcome, and that it is easy to communicate and understand. The most frequently identified risks of the money-for-money method were that companies are not required to deliver guaranteed mitigation outcomes as the commitment relates to the volume of finance rather than the tCO_2e outcome, and it is does not incentivize value chain abatement as it is not linked to unabated emissions. The most frequently identified best practice application of money-for-money was use of an ambitious % of revenue or profit, with many suggesting that the SBTi should set a floor (see pages 44, 45 and 46). • Respondents considered the following as more important under application of the ton-for-ton methods than under application of money-for-ton or money-for-money: 1) efforts to ensure permanence of mitigation outcomes, 2) efforts to ensure additionality of mitigation outcomes, 3) efforts to avoid double claiming between companies, 4) efforts to avoid of double claiming between companies and countries, 5) efforts to avoid leakage, 6) efforts to ensure fungibility of BVCM outcomes with unabated value chain emissions (see pages 47 – 52).

Summary of high-level consultation results (page 3 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
3. Determining the nature and scale of the commitment (i)	• Overall, there was a slight preference for ton-for-ton when considering which method would result in the greatest outcome for climate and which method best reflects corporate climate leadership, however civil society organizations, research & academia and climate change focused consultancies and solution providers are more in favor of money-for-ton with regards to these considerations (see pages 34 and 35). • Overall, there was a preference for ton-for-ton when considering which method would be the most attractive to companies. Civil society organizations were slightly in in favor of money-for-ton in this regard, while research and academia were more in favor of money-for-money (see page 36). • Overall, there was a preference for ton-for-ton when considering which method would best shield companies from criticism and greenwashing, however, civil society organizations and research and academia were more favor of money-for-ton in this regard (see page 37). • The most frequently identified benefits of the ton-for-ton method were the clear tCO_2e metric for impact measurement and verification and that it is easy to communicate and understand. The most frequently identified risks of the ton-for-ton method is that companies optimize the price of carbon credits at the expense of quality and that it risks incentivizing a focus low hanging fruits (e.g., lower cost solutions with lower durability) at the expense of investment in a pre-competitive space or into higher cost, higher risk mitigation options which are critically underfunded. The most frequently identified best practice application of ton-for-ton was the purchase and retirement of high-quality carbon credits, i.e., with minimum standards linked to permanence, additionality, avoidance of double counting, leakage etc. (see pages 38, 39 and 40).

Summary of high-level consultation results (page 5 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
3. Determining the nature and scale of the commitment (iii)	• 100 respondents (60%) that responded to the question on whether or not the SBTi should explore a hybrid option which weights responsibility and ability to pay felt that it would be worthwhile for the SBTi to do so – and a number of them provided recommendations on approaches that could be explored. 57 respondents to this question (33%) were not supportive of the SBTi exploring a hybrid option – often because they favor either responsibility or ability to pay approaches (see pages 53 and 54).
4. Deploying resources and finance across BVCM activities	• 90% of respondents found the combination of the six principles for BVCM portfolio design, the guiding questions, illustrative examples of aligned mitigation actions, cross-cutting minimum standards and social safeguards, and case studies were helpful (see page 56). • Respondents provided feedback on what could be improved to better support companies in deciding where to channel their BVCM resources and investment – many highlighted the need to rank or prioritize the proposed principles (see page 57). • 64% of respondents felt that the SBTi needs to provide more guidance on the operationalization of the principles for BVCM portfolio design (see page 58). • Respondents provided recommendations on how companies might operationalize the principles proposed by the SBTi – a number highlighted the need to refer to existing standards and for the SBTi to be more prescriptive (see page 59).

Summary of high-level consultation results (page 6 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
5. BVCM-related claims	• On average, respondents think that the SBTi should be more directive than not in providing guidance on BVCM claims. The mean score across all respondents was 60/ 100, where a score of 0 was defined as the SBTi providing a discussion on claims, while a score of 100 was defined as defining claims (see page 61). • Respondents highlighted government-led efforts on claims that they believed should be highlighted in the SBTi's BVCM guidance. The Voluntary Carbon Market Integrity Initiative (VCMI) was the most frequently identified initiative highlighted by respondents, followed by Article 6 of the Paris Agreement (see page 62). • Respondents were asked to highlight key trends in claims which were missed in the discussion of claims – notably they highlighted the need for the SBTi to be clear on its position with regards to carbon neutrality claims (see page 63). • Despite stating in the consultation document that the SBTi would not be validating BVCM claims at this time, when asked about what information on claims would be most helpful to companies within the BVCM guidance, a significant number of respondents urged the SBTi to validate claims (see page 64).
6. Reporting on BVCM (i)	• 58 respondents suggested additional BVCM reporting questions e.g., related to additionality, permanence, co-benefits. A number of respondents highlighted the need to align reporting requirements with other initiatives (see page 66). • There were a number of recommendations for removing BVCM reporting questions to remove the burden, or to specify which are mandatory and which are optional (see page 67 and 68).

Summary of high-level consultation results (page 7 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
6. Reporting on BVCM (ii)	• There were a number of recommendations on how reporting questions could be edited including request for guidance on how to answer the questions (see pages 69 - 71). • Respondents recommended that companies report on BVCM through various channels – notably in their sustainability reports or websites (63% of respondents), and through a submission to the SBTi (56% of respondents). (See page 72).
7. Incentives (i)	• Fear of greenwash accusation and lack of a credible BVCM claim were cited as the top barriers preventing BVCM investment (see page 74). • Tax incentives and assessment of BVCM claims were identified as the top new incentive mechanisms in terms of their potential impact in driving BVCM investment (see page 75). • BVCM public consultation respondents were asked to provide recommendations on how the SBTi could incentivize BVCM adoption. These recommendations can be categorized into the following themes: 1) updating SBTi standards, 2) providing guidance and tools, 3) highlighting best practice, 4) providing communications, 5) working with others to build incentives and drive alignment and 6) "other" (see pages 76 – 78).

Summary of high-level consultation results (page 8 of 8)

BVCM Public Consultation Topic	Summary of high-level consultation results
7. Incentives (ii)	• The most frequently offered recommendations for how the SBTi could incentivize BVCM were: 1. Establish clear criteria and validate BVCM targets and then provide extra credit for BVCM and publicly display companies engaging in BVCM in a dashboard (54 respondents); 2. Publish clear best practice and minimum practice guidance and tools (47 respondents); 3. Make some level of BVCM a requirement (not a substitute for value chain SBTs) (39 respondents); 4. Establish a BVCM leadership club and provide examples of companies doing BVCM and the financial and non-financial business benefits (31 respondents); 5. Encourage governments to incentivize BVCM e.g., through taxation policy, and to ensure integrity of claims through advertising standards on BVCM (16 respondents).
8. Terminology	• Respondents provided suggested edits to terminology with “offsetting” as the most frequently identified term for edits but with conflicting perspectives on the value and appropriate definition of the term (see slides 81 and 82). • Respondents provided suggestions for additional terms that the SBTi should seek to define and/or standardize – most notably “avoided emissions” (see slide 83).
9. Case studies	• More than 90% of respondents felt that the illustrative case studies were helpful, and yet there was a handful of corporates, FIs and SMEs (8) that didn’t find them so helpful (see slide 85). • Respondents provided feedback on how to improve the illustrative case studies – most of the suggestions related to adding additional sectors (see slide 86).

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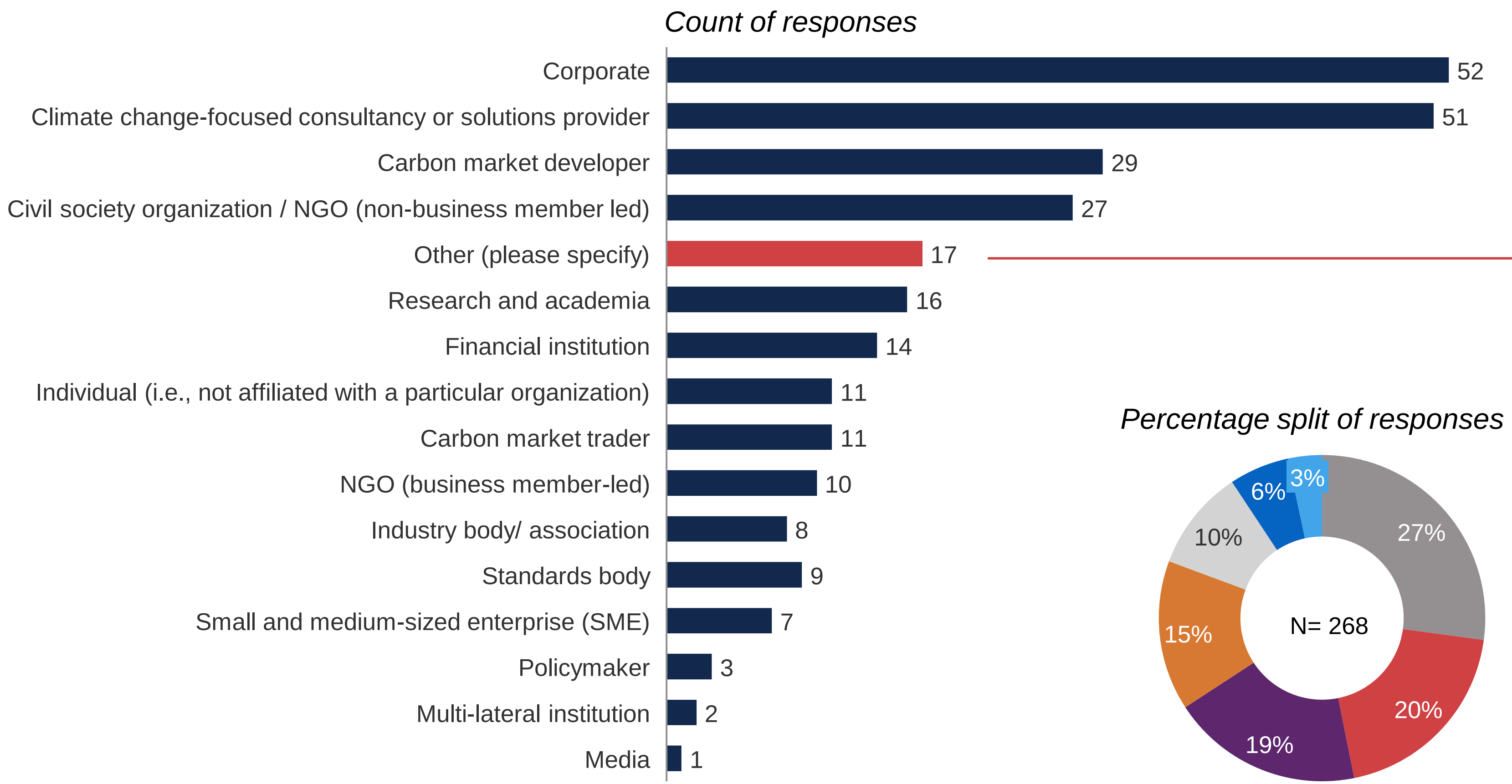
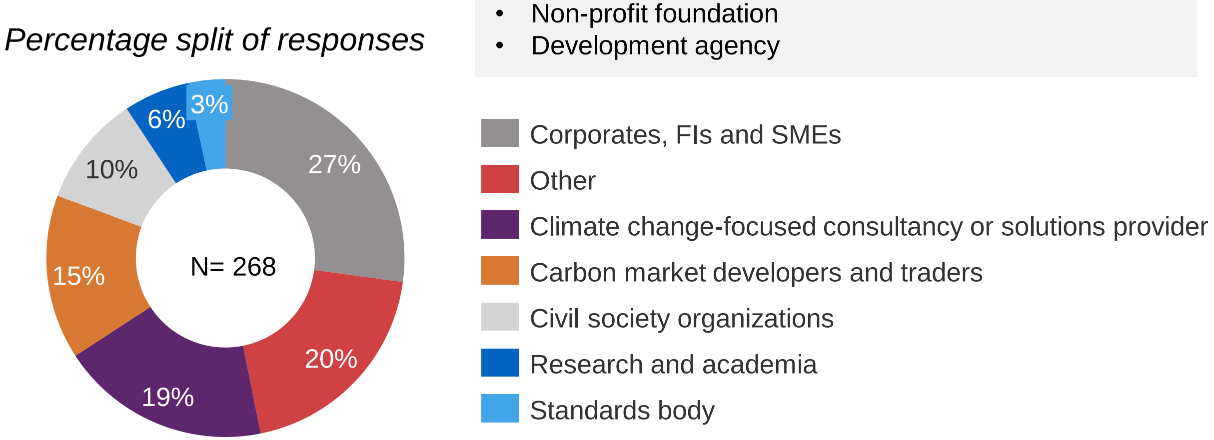
268 responses were received, of which 27% were submitted by individuals representing corporates, financial institutions (FIs) and small and medium-sized enterprises (SMEs); 10% representing civil society organizations (non-business member-led) and 6% research and academia

Q2. What type of organization do you represent? Please select the option that best applies



- Investment and Holding Company
- Consultants
- ODA
- Global Carbon Ratings Agency
- Intermediary
- Carbon market developer and Climate change-focused solutions provider
- Subnational Government Membership Organization
- Inter-Governmental Organization
- Multistakeholder platform
- International Organisation
- Family Office
- carbon credit marketplace / tech provider
- Climate & Nature Project Developer & Protocol
- Investment advisor
- Non-profit foundation
- Development agency



The corporate and SME respondents covered a wide range of sectors, in particular technology, food, beverage and tobacco and electric utilities

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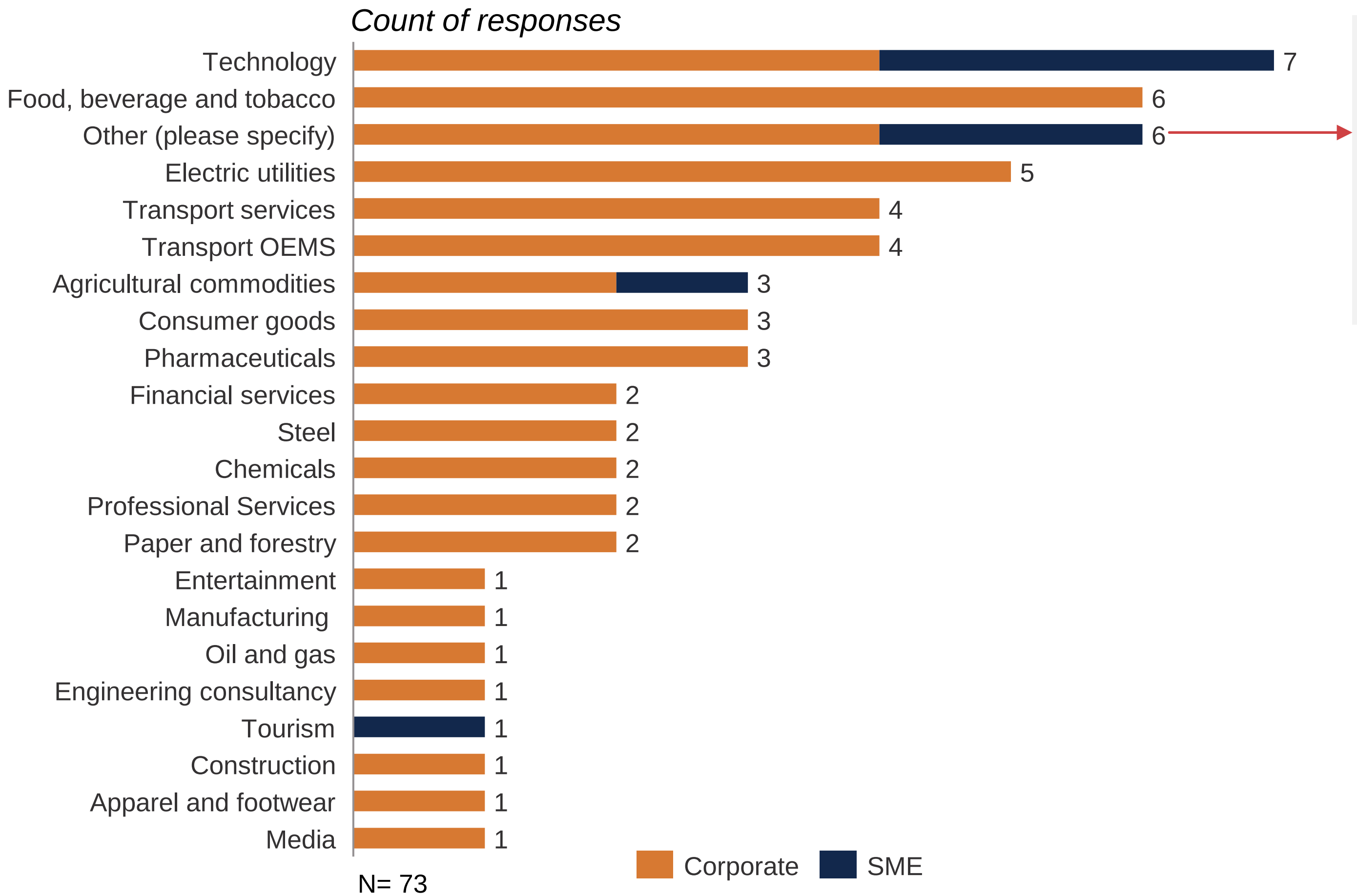
Q3. If you represent a corporate or an SME, to which sector category below do you belong?



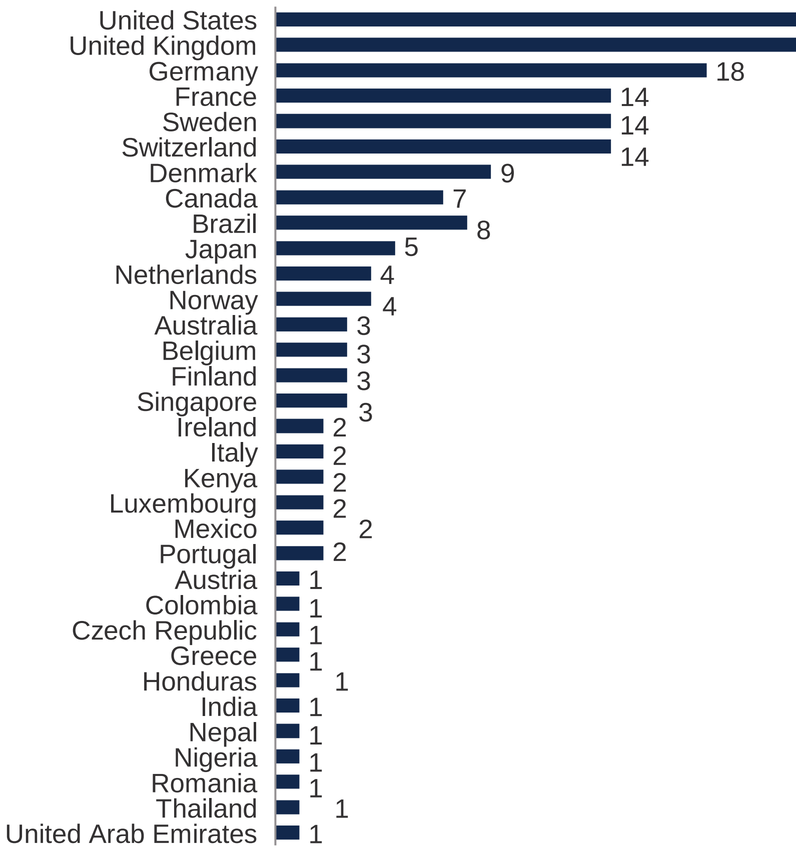
N= 73

- Outdoor advertising
- Permanent Carbon Removal producer (BECCS)
- Carbon Market Developer/Climate Finance
- Carbon management software
- Energy Technology
- Design and construction food production facilities

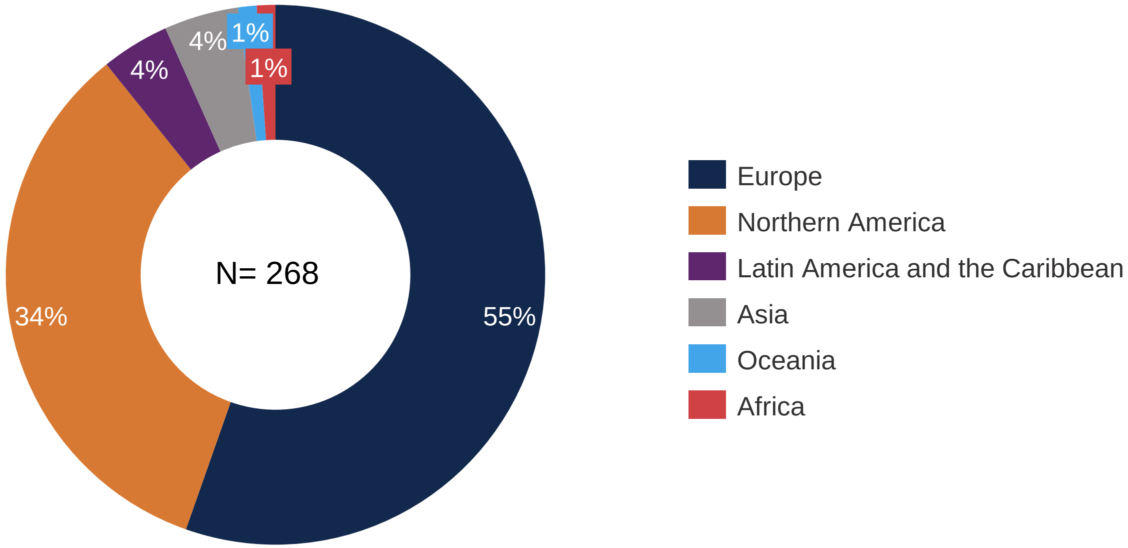
Respondents were based in 33 countries. 90% of respondents were either organizations headquartered in Europe and North America, or individuals based in those same regions

Q4. What country is your organization headquartered in or if you are responding in a personal capacity, the country where you are based?

Count of responses



Percentage split of responses



63% of corporate respondents, 7% of financial institutions and 14% of SMEs had targets validated by the SBTi

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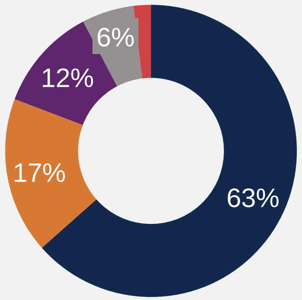
Q5. What is the status of your organization with respect to the SBTi

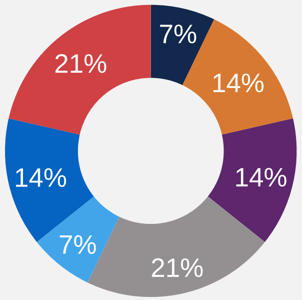
Percentage split of responses

Corporates



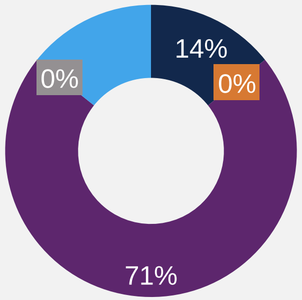
N=52

Financial institutions



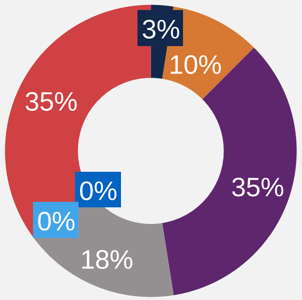
N=14

SMEs



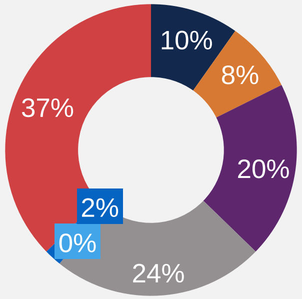
N=7

Carbon market traders and developers



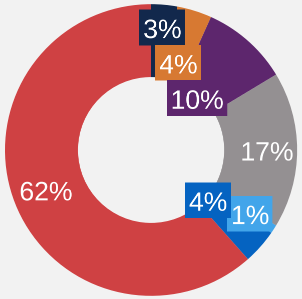
N=40

Climate change-focused consultancy or solutions provider



N=51

Other



N=104

- My organization has validated climate targets validated by the SBTi
- My organization has committed to set climate targets through the SBTi
- My organization is considering committing to set climate targets through the SBTi
- My organization is familiar with the SBTi but is not considering setting targets
- My organization is unfamiliar with the SBTi
- I do not know
- Not applicable

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49% of all respondents felt that the SBTi should maintain the definition of BVCM, while 43% of respondents believe that the SBTi should amend definition to <u>also</u> capture mitigation actions or investments may not have guaranteed outcomes

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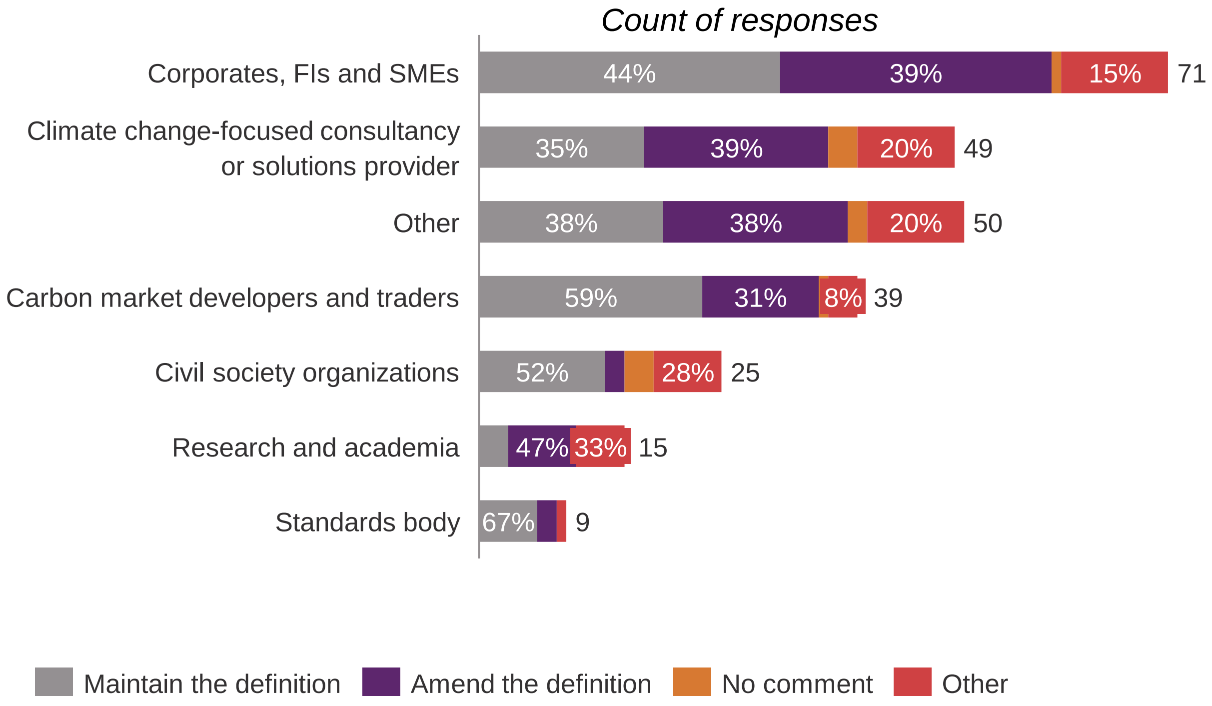
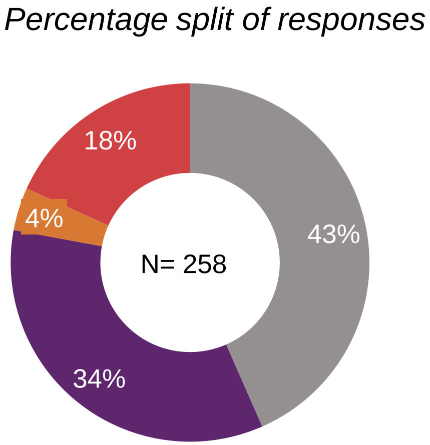
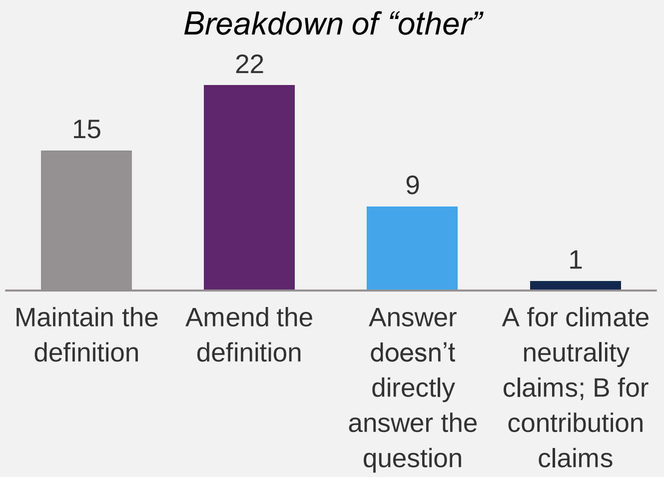
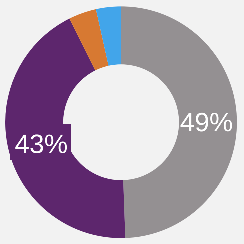
Q6. In defining BVCM, do you think that the SBTi should either maintain the definition on BVCM as set out in the Corporate Net-Zero Standard* or amend the definition to reflect that mitigation actions or investments may not have guaranteed outcomes e.g., Mitigation action or investments that fall outside a company's value chain, including activities that seek to avoid or reduce GHG emissions, or remove and store GHGs from the atmosphere?







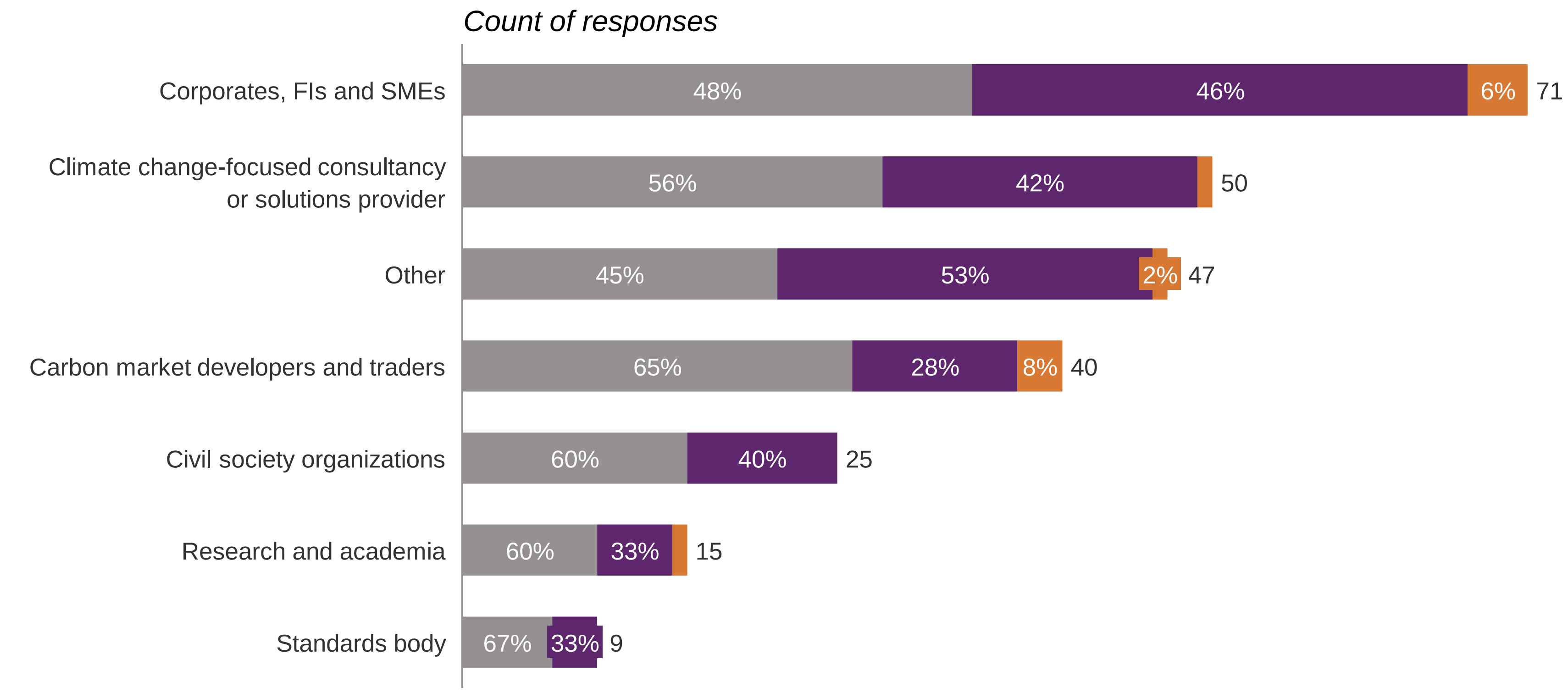
A number of the respondents that selected "other" for this question provided support for A or B but also provided comments to substantiate their positions or to clarify that investment is needed into both guaranteed and uncertain mitigation outcomes.

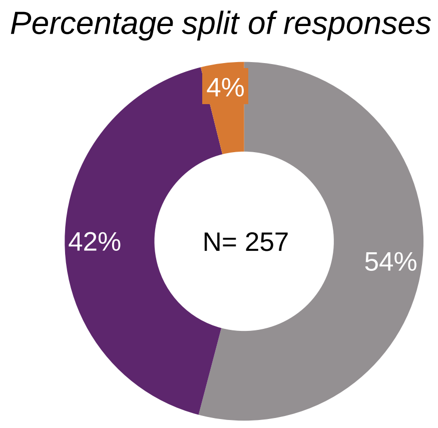


**The definition of BVCM in the Net-Zero Standard is: Mitigation action or investments that fall outside a company's value chain, including activities that avoid or reduce GHG emissions, or remove and store GHGs from the atmosphere*

54% of respondents think that BVCM should be limited to quantifiable mitigation only while 42% think that BVCM should also include unquantifiable mitigation

Q7. In your opinion, BVCM should include (a) quantifiable mitigation only or (b) both quantifiable and unquantifiable mitigation.



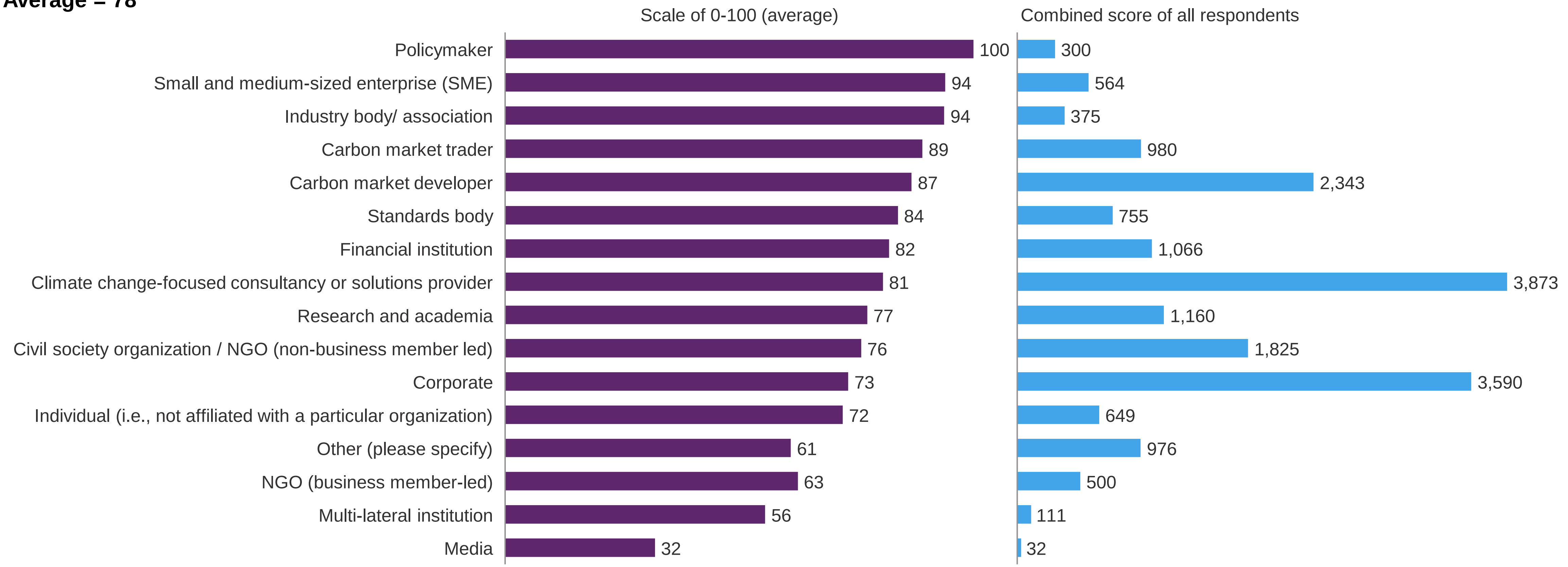


Quantifiable mitigation only | Both quantifiable and unquantifiable mitigation | No comment

Respondents see additionality as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance

Q8. In your opinion, how important on a scale of 0–100 is it that companies investing in BVCM ensure that mitigation outcomes are additional, i.e., the mitigation would not have occurred in the absence of BVCM activities and investments? (0 being not important and 100 being very important)

Average = 78

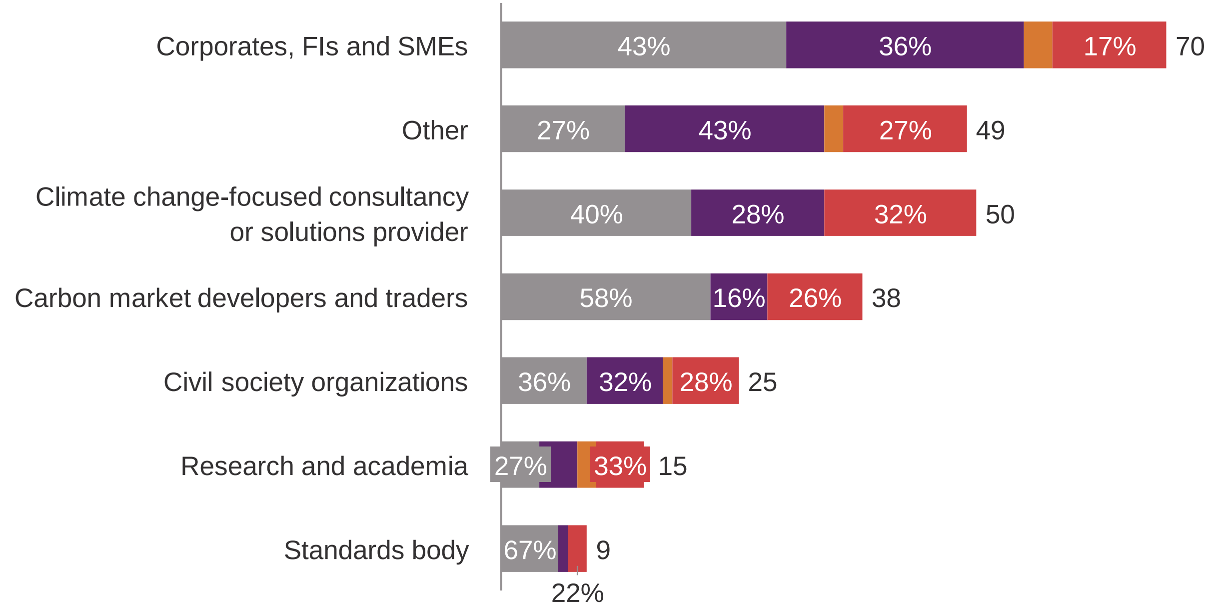


N= 245

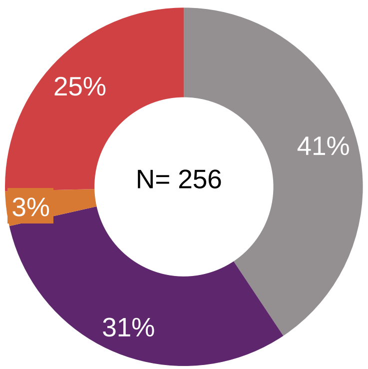
48% of respondents stated that the SBTi should incentivize investment into mitigation activities which might not meet the same additionality requirements as carbon credits used for compensation purposes, but which are underfinanced

Q9. Linked to the question above, which of the statements below do you support?

Count of responses



Percentage split of responses



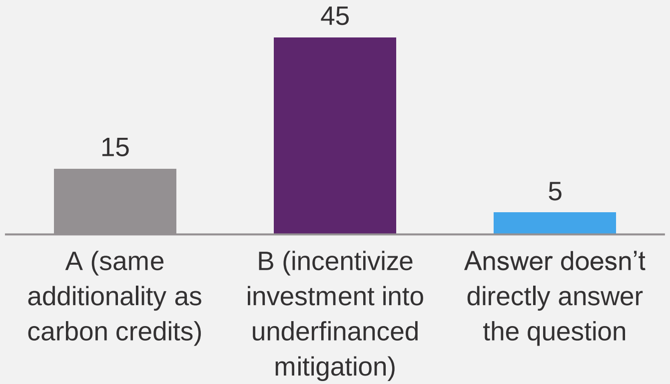
A. Companies should only be able to count actions and investments towards their BVCM commitments if they are subject to the same additionality tests as carbon credits.

B. The SBTi should incentivize investment into mitigation which might not meet strict additionality requirements but which is currently underfinanced.

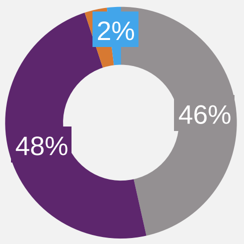
C. No comment

D. Other

Breakdown of “other”



45 respondents selected “other” but supported option B while also providing comments around the need for additionality tests to evolve and calling for different additionality tests for different types of BVCM interventions (i.e., beyond carbon credits) and for different types of claims.



As such, overall, 48% of respondents provided support for option B that the SBTi should incentivize investment into mitigation which might not meet the same additionality requirements as carbon credits used for compensation purposes, but which are underfinanced.

Respondents see avoidance of double claiming as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance

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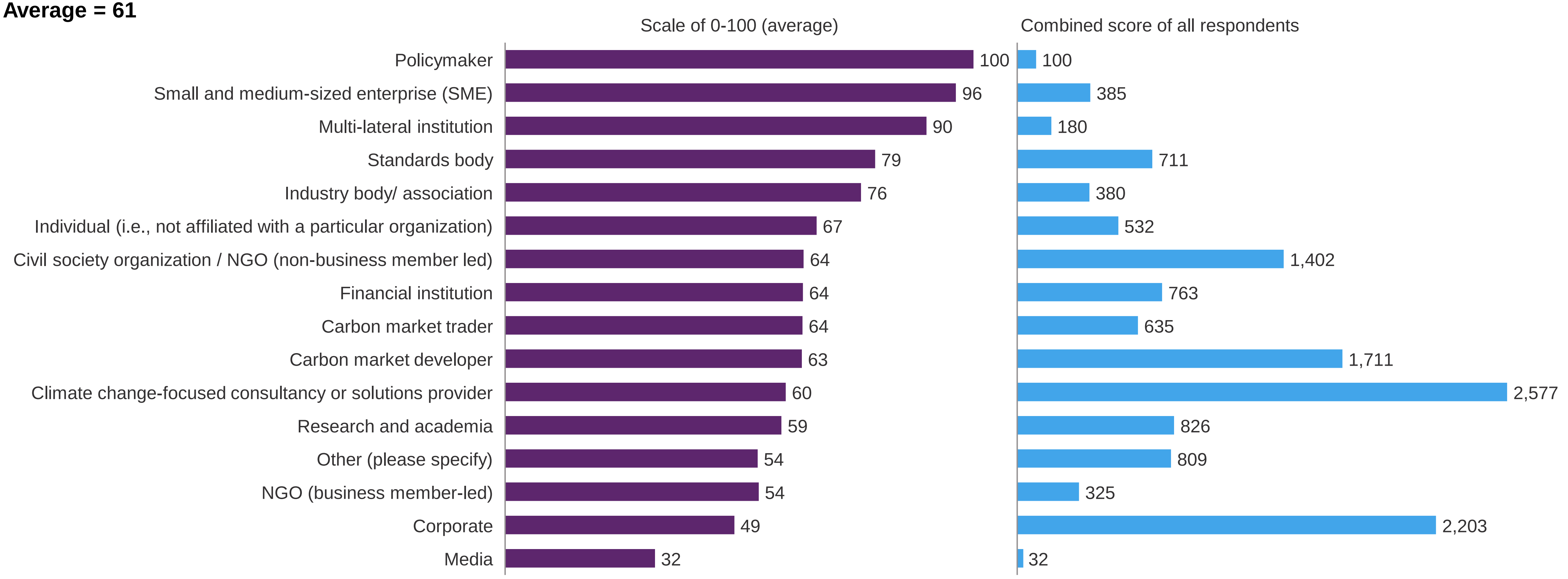
Q10. While the SBTi intends to align with the GHG Protocol, we are interested in perspectives on double claiming between companies investing in BVCM and the corporate scope 1–3 GHG inventories of other companies. In your opinion, how important on a scale of 0–100 is it that companies investing in BVCM avoid double claiming with other companies' scope 1, 2 and 3 GHG inventories? (0 being not important and 100 being very important)

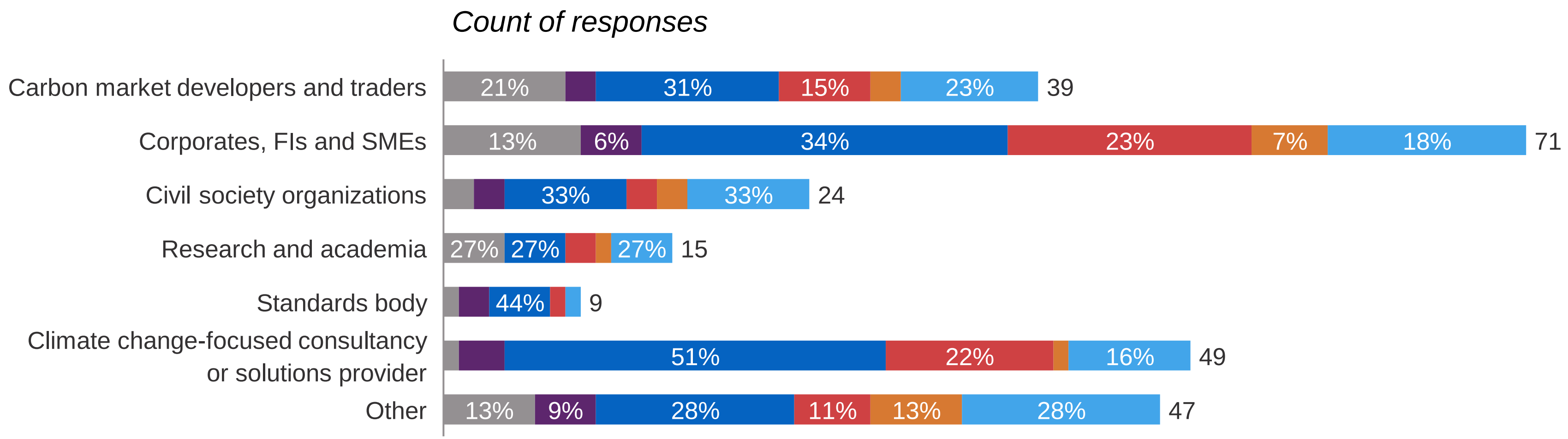
Average = 61

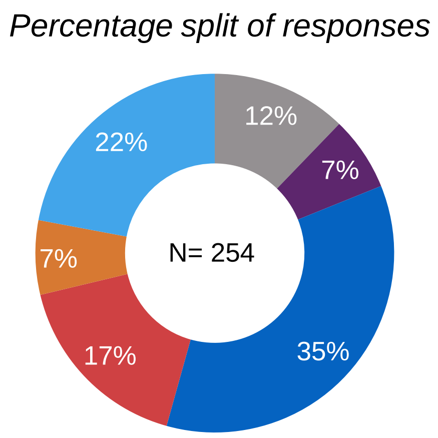


N= 224

35% of respondents believe that if a company investing in BVCM which occurs in the scope 1-3 inventory of another company, both can claim the mitigation, but only if the company investing in BVCM makes a contribution claim

Q11. Linked to the question above, the SBTi is seeking feedback on perspectives on double claiming in a situation where one company (Company A) makes an investment to deliver a BVCM outcome which occurs in the scope 1, 2 and 3 value chain inventory of another company (Company B). In this situation, which of the below options do you most agree with?





- A. Only one of the companies should be able to claim the mitigation outcome and they should agree which company can claim it (either Company A for BVCM or Company B for its SBT).
- B. Only Company A should be able to claim the mitigation outcome as "BVCM" and Company B must not count the mitigation outcome towards the delivery of its SBT.
- C. If Company A makes a climate “contribution” claim regarding its BVCM investments, as opposed to what is often referred to as a climate “compensation claim”, then both companies should be able to claim the mitigation outcome (Company A for BVCM and Company B for its science-based target). However, if Company A makes a compensation claim in relation to its BVCM investments, then Company B must not count the mitigation outcome towards the delivery of its science-based target.
- D.Both companies should be able to claim the mitigation outcome regardless of the claim that Company A intends to make about its BVCM activities and investments (Company A can claim the mitigation outcome to fulfil its commitment to BVCM and Company B can claim the mitigation outcome towards the delivery of its own SBT).
- E. No comment.
- F. Other

22% of respondents provided other suggestions on avoiding double claiming between companies, which were mostly nuances on options C or D

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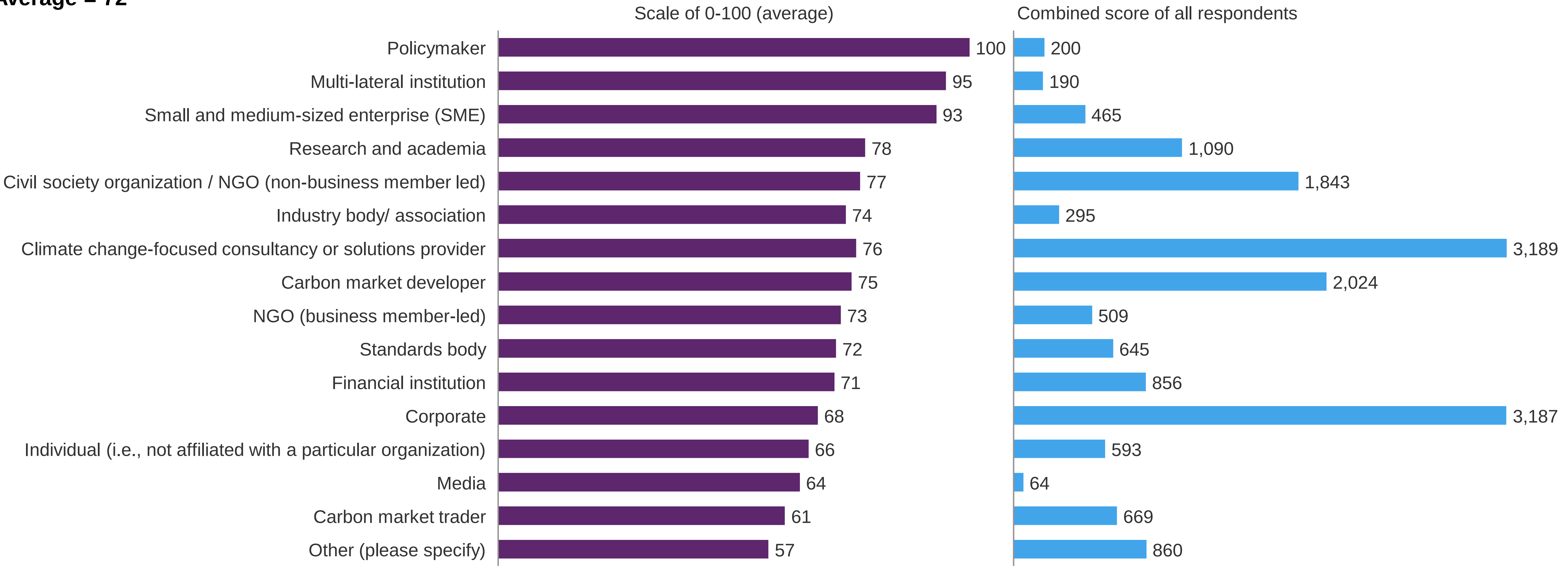
Q11. Linked to the question above, the SBTi is seeking feedback on perspectives on double claiming in a situation where one company (Company A) makes an investment to deliver a BVCM outcome which occurs in the scope 1, 2 and 3 value chain inventory of another company (Company B). In this situation, which of the below options do you most agree with?

Which option did the "other" response align most closely with?	Count	Example comments
A. Only one of the companies should be able to claim the mitigation outcome and they should agree which company can claim it (either Company A for BVCM or Company B for its SBT).	4	• They could agree a split or an equity share • Remove the word "investments" - BVCM should only focus on mitigation outcomes
B. Only Company A should be able to claim the mitigation outcome as "BVCM" and Company B must not count the mitigation outcome towards the delivery of its SBT.	2	• BVCM should focus on high hanging fruit rather than robbing companies of cost-effective mitigation options in their value chains • SBTi must not allow offsetting (i.e., where investment into BVCM is used to count towards delivery of value chain targets)
C. If Company A makes a climate "contribution" claim regarding its BVCM investments, as opposed to what is often referred to as a climate "compensation claim", then both companies should be able to claim the mitigation outcome (Company A for BVCM and Company B for its science-based target). However, if Company A makes a compensation claim in relation to its BVCM investments, then Company B must not count the mitigation outcome towards the delivery of its science-based target.	17	• Support for contribution claims • Integrate the notion of attribution key to recognize the co-participation of different stakeholders • No double counting with carbon credits, but double counting is OK for e.g., tech investment • Only if the investment is considered additional • Add a reporting obligation • Compensation claims should not be allowed • We need a sophisticated registry to govern this • Guardrails needed for free-riding associated with contribution claims
D. Both companies should be able to claim the mitigation outcome regardless of the claim that Company A intends to make about its BVCM activities and investments (Company A can claim the mitigation outcome to fulfil its commitment to BVCM and Company B can claim the mitigation outcome towards the delivery of its own SBT)	17	• Double claiming is inherent in scope 3 • A narrative explanation should be accompanied • Only company A should own the ownership of intervention • Proposes D applies for all targets, not just "science-based" targets • Clarification that BVCM investments should be distinct to companies' own value chain targets • Only if the investment is considered additional • Except for removals where A is required

Respondents see permanence as an important aspect of BVCM, yet many types of stakeholders see space for some flexibility or nuance

Q12. In your opinion, how important on a scale of 0–100 is it that companies investing in BVCM ensure permanence of mitigation outcomes? (0 being not important and 100 being very important)

Average = 72

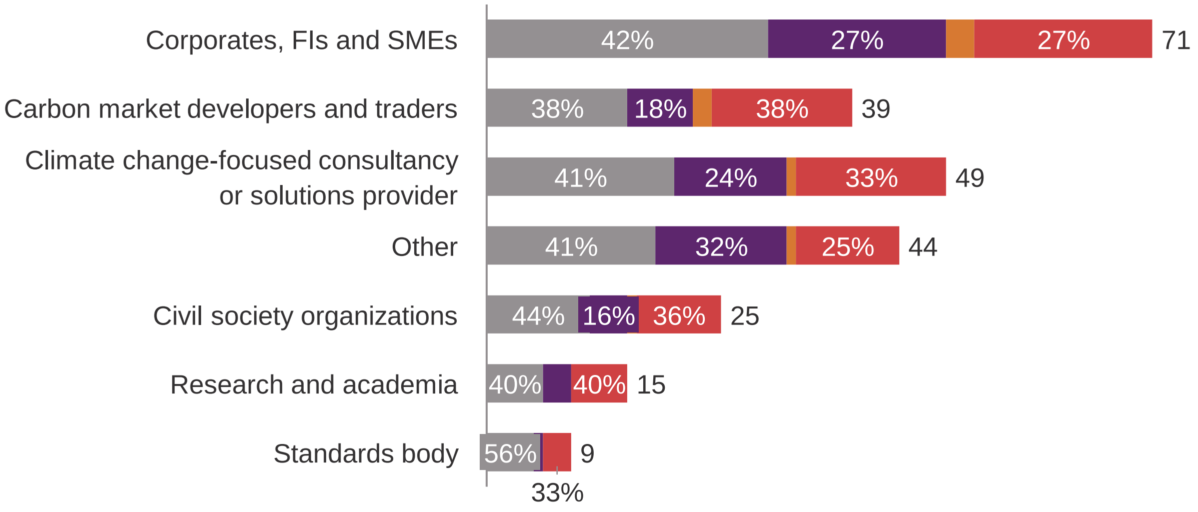


N= 231

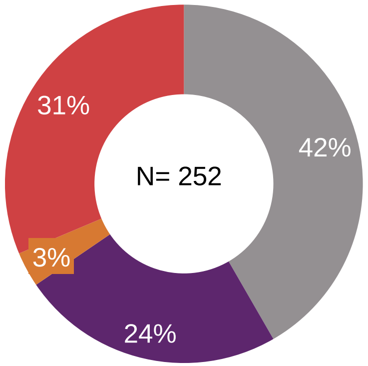
48% of respondents think companies should only be able to count actions and investments towards their BVCM commitments if they have mitigation measures in place to manage the risk of reversals including monitoring of the continued storage of carbon

Q13. Linked to the question above, which of the statements below do you support?

Count of responses

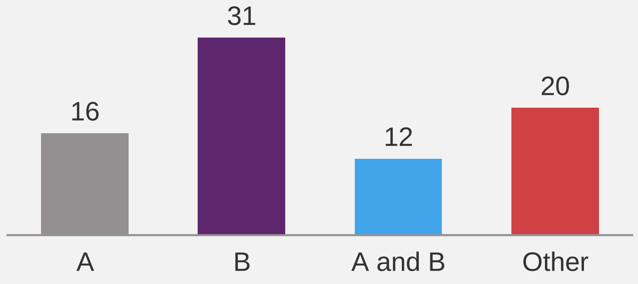


Percentage split of responses

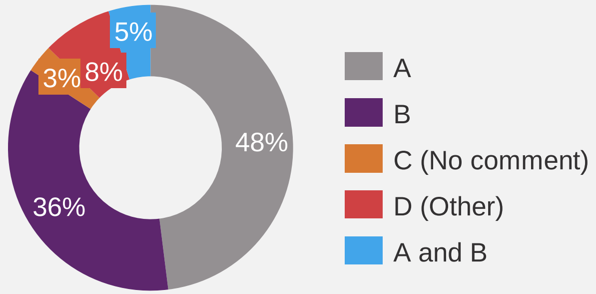


- A. Companies should only be able to count actions and investments towards their BVCM commitments if they have mitigation measures in place to manage the risk of reversals including monitoring of the continued storage of carbon.
- B. The SBTi should incentivize investment into mitigation with short-lived storage and therefore, given monitoring of permanence represents a barrier for companies, the SBTi should set a lower bar for ensuring permanence of mitigation for BVCM (since it is above and beyond a company's science-based target).
- C. No comment.
- D. Other (please specify)

Breakdown of "other"



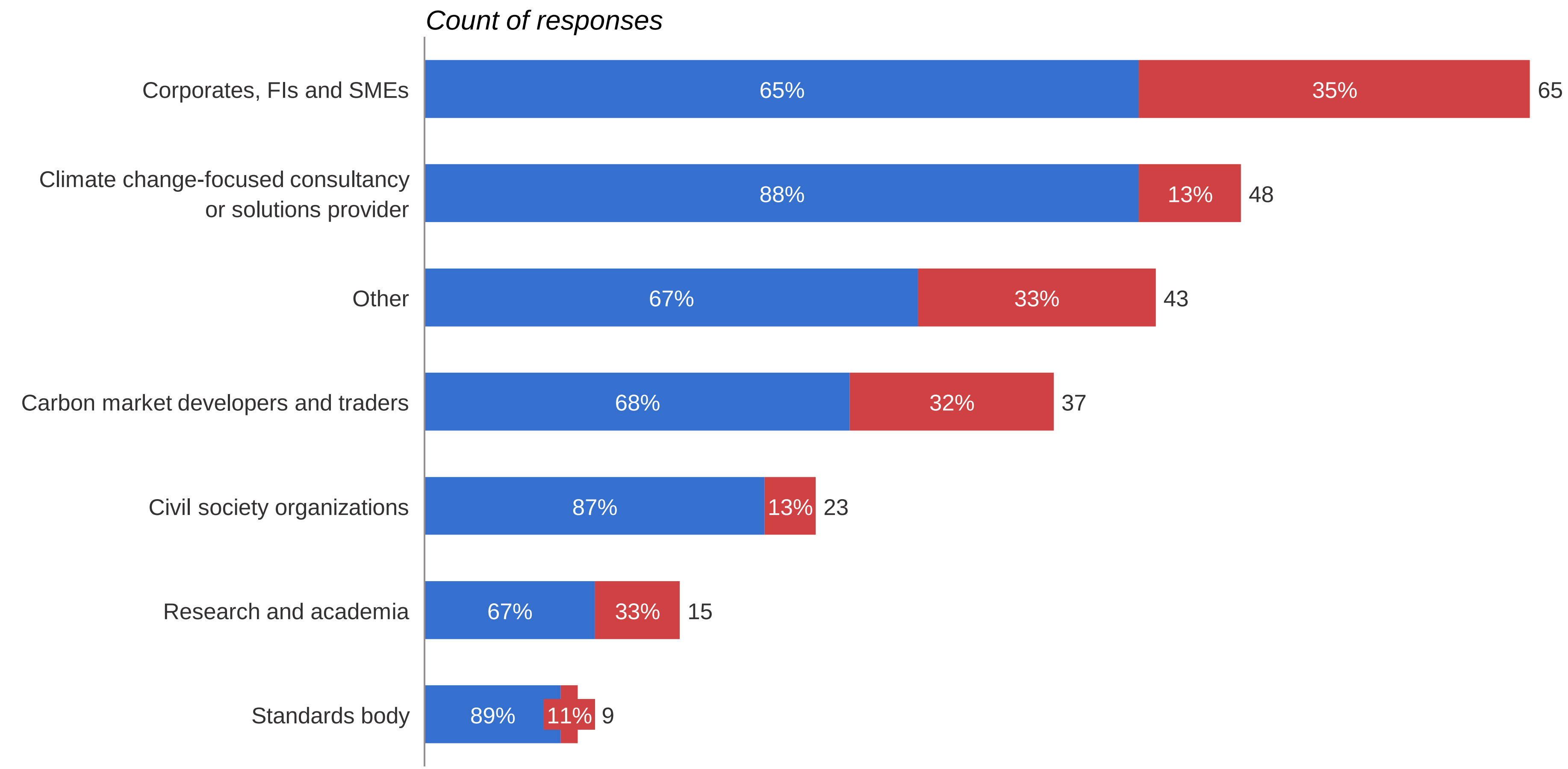
79 respondents selected "other" in total. Of those. 31 favored option B but provided comments that it depends on the claim (contribution versus compensation).

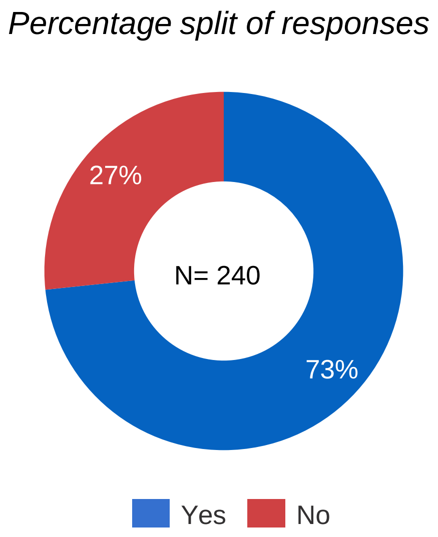


As such, overall, 48% of respondents provided support for option A where companies should only be able to count actions and investments towards their BVCM commitments if they have mitigation measures in place to manage the risk of reversals including monitoring of the continued storage of carbon.

73% of respondents think that the distinction between BVCM and neutralization described in the public consultation document was clear. There is still room for further clarification however, in particular with corporates, FIs and SMEs

Q14. Is the distinction between BVCM and neutralization of residual emissions described in the BVCM public consultation document clear?





A number of respondents proposed that the SBTi provides a pathway for scaling permanent CDR, while others proposed that the SBTi prioritizes driving investment into emissions reductions (and nature in particular) over CDR

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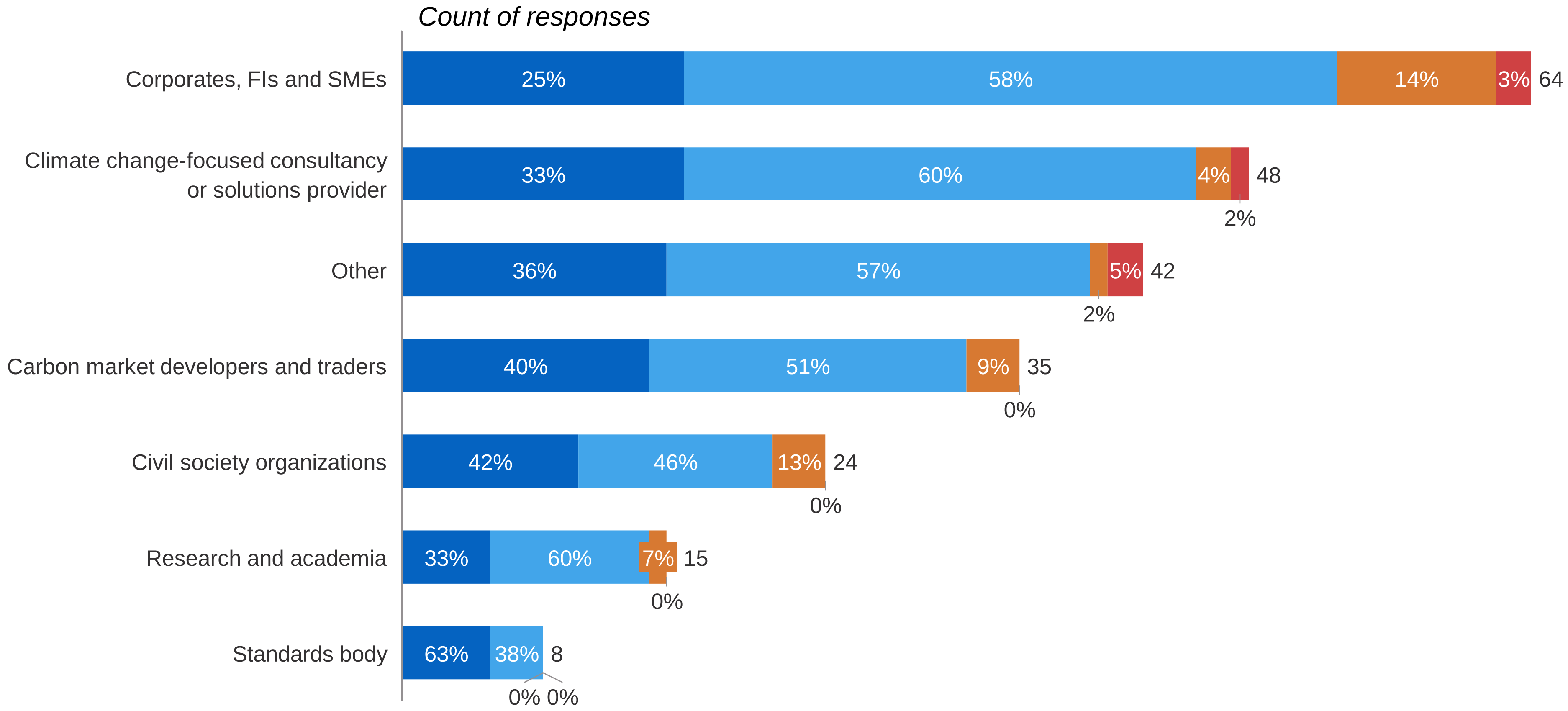
Q15. If you have suggestions for how to further clarify the distinction between BVCM and neutralization of residual emissions, please provide them here.

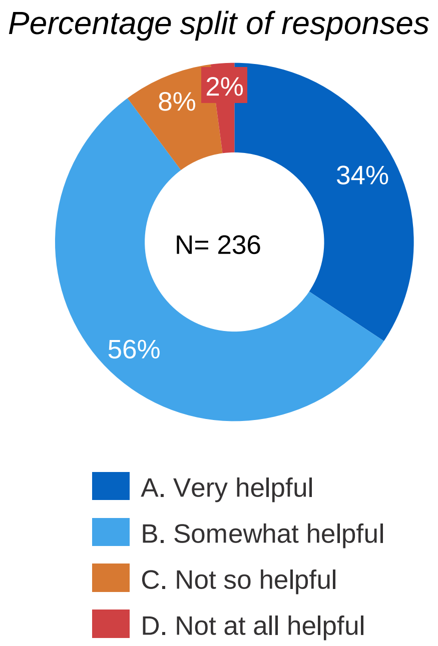
Theme	Count of comments in this theme	Example comments (paraphrased)
Scaling CDR	9	• SBTi should provide a pathway for scaling permanent CDR either through BVCM or through the Net-Zero Standard. Supporting the development of the CDR industry near-term is needed to ensure availability of enough high-quality permanent CDR as net-zero target years are approaching.
Requiring BVCM or neutralization	6	• Some level of BVCM should be mandatory rather than just recommended. • If companies miss interim decarbonization goals are missed, the SBTi should require companies engage in neutralization of residual emissions through nature and tech-based removals even ahead of a future net-zero date. • BVCM should be a requirement for FLAG target setting companies, as they are both the key drivers and solutions to reduce nature loss and because FLAG emissions cannot be meaningfully reduced through 'in-supply chain investments' due to the multi-actor dynamics of land use change.
Permanence	5	• BVCM removals can be short-lived (e.g., nature-based) while those used for neutralizing residual emissions should be permanent. • Apply a systems-based definition of permanence for both BVCM & neutralization
Prioritizing emissions reductions	4	• Why can emissions reductions not be used to neutralize residual emissions? • Give highest priority in the near term to emissions reductions (and most importantly from avoided conversion of natural ecosystems). SBTi should indicate that it intends to require all companies to invest in BVCM at some level and include this requirement and further guidance in the next update of its net-zero Standard. Clarify that Investments in R&D (e.g., for technological CDR) would be needed to neutralize residual emissions at the point of net-zero and do not count as BVCM.
Neutralization criteria	3	• There is a need to define what activities can be counted towards neutralization.
Reframing the distinction	2	• Focus framing of BVCM on paying off the debt to the environment that companies have built up over the lifetime of their existence, whereas neutralization is about stopping additions to the debt at the point of net-zero.
Carbon neutrality claims	2	• Take a clear stance against carbon neutrality claims. Carbon neutrality claims should not be permissible through BVCM activities. • Allow companies on track for their emissions reduction targets to make neutralization claims based on purchase of high quality, equivalent ton-based interventions before the net-zero target date.
Value chain boundary	2	• The value chain element of the definition is problematic. Once a company makes an investment or purchases a carbon credit it becomes part of the value chain. • Offer specific guidance that allows companies to prioritize making BVCM investments outside of known supply sheds. This will prevent double counting towards a company's net-zero target while creating confidence for companies in identifying the appropriate location/industry/activity type for its BVCM investment.
Other comments	-	• Other comments were provided on other topics e.g., calling for more examples, calling for clarity on how carbon credits can be used for each, the need for sectoral definitions, the need for clarity on corresponding adjustments etc.

Contents

90% of respondents found the overarching process visualization helpful, but there is still room for improvement with corporates, FIs and SMEs

Q16. Our objective in including this visualization is to provide a clear process to guide companies implementing and investing in BVCM. Do you feel that this process is helpful for the reader?





Respondents made suggestions on how to improve the process diagram – notably related to clarity and the cyclical nature of certain steps

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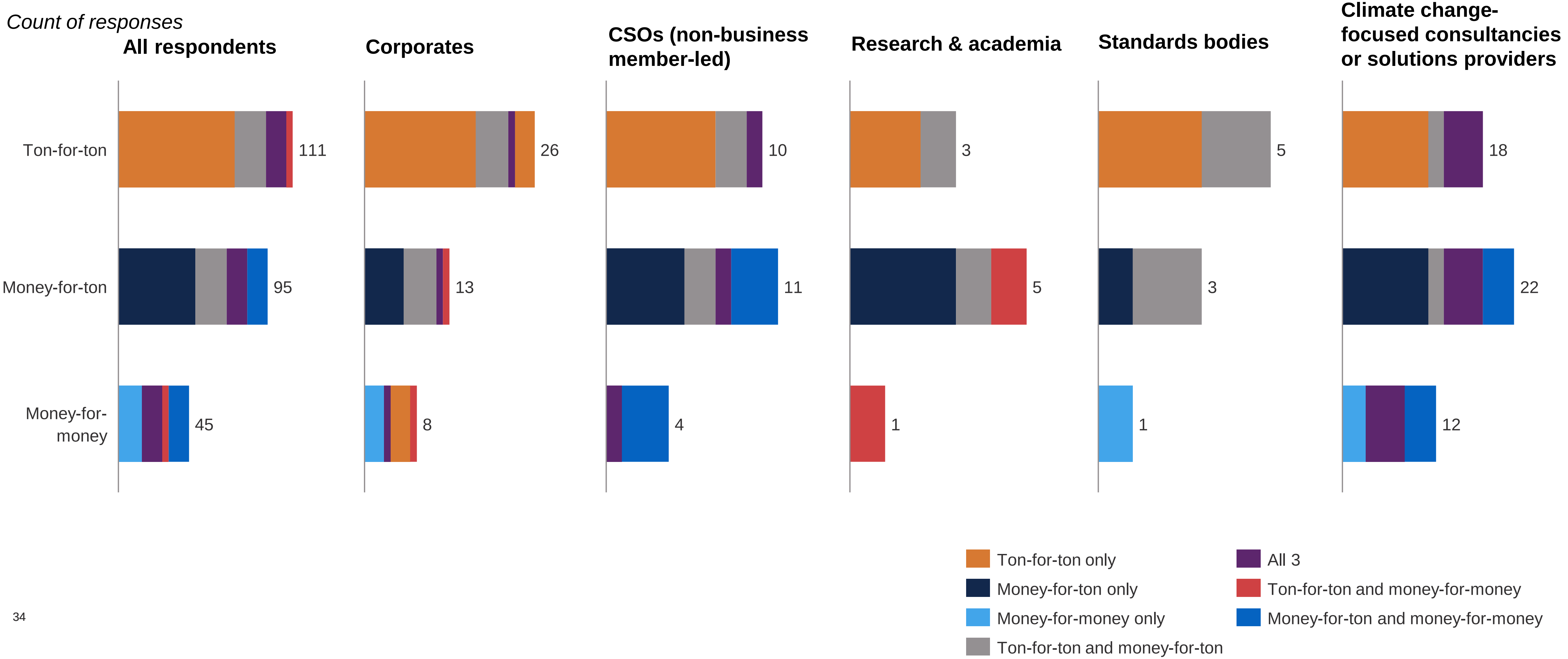
Q17. If you have feedback on this process or the diagram, please provide suggestions on how it could be improved.

Theme of comment	Count
• **Clarification (general):** Comments relating to improvement in clarity of the diagram or process in terms of changes to make wording clearer (not edits to the process itself)	18
• **Frequency / cyclical nature of process steps:** Comments relating to improvement in clarity on any / all of the following: the frequency at which the steps occur, the cyclical nature of steps	15
• **Disagreement on including SBTs as a pre-requisite in BVCM process:** Comments stating that SBTs should not be included in the BVCM process/ that having an SBT should not be a pre-requisite	10
• **Wording clarification:** Comments asking for clarity on a specific word(s)/ concept used in the diagram/ process e.g., 'define nature and scale'. No change suggested, just further information on meaning requested	10
• **Include more detail per step:** Comments asking for more detail on one / multiple of the steps in the process. The suggestion is to break each step into sub steps.	8
• **Improve visuals:** Comments specifically related to the diagram, not the process (e.g., turn it into a flow chart, specify which bits are mandatory, add timelines, including value chain decarbonization steps)	6
• **Clarification on the link between SBTi net-zero and BVCM:** e.g., is BVCM mandatory as part of SBTi NZ? Suggestions from some commenters to include SBTi net-zero steps alongside the BVCM diagram	4
• **Mandatory BVCM:** Comments where voluntary nature of BVCM is disagreed with / commenter explicitly states that BVCM should be a mandatory requirement	3
• **Parallel processes (1&2):** Comments stating the diagram should show that steps 1 and 2 can happen at the same time i.e., they are not sequential	3
• **Public BVCM commitment:** Comments that state a public BVCM commitment should be included as part of the process, with some calling for inclusion in the climate transition plan	3
• **Agreement with SBTi pre-requisite:** Comments where commenter explicitly stated agreement with the SBTi step 1 pre-requisite, stating the diagram should be updated to emphasize the importance of this step	2
• **Assurance:** Comments asking for clarity on how third-party assurance will be used in BVCM process	2
• **BVCM portfolio evolution guide (Tropical Forest Credit Integrity guide):** Commenters suggested including a portfolio evolution guide for BVCM, similar to Tropical Forest Credit Integrity guide	2
• **Clarification on SBTs as a pre-requisite**: Comments where the commenter states it needs to be made clearer that Step 1 is a mandatory, foundational step	2
• **Incentives:** Comments asking for more clarity on the incentives for BVCM	2
• **Business-minded language:** Commenter suggesting to use more business minded language - speak in terms of value added etc.	1
• **BVCM as pre-requisite to SBT:** Commenters suggested that BVCM should be a pre-requisite to setting a SBT, and not the other way round	1
• **Clarification om BVCM reporting guidance (metrics):** Commenters asking for more clarity on reporting guidance within the process	1
• **Clarification on contribution claims are best practice:** Commenters ask for clarity that contribution claims are best practice and are preferred ahead of compensation claims	1
• **Clarification on SBT reporting:** Commenter suggesting for clarity the process steps should include the requirement to publish and report progress against the companies SBT	1
• **Disagreement with BVCM investment timeline**: Commenter disagrees with shape of BVCM curve i.e., it should be inverted - less investments near-term while company focuses on value chain abatement	1
• **Ensure representative inputs:** Comments agrees with process but says needs to ensure inputs are truly representative of different groups/perspectives/regions and includes most significantly affected parties.	1
• **Rebaselining BVCM commitments:** Comments asking for the process to highlight that re-baselining of BVCM commitments will be needed when company or societal milestones are met in the future	1
• **Reporting timeline:** Comments asking for clarity on frequency of reporting	1
• **Timeline**: Comments asking for clarity on timelines for BVCM - 'when does it need to happen by?'	1
• **Include more detail on net-zero:** Include more detail on SBTi net-zero requirements	1
• **Sector specific:** Comments where commenter suggests a sector-specific BVCM process as opposed to the generalized proposed one	1

Contents

Overall, there was a slight preference for ton-for-ton when considering which method would result in the greatest outcome for climate, however civil society organizations, research & academia and climate change focused consultancies and solution providers are more in favor of money-for-ton in this regard

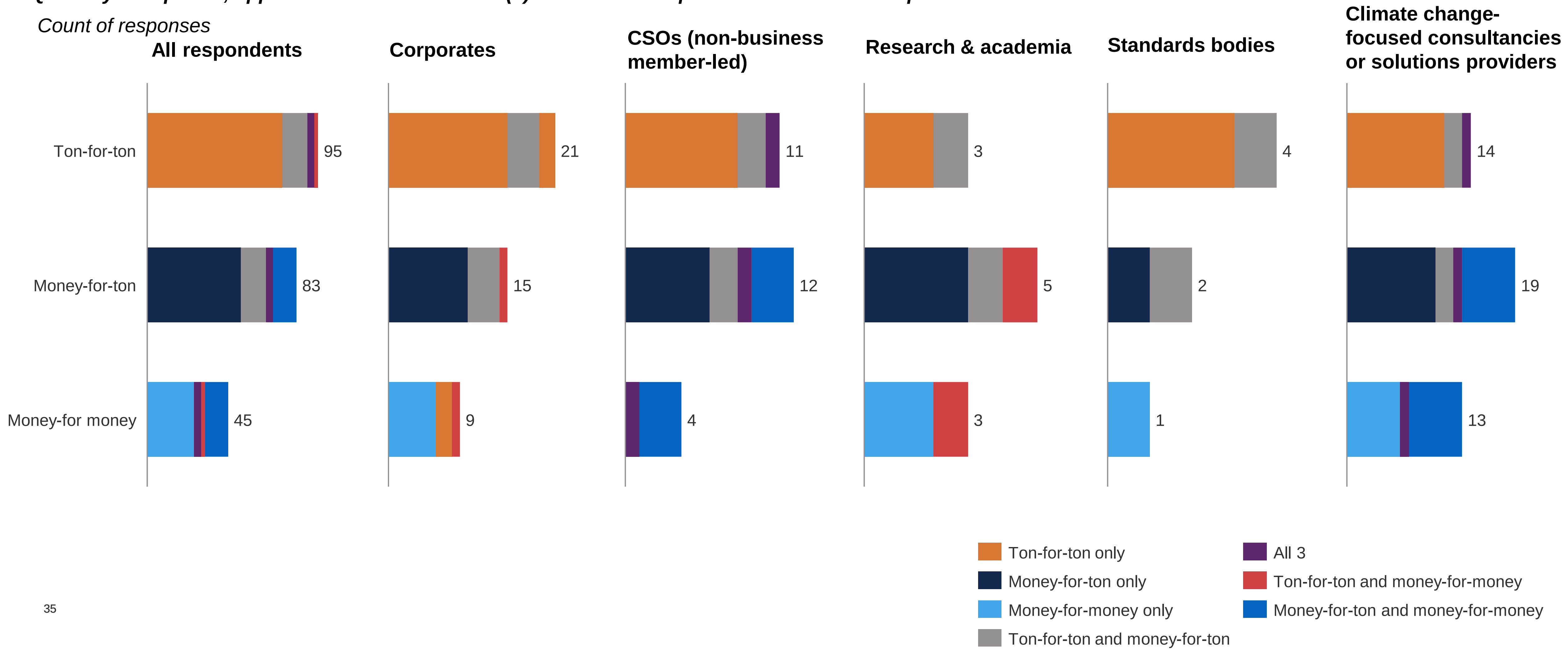
Q18. In your opinion, application of which method(s) would result in the greatest outcomes for climate?



Overall, there was a slight preference for ton-for-ton when considering which method best reflects corporate climate leadership, however civil society organizations, research and academia and climate change focused consultancies and solution providers are more in favor of money-for-ton in this regard

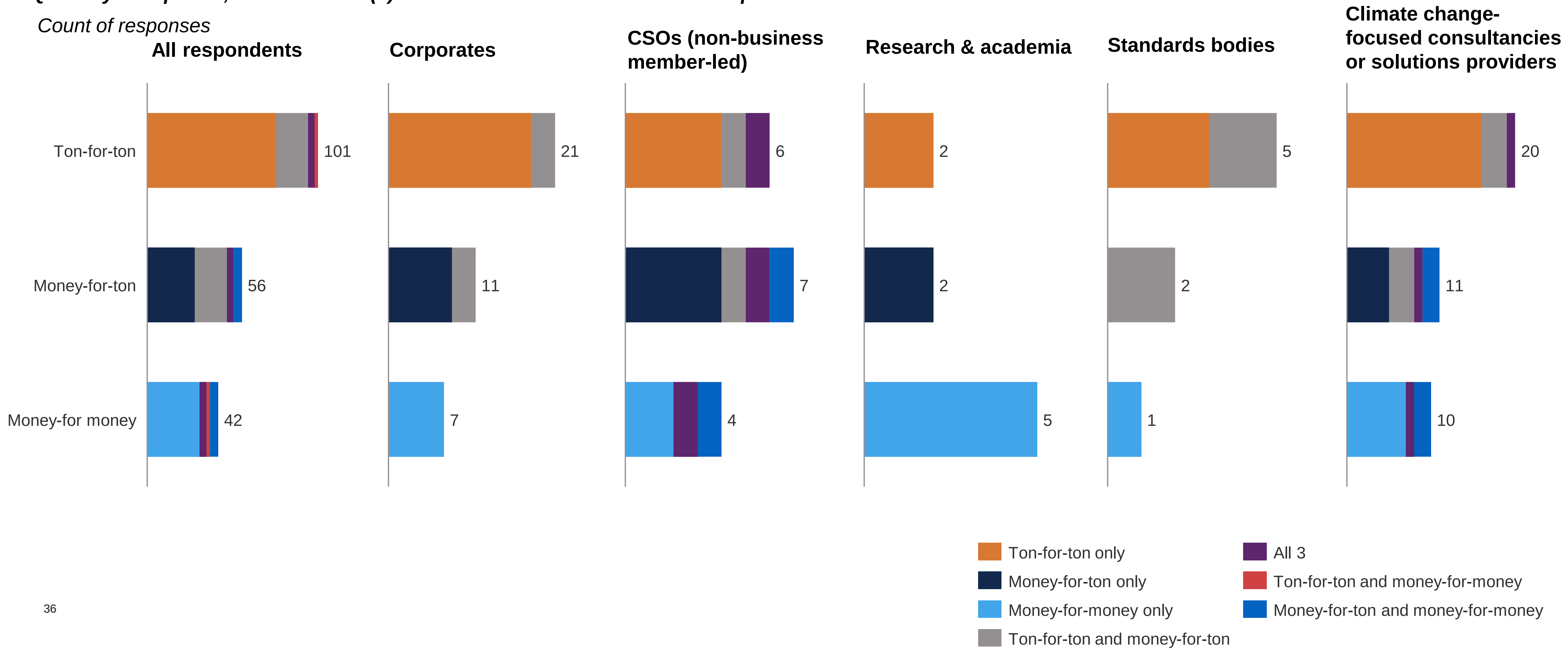
Q19. In your opinion, application of which method(s) best reflect corporate climate leadership?

Count of responses



Overall, there was a preference for ton-for-ton when considering which method would be the most attractive to companies. Civil society organizations were slightly in in favor of money-for-ton in this regard, while research and academia were more in favor of money-for-money

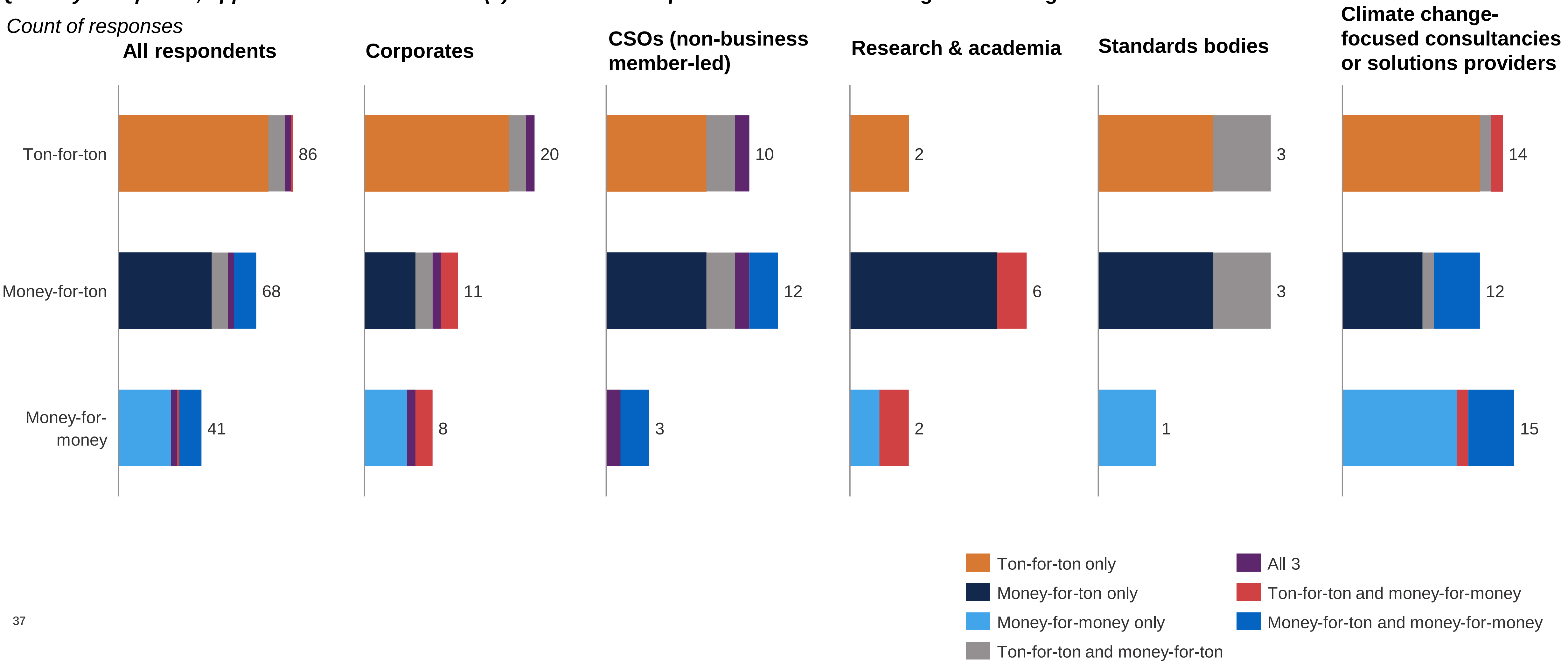
Q20. In your opinion, which method(s) would be the most attractive to companies?



Overall, there was a preference for ton-for-ton when considering which method would best shield companies from criticism and greenwashing, however, civil society organizations and research and academia were more favor of money-for-ton in this regard

Q21. In your opinion, application of which method(s) best shield companies from criticism and greenwashing?

Count of responses



Benefits identified with the ton-for-ton method

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Benefits of ton-for-ton	Count of responses
• Clear tCO_2e metric for impact measurement and verification	47
• Companies required to deliver quantifiable mitigation outcomes (since the commitment is framed based on tCO_2e delivered)	42
• Most widely used approach historically (easy to understand)	30
• Encourages value chain emission reductions	18
• Incentivizes mitigation at least cost to society as companies can resort to the least-cost mitigation option to deliver their commitment under this model	6
• Easy to communicate and understand	48
• Justifiably science-based/ linked to the polluter pays principle	21
• Ease of calculation	17
• Has clear connection to the company's footprint	17
• Simplicity and consistency in target setting and measure of fulfilment lends itself to transparency, comparability and accountability	11
• Relies on carbon credits (well known and standardized instruments that are cost-effective and easy to monitor)	11
• Most likely to drive corporate action	8
• Most closely linked to SBTi's focus on mitigation	8
• Maps most cleanly into claims guidance being developed by others	4
• Cheaper approach/ "most financially feasible" option	4
• Easy to implement	2
• Allows for use of well-developed standards for environmental and social safeguards	2
• Encourages high volume	1
• Greatest potential to scale due to credible claim	1
• Most easily adopted into a mandatory framework through regulation	1
• Provides clear demand signal to the VCM	1
• Focus on carbon credits makes it a good method for driving finance flows from the Global North to South	1
• Incentivizes wider adoption due to focus on low hanging fruit	1

Benefits presented in the public consultation document

Additional benefits highlighted by respondents

Risks identified with the ton-for-ton method

Risks of ton-for-ton	Count
• Risk that companies optimize the price of carbon credits at the expense of quality	61
• May result in more limited deployment of finance as companies can resort to the least-cost option to deliver their commitment under this method, resulting in a gap between the level of finance deployed and the externality	33
• Increasing backlash in certain markets associated with compensatory claims that seek to convey that the tCO_2e of unabated value chain emissions are netted out or counterbalanced by the tCO_2e of BVCM (resulting in regulatory risk, litigation risk and reputational risk)	28
• Increasing backlash in certain markets associated with claims that mislead consumers about the climate impact of products or services (resulting in regulatory risk, litigation risk and reputational risk)	26
• Does not account for ability to pay (unless companies choose the % of unabated emissions that will be matched or seek low-cost mitigation options	5
• No link between investment volume and externality linked to unabated emissions (and therefore cannot be defended as science-based)	11
• Incentivizes focus low hanging fruits (e.g., lower cost solutions with lower durability) at the expense of investment in a pre-competitive space or into higher cost, higher risk mitigation options which are critically underfunded	39
• Supply-side quality criteria are not sufficient and, as a result, carbon credits often do not represent a real tCO_2e mitigation	22
• The low prices for carbon credits do not reflect the true cost of abatement	13
• No incentive for optimizing investments based on wider SDG benefits	8
• Unabated value chain emissions and credit based avoided emissions are not equivalent. Fossil fuel emissions are not fungible with land sector mitigation.	8
• Incentivizes investment into lower risk countries and projects with easy to quantify mitigation outcomes at the expense of complex nature-based projects in regions in need of climate finance	5
• Furthers the false assumption that a carbon credit can easily be measured and that problems like additionality, leakage, baselines etc. can be solved, especially for land-use, and avoided emission projects	4
• Ton-for-ton framing (which includes emission reductions) creates confusion with neutralization (which is only removals)	3
• Enables companies/countries from the Global North to benefit from low hanging fruits in the Global South	3
• If market prices rise it will become very expensive for companies, and there are risks linked to market volatility	2
• High quality credits are expensive and given high volumes required, this can be costly for companies	2
• Adding a 100% compensation commitment would disincentivize investment in R&D for value chain emissions reductions	1
• SBTi's endorsement of this method may be interpreted as endorsing existing practices within carbon markets which presents a risk if issues with the quality of carbon credits and institutional difficulties in host countries persist	1
• The only risk is reputational linked to anti-offsetting messaging enabled by the SBTi	1
• Relies on the credibility of the existing VCM and puts too much reliance on the ICVCM or others to raise the overall quality of the projects offered in the VCM	1
• Companies prioritizing low-cost carbon credits which may undermine host countries' ability to ramp up ambition	1
• Low volumes of carbon credits available	1

Risks presented in the public consultation document

Additional risks highlighted by respondents

Best practice application of ton-for-ton

Proposed description of best practice application from public consultation

In addition to delivering on its science-based target (covering value chain emissions), a company delivers verified mitigation outside the value chain proportional to the climate impact of at least 100% of scopes 1, 2 and 3 emissions that year.

Please note that inclusion of historic emissions might also be considered best practice for some sectors, but there is acknowledgement that this would not be possible for many sectors given the magnitude of emissions throughout the lifetime of the company.

Best practice adoption of this method in particular will also be impacted by the claim that a company intends to make. For example, if a company's claim seeks to convey that the BVCM outcomes are netting out or counterbalancing the company's remaining value chain emissions, then higher standards are required in terms of e.g., permanence, additionality, avoidance of double claiming, avoidance of leakage and potentially also fungibility for that claim to remain accurate.

Alternatively, if the claim is communicated as a contribution to global climate mitigation efforts, reputational risk to the claimant is lessened since it not necessary to demonstrate that the positive environmental impact of the BVCM outcome is equivalent to or greater than the negative impact of the company's unabated emissions. For contribution claims, companies should still take measures to ensure that BVCM outcomes are delivered (e.g., through independent third-party verification) and report transparently on environmental quality attributes around e.g., permanence, additionality, avoidance of double claiming and avoidance of leakage, etc.

Please note that the regulatory landscape around claims is evolving and this will define the minimum bar for companies. For this reason, in the BVCM guidance, the SBTi may advise companies against compensatory claims which seek to convey counterbalancing of unabated emissions through BVCM.

Respondents' proposed description of best practice application of ton-for-ton	Count
• Purchase and retirement of high-quality carbon credits (i.e., minimum standards linked to permanence, additionality, avoidance of double counting, leakage etc.)	23
• 100% of unabated emissions (s1-3) matched by BVCM on a ton-for-ton basis	15
• Introduce tiers in terms of coverage of unabated emissions to maximize participation	11
• Support for the description included in the public consultation document	11
• Third party verification/ assurance	8
• Avoid compensatory claims, limit to contribution claims	7
• For organizations that are not financially able to cover 100% of unabated emissions, ensure ratcheting of ambition over time	7
• Require demonstrable progress on value chain targets before allowing BVCM; ensure BVCM does not substitute for/ take focus away from value chain decarbonization and investment scale up of CDR	7
• Transparent reporting	6
• Limit to (or at least prioritize) permanent removals	7
• Inclusion of historic emissions	5
• Shift towards a higher proportion of permanent removals over time	4
• Establish minimum price	5
• Focus on quality of investments	3
• Accurate inventory accounting of value chain emissions underpinning the target	2
• ICVCM credits and VCMI claims	6
• Investment into high-hanging fruits (including areas with a high transaction cost)	2
• Limit to scope 1 and 2 emissions to avoid a too high a bar which will limit participation	2
• Public reporting of average price paid for each tCO_2e of mitigation	2
• SDG co-benefits and social safeguards	4
• Take into account ability to pay	2
• Ensure a portfolio approach to incentivize emissions reduction, temporary removals and durable removals	2
• Ensure fungibility between unabated emissions and BVCM i.e., fossil fuel emissions should be matched with high durability removals	2
• Allow companies to collect contributions from consumers to finance BVCM	1
• Establish minimum coverage requirements	1
• Focus on companies with high profit per tCO_2e	1
• For FLAG companies, a requirement to also set SBTN targets for nature	1
• Investment into jurisdictional REDD+	1
• Low cost but high-quality carbon credits	1
• Public reporting in company balance sheets of damage to society caused by unabated emissions	1
• Purchase and retirement of high-quality carbon credits with corresponding adjustments	1
• Ton-for-ton floor with additional investments into enabling condition with super leverage potential	1
• Ton-year accounting	1

Benefits identified with the money-for-ton method

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Benefits of money-for-ton	Count of responses
• Applies the polluter pays principle, i.e., there is a link between investment volume and externality linked to unabated emissions	40
• Can maximize the amount of finance mobilized from private sector entities participating in BVCM	34
• Stronger incentive for value chain emission reductions	34
• May increase finance towards higher cost mitigation options or investments with an uncertain or unquantifiable outcomes	33
• Captures investments with high need but more uncertain outcomes (e.g., technical risk phase of R&D, landscape readiness and implementation activities)	31
• Opens up scope for investing in climate adaptation or policy advocacy	3
• Claims are less likely to imply the fungibility of unabated value chains and BVCM, thereby reducing risk of greenwash	2
• Choice of carbon price can take into account ability to pay	2
• Easy to quantify and implement	15
• Reduces the risk of low-quality carbon credit purchase and retirement/ a "race to the bottom"	14
• Higher quality outcomes including inclusion of co-benefits	12
• Reduced risk of greenwash due to contribution framing and/or focus on polluter pays	11
• Creates a specific funding pool/ budget allowing improved financial planning	9
• Easy to communicate and understand	9
• Allows for use of financing mechanisms other than carbon credits	7
• Maximizes impact	7
• Opens up opportunity for investment into systems change	6
• Reduces risk linked to financing e.g., reducing deforestation which often has disputed quantifiable emission reductions, but requires finance immediately	3
• Funding can be used for financing faster internal value chain mitigation	2
• Engages multiple business units in the funding of mitigation activities - a whole-of company strategy	1
• Lower barrier to entry for those looking to invest but without knowledge of carbon markets	1
• Allows better integration of climate and nature strategies	1
• Already being used by leading companies	1
• Can align with compliance markets e.g., ETS prices	1

Benefits presented in the public consultation document

Additional benefits highlighted by respondents

Risks identified with the money-for-ton method

Risks of money-for-ton	Count of responses
• Companies are not required to deliver guaranteed mitigation outcomes as the commitment relates to the volume of finance rather than the tCO_2e outcome	33
• Difficult to establish the “right” price (e.g., social cost of carbon or otherwise)	30
• If the chosen cost of carbon is too low, it may not generate sufficient finance or mitigation to address the externality	18
• Impact metrics are less well-established	7
• Claims are less well-established	6
• If using a social cost of carbon, does not account for ability to pay (however, companies can use other carbon pricing approaches to take ability to pay into account)	4
• If using social cost of carbon, it is difficult to establish what should be spent on mitigation versus adaptation, loss and damage	3
• Too expensive (especially for lower profit/ tCO_2e sectors), presenting a barrier to entry	17
• Risk companies finance BAU activities while labelling them as BVCM, reducing the opportunity to increase climate outcomes	12
• Loss of the link to the corporates unabated emissions increases greenwash risk	9
• MRV mechanisms less well established	6
• If companies are allowed to determine the price it could result in greenwash	6
• Difficult to compare companies	4
• Does not maximize tCO_2e outcome (inefficiency of finance)	4
• Difficult to simply communicate to consumers	3
• Variation in the carbon price applied	3
• Absent sufficient transparency and guidance, funds could be deployed in ways that do not in fact address central climate goals	2
• Risk of no/ poor MRV	2
• Lack of investable pipeline	2
• The SCC may deter companies concerned about reputational risk linked to publicly acknowledging the economic damage they cause through unabated emissions	2
• Money-based approaches could be perceived as a money grab by environmental NGOs	2
• Could dissuade policymakers from stricter and more targeted interventions compelling polluters to pay	1
• The public may not be able to obtain clear information over how much of its emissions the company intends to compensate / contribute through this method.	1
• Some sectors will be "let off the hook" too easily while others will be unfairly penalized	1
• Where money is used as a proxy for tons, this increases risk	1
• Too complex to implement	1
• Risk that it doesn't deliver economies of scale in the way VCMs allow	1

Risks presented in the public consultation document

Additional risks highlighted by respondents

Best practice application of money-for-ton

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Proposed description of best practice application from public consultation

In addition to delivering on its science-based target (covering value chain emissions), a company channels finance into mitigation outside the value chain based on a social cost of carbon applied to at least 100% of unabated scopes 1, 2 and 3 emissions in that year. The social cost of carbon is aligned with credible academic sources and the company reports transparently on the cost of carbon used and the method for determining it.

Given the company's commitment is a financing one, the company can channel some portion of finance to mitigation with uncertain or unquantifiable mitigation outcomes to ensure that investments support R&D into emerging climate technologies and the creation of an enabling environment for mitigation to occur. More discussion on this is included in the consultation topic below on deploying finance and resources to different BVCM activities.

Given the social cost of carbon is used, the company should allocate some portion of this finance into adaptation, loss and damage. The SBTi is conducting research to inform recommendations on the use of carbon pricing mechanisms (including the social cost of carbon and how this could be used to channel finance to both mitigation and adaptation, loss and damage).

Please note that inclusion of historic emissions might also be considered best practice but there is acknowledgement that this would not be possible for many sectors given the magnitude of emissions throughout the lifetime of the company.

Respondents' proposed description of best practice application of money-for-ton	Count
• Chosen carbon price (and methodology for determining the price) to be transparently reported	9
• Ensure that the cost of carbon is high enough to address externalities	8
• Carbon prices must be based on credible third-party sources that appropriately reflect pollution externalities	8
• Embed a requirement for minimum quantified mitigation outcomes (e.g., to match the companies unabated emissions)	7
• Covering the cost of 100% of remaining emissions using an ambitious internal carbon price	7
• Support for what was proposed in the public consultation document	6
• Establishing tiers/ ratcheting over time (to reach the social cost of carbon and 100% of unabated emissions)	4
• SBTi to establish minimum price/tCO_2e (and if necessary, adapt prices per sector)	4
• Mobilize finance to high-cost or high-risk mitigation options which otherwise won't be financed	4
• Encourage a portfolio of activities (including advocacy, adaptation, biodiversity and policy outcomes)	5
• Avoid compensation claims and limit to contribution claims	3
• Define minimum quality and transparency standards for unquantifiable activities (e.g., level of finance committed, recipient, activity)	3
• Claims should be audited / verified (e.g., as part of annual financial audit processes or similar)	2
• Base the price on compliance markets or regulation e.g., EU-ETS (or set a requirement to exceed it)	2
• Meaningful stakeholder engagement and fostering of long-term partnerships	2
• Require only removals, some minimum portion of removals and/or increase share of permanent removals over time (100% by 2050)	6
• For some sectors consider requiring historic emissions to be included	2
• Clearly define "money" i.e., to avoid companies donating their time	1
• Establish process for reporting on failed investments (i.e., where they do not lead to mitigation outcomes)	1
• Differentiate the social cost of carbon based on locations of company operations	1
• Companies pay into a national pool for governments to use for additional NDCs	1
• Establish the social cost of carbon as the high bar to strive for but allow flexibility given ability to pay constraints	1
• Finance should be funneled to activities which are either validated and verified or will be in the future	1
• Parts of the allocated finance can also be funneled towards additional internal mitigation activities	1
• For companies with limited ability to pay, a share of the footprint can be covered but the ambition should be ratcheted over time	1
• Claiming the fair share of contribution (avoid overclaiming of impact)	1
• Differentiated carbon prices per emission scope	1
• Focus on financial additionality (i.e., lower ROIs or longer payback periods)	1
• Even for non-credit/non-verified investments, outcomes should be quantified in terms of tCO_2e expected to be reduced or removed	1

Benefits identified with the money-for-money method

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Benefits of money-for-money	Count of responses
• May increase the use of higher cost mitigation options or investments with an uncertain or unquantifiable outcomes (e.g., R&D beyond the value chain or capacity building)	31
• Easy to communicate (internally and externally)	28
• Potentially attractive consumer-facing claim	12
• Choice of percentage and of financial metric can take into account ability to pay	10
• Opens up scope for investing in climate adaptation or policy advocacy	7
• Assigns greatest responsibility to those with the capacity to pay	24
• Avoids race to the bottom which exists in ton-for-ton models; puts focus on quality and impact	15
• Has the potential to direct the most amount of money to BVCM	14
• Direct link between BVCM and the income statement facilitates financial planning (and costs are more predictable)	11
• Easy to quantify	10
• Very low risk of greenwash accusation given it is not linked to tCO_2e estimates or claims which imply offsetting	8
• Opportunity for investment in systemic change	8
• Less bureaucratic to implement; greatest ease of participation	8
• The fairest approach across sectors and companies given it is linked to profitability	5
• Clearly conveys that BVCM is philanthropy	3
• Allows money to be channeled through mechanisms other than carbon market e.g., funds	3
• Climate justice: represents a redistribution of wealth, which is a systemic cause of ongoing climate change	3
• Easiest to benchmark and compare companies	2
• While some high profit sectors have lower scope 1-3 emissions, they enable global emissions through driving consumption and rely on the existing infrastructure	2
• Maintains investment in BVCM over time (i.e., it does not reduce over time as a companies value chain emissions decline)	2
• Elevates sustainability to become a core part of the company`s development strategy by linking it to financial indicators and projections	2
• Greatest catalytic impact in getting projects off the ground	2
• Avoids having to make complex calculations about the social cost of carbon	1
• May enable the development of cohort-based standards where the climate action of companies of many sizes could be assessed on a normalized basis	1
• Can link commitments to wider SDG commitments	1
• Allows companies to make a return on investment - therefore more attractive to companies	1
• Potential to reduce inefficiencies associated with the carbon markets since many safeguards established to ensure compensatory claims can be made are no longer required	1

Benefits presented in the public consultation document

Additional benefits highlighted by respondents

Risks identified with the money-for-money method

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Risks of money-for-moneys	Count of responses
• Companies are not required to deliver guaranteed mitigation outcomes as the commitment relates to the volume of finance rather than the tCO_2e outcome	31
• Doesn’t incentivize value chain abatement as it is not linked to the unabated emissions	30
• Difficult to establish a scientific basis for determining the share of the chosen financial metric to be channeled into BVCM	21
• Impact metrics are less well-established	18
• If the chosen share of profit (or other metric) is too low, it may not generate sufficient finance or mitigation to address the externality	15
• Claims are less well-established	12
• Less well-established MRV and accountability infrastructure	11
• Large emitters with low profits would pay least which is unfair and does not incentivize them to transition	10
• Risk companies finance BAU activities while labelling them as BVCM, reducing the opportunity to increase climate outcomes	7
• Doesn't hold companies accountable for their emissions, given there is no link (nor with historic emissions)	6
• Difficult to benchmark between sectors and companies	4
• If a company does not make profit, then it results in no BVCM funding	3
• Difficult to sell to shareholders as financial commitment increases as profit increased	3
• Could result in excessive cost thereby limiting adoption	3
• Difficult to establish financing plans given profits fluctuate year-to-year	3
• Climate finance would diminish in times of economic downturn	3
• Does not link to a company's climate change risk associated with their unabated emissions	2
• Loopholes in what is declared as revenue or profit could lead to people investing less than they could.	2
• Greenwashing risk	2
• May incentivize companies to make internal investments to reduce profit and to avoid paying out sums in BVCM	1
• Risk of limited uptake due to political influence and general avoidance of tax	1
• Could dissuade policymakers from stricter and more targeted interventions compelling polluters to pay	1
• Companies will be overburdened if more countries introduce carbon taxes	1
• It will have negative externalities on economic productivity, bearing its own social cost	1
• The business case for corporate philanthropy is not sufficient for delivering net-zero globally	1
• Given finance is tied to profit, it could result in fluctuations in BVCM finance which would be challenging for the receivers of funds	1
• The biggest indirectly-polluting industries (e.g., private equity, insurance) will not be mandated to contribute to finances at the scale of their impact	1
• Drives focus where there is ROI rather than focus on greatest climate impact	1
• Encourages more investment in longer term removal technologies, and less in achieving peak emissions by 2025	1
• Narrows the focus of climate change to a pure economic issue rather than an actual climate impact quantification	1

Risks presented in the public consultation document

Additional risks highlighted by respondents

Best practice application of money-for-money

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Description of best practice application in the public consultation document

In addition to delivering on its science-based target (covering value chain emissions), a company allocates a share of revenue or profit towards financing climate mitigation beyond the value chain.

The SBTi is conducting research to inform recommendations on an appropriate percentage of revenue or profit.

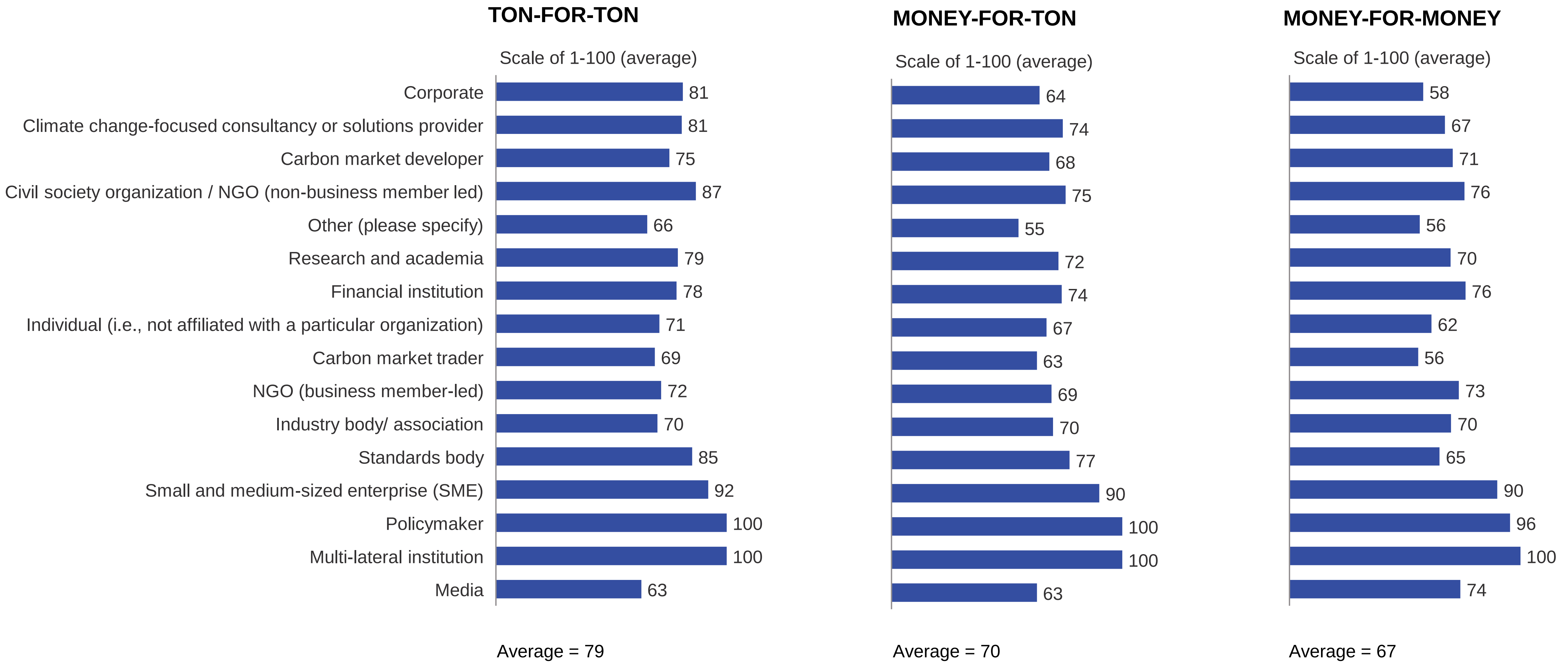
Given the company's commitment is a financing one, the company can channel some portion of finance to mitigation with uncertain or unquantifiable mitigation outcomes to ensure that investments support R&D into emerging climate technologies and the creation of an enabling environment for mitigation to occur. More discussion on this is included in the consultation topic below on deploying finance and resources to different BVCM activities.

Respondents' proposed description of best practice application of money-for-money	Count
• Using an ambitious percentage of revenue/ SBTi should establish a minimum requirement (e.g., x% of revenue)	7
• Support for what was proposed in the public consultation document	6
• Set a range of what companies could be expected to contribute as share of profit depending on their responsibility, so high emitters might need to contribute more as a share of profit (but translated into dollar per tCO_2e its lower) and those with low emissions would have a lower share of profit but higher cost per tCO_2e	6
• Embed a requirement for a certain level of quantified mitigation outcomes (e.g., at least to match the companies unabated emissions in terms of tCO_2e)	5
• Support diverse climate initiatives	5
• Reporting and auditing requirements to enhance transparency of unquantifiable investments (e.g., level of finance committed, recipient, activity, location)	5
• Invest into uncertain or unquantifiable but potentially highly impactful opportunities	4
• Report metric used publicly, and justify it	3
• Companies should have to prove that application of this method results in equal to or more mitigation than application of ton-for-ton or money-for-ton	3
• Invest in policy advocacy and emerging tech to enable future reductions/removals	3
• Establish tiers and incentivize increasing ambition over time	3
• Revenue should be the main metric used in this approach to prevent actions that deliberately manipulate profit figures	1
• Establish oversight body to define minimum quality and transparency standards for BVCM investments into capacity building or policy advocacy.	1
• Clearly define "money" i.e., to avoid companies donating their time	1
• Establish process for reporting on failed investments (i.e., where they do not lead to mitigation outcomes)	1
• Avoid compensation claims and limit to contribution claims	1
• Companies pay into a national pool for governments to use for additional NDCs (i.e., governments are responsible for additionality and permanence).	1
• Investment into BVCM through a separate fund	1
• Require corresponding adjustments when purchasing and retiring carbon credits	1
• Finance should be funneled to activities which are either validated and verified or will be in the future (both carbon and other impacts)	1
• Limit application of this method to very small companies under a certain threshold to lower the barrier to entry	1
• Apply to ambitious companies and big retail brands	1
• The money for money implied price should appear in the annual account and be disclosed against SCC or 1.5C pathway pricing	1
• Specific investment options to be defined that follow ICVCM requirements or alternative suitable investment options	1
• Incentivize high profit, low emissions companies to use this method	1
• Combined with polluter pays if possible, so the % of profit allocated to the BVCM should be proportionate to the damage caused by the company	1
• Even for non-credit/non-verified investments, outcomes should be quantified in terms of tCO_2e expected to be reduced or removed	1
• Some portion of investment to go into adaptation, loss and damage	1

On a scale of 0-100 (where 100 is extremely important), respondents rated the importance of ensuring permanence as 79/100 (mean score) for ton-for-ton, compared to 70/100 for money-for-ton and 67/100 for money-for-money

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

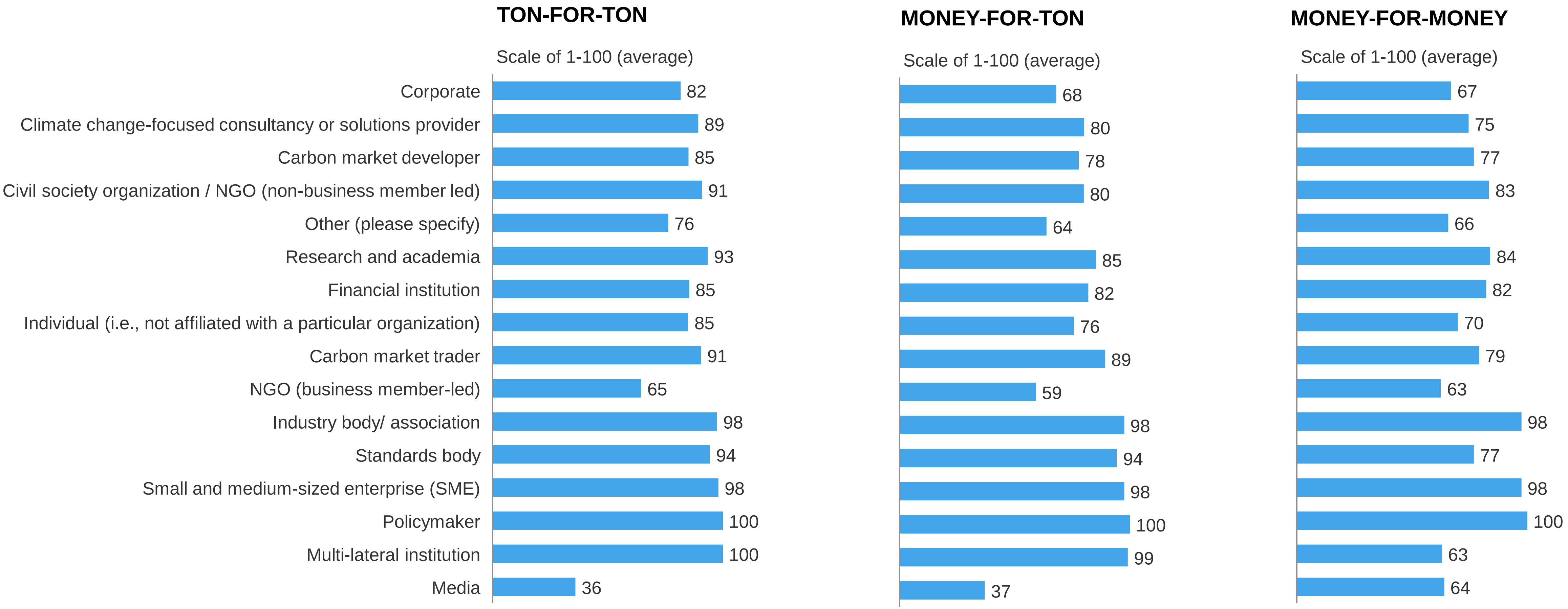
Q25-27. How important is it to ensure permanence of mitigation outcomes on a scale of 0-100?



On a scale of 0-100 (where 100 is extremely important), respondents rated the importance of ensuring additionality as 86/100 (mean score) for ton-for-ton, compared to 78/100 for money-for-ton and 75/100 for money-for-money

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q28-30. How important is it to ensure additionality of mitigation outcomes on a scale of 0-100?



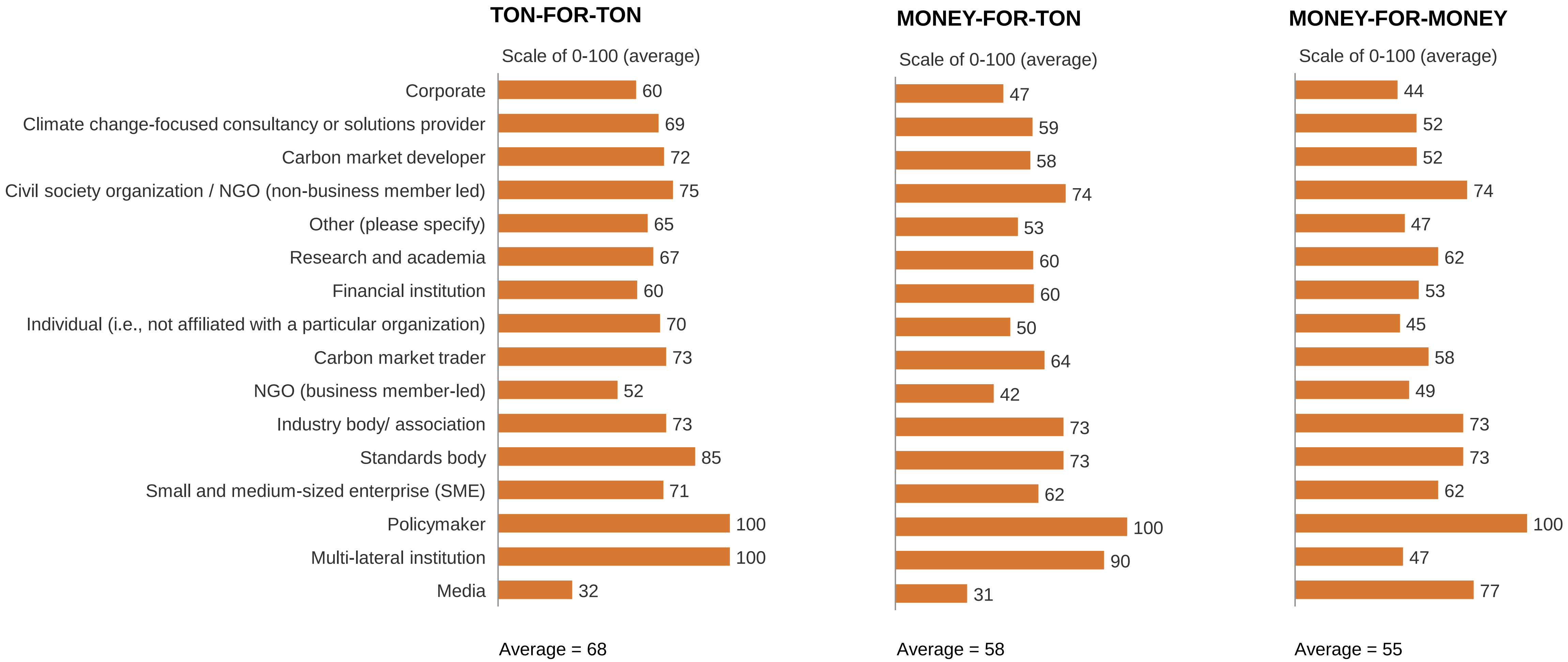
Average = 86

Average = 78

Average = 75

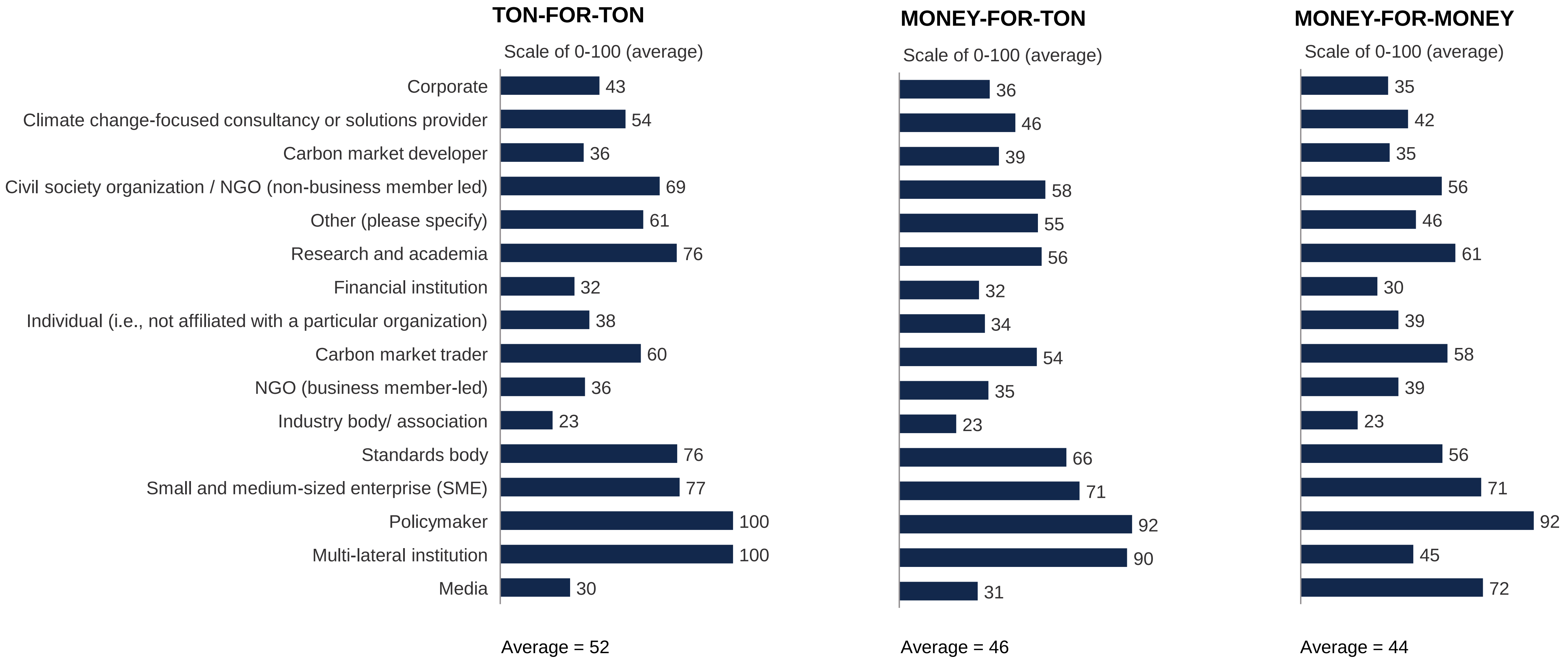
On a scale of 0-100 (where 100 is extremely important), respondents rated the importance of ensuring avoidance of double claiming between companies as 68/100 (mean score) for ton-for-ton, compared to 58/100 for money-for-ton and 55/100 for money-for-money

Q31-33. How important is it to ensure avoidance of double claiming between one company's BVCM activities and other companies' scope 1, 2 and 3 GHG inventories on a scale of 0–100?



On a scale of 1-100 (where 100 is extremely important), respondents rated the importance of ensuring avoidance of double claiming between companies and countries as 52/100 (mean score) for ton-for-ton, compared to 46/100 for money-for-ton and 44/100 for money-for-money

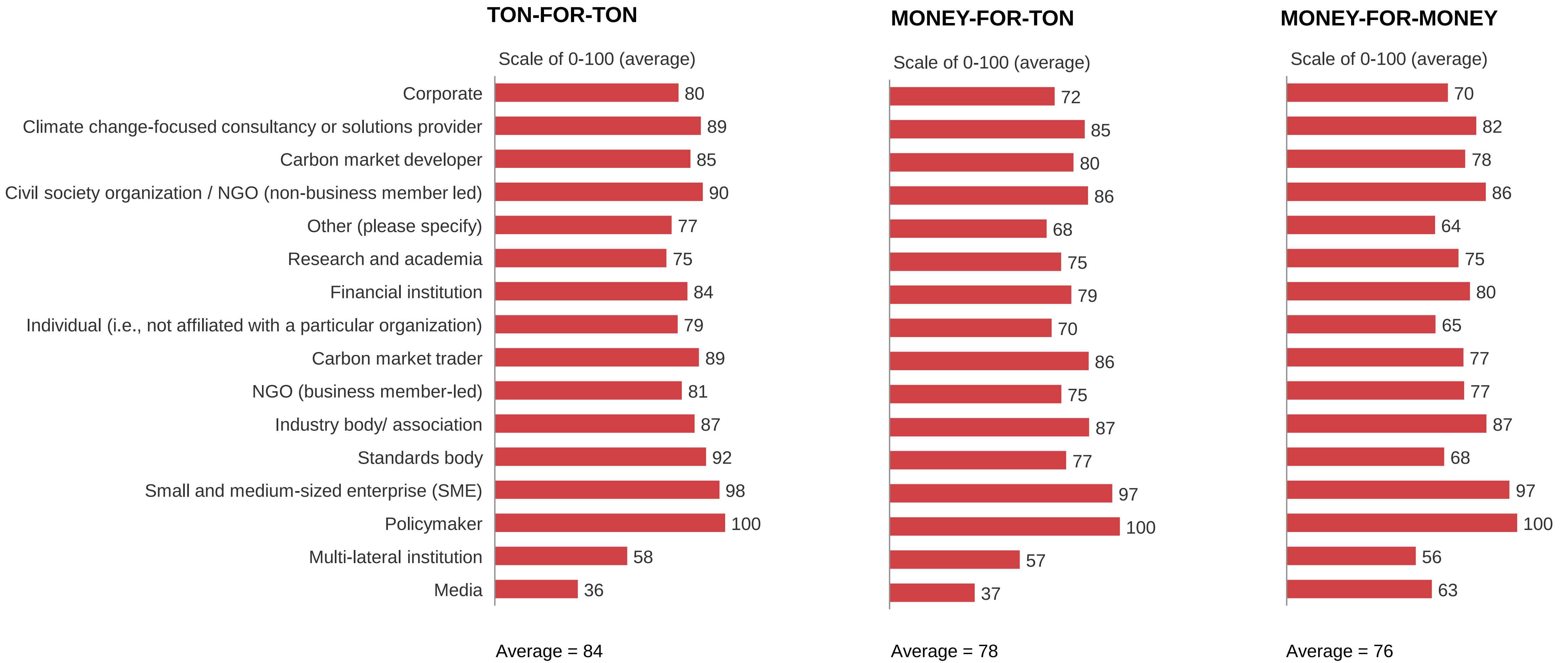
Q34-36. How important is it to ensure avoidance of double claiming between companies and countries on a scale of 0–100?



On a scale of 1-100 (where 100 is extremely important), respondents rated the importance of ensuring avoidance of leakage as 84/100 (mean score) for ton-for-ton, compared to 78/100 for money-for-ton and 76/100 for money-for-money

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

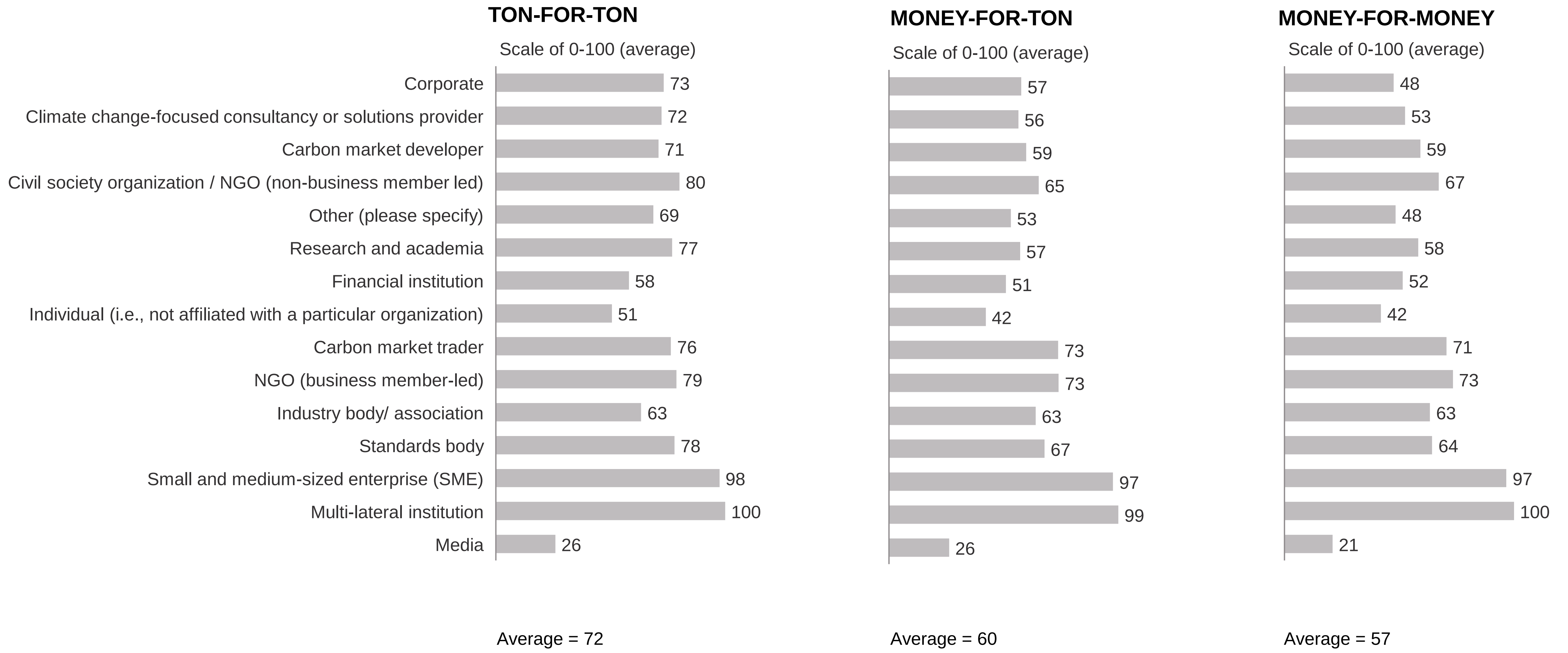
Q37-39. How important is it to ensure avoidance of leakage on a scale of 0–100?



On a scale of 1-100 (where 100 is extremely important), respondents rated the importance of ensuring fungibility between BVCM and unabated emissions as 72/100 (mean score) for ton-for-ton, compared to 60/100 for money-for-ton and 57/100 for money-for-money

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q40-42. How important is it to ensure fungibility between BVCM and unabated emissions on a scale of 0–100?



103 respondents (60%) that responded to the question on whether or not the SBTi should explore a hybrid option which weights responsibility and ability to pay felt that it would be worthwhile for the SBTi to do so

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q43. Given there are tensions between responsibility and ability to pay, in your opinion, should the SBTi further explore a hybrid option which weights responsibility and ability to pay by considering elements such as profits per tCO_2e unabated emissions, the investment needs for abating value chain emissions and potentially other factors such as historic emissions or regional distribution of emissions? If yes, please provide suggestions if you have them for a methodology that could underpin this hybrid option. (open text)

Examples of methods proposed for the development of hybrid approaches that seek to balance the tensions between responsibility and ability to pay
• Companies could pay a different carbon price according to their profitability per tCO_2e of unabated emissions to account for ability to pay. Companies with profits per tCO_2e of scope 1-3 emissions that are < $500 USD apply $50 /$tCO_2e$ as a starting floor price, following the Report of the High-Level Commission on Carbon Prices.
• Define sectoral thresholds whereby if a company in a given sector earns an EBITDA margin lower than X% in a given year, it can postpone its BVCM financing until the following year.
• Define sectoral “internal carbon pricing” industry averages based on different levels of responsibility and ability to pay (with distinct pricing for scopes 1 and 2 versus scope 3) e.g., possibly based on profits per tCO_2e of unabated emissions.
• Set a higher BVCM bar for companies whose business models are not part of the climate solution (e.g., based on the EU taxonomy) to drive business innovation for climate action.
• Determine the maximum financial contribution using the money-for-ton application of the social cost of carbon and add a cap based on a money-for-money basis (e.g., percentage of profit/EBIT).
• Establish minimum "floors" for each method (ton-for-ton; money-for-ton; money-for-money) and ask companies to report against these floors.
• Establish a geography and/or industry-wide coalition whereby larger/more profitable companies would be able to deploy further finance which in turn may help mitigate unabated emissions from smaller players in the same grouping which cannot afford to attain the same outcome.
• Require different sectors to use different methods e.g., money-for-money for sectors that have a higher ability to pay and low direct responsibility (i.e., service and financial sector) and ton-for-ton or money-for-ton for high emitting sectors which are more aligned with a "polluter pays" profile.
• Establish the ambition for all companies to apply the money-for-ton method using the social cost of carbon and set a “guiding principle floor” that all companies should invest at least 1% of profits.
• For downstream companies in the FLAG sector, the level of investment should be in proportion to the company’s portion of the overall production footprint to address the broader 'sectoral footprint’ by focusing on structural factors that prevent emission reductions. This means FLAG companies align BVCM investments with the priorities established through their nature targets including SBTN guidelines. They should work to align their tracking of SBTN and SBTi metrics e.g., tracking and planning work in both hectare and tCO_2e terms.

57 respondents (33%) were not supportive of the SBTi exploring a hybrid option – often because they favor either responsibility or ability to pay approaches

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q43. Given there are tensions between responsibility and ability to pay, in your opinion, should the SBTi further explore a hybrid option which weights responsibility and ability to pay by considering elements such as profits per tCO_2e unabated emissions, the investment needs for abating value chain emissions and potentially other factors such as historic emissions or regional distribution of emissions? If yes, please provide suggestions if you have them for a methodology that could underpin this hybrid option. (open text)

Example comments (paraphrased) by respondents that did not support the SBTi further exploring a hybrid option

COMMENTS FAVOURING RESPONSIBILITY TO PAY

- The responsible party should pay, regardless of tensions (2 mentions)
- If companies do not have the ability to pay for the emissions, they should not cause them (they need to eliminate externalities) (2 mentions)
- We do not have time to allow companies a way out based on ability to pay (1 mention)
- Profits per tCO_2e would not encourage the largest emitters to invest more in meaningful value chain mitigation (1 mention)

OTHER COMMENTS

- Too complicated (7 mentions)
- Runs the risk of being too prescriptive, being incomparable and open opportunity for methodological arbitrage (1 mention)
- Focus on defining a minimum good practice threshold for the three methods: ton-for-ton, money-for-ton, money-for-money (1 mention)
- Focus on value chain reduction rather than mitigation of unabated emissions (1 mention)
- SBTi should not engage in VCMs (1 mention)
- These questions related to climate justice should take place but need to be properly governed and resourced (1 mention)

COMMENTS FAVOURING ABILITY TO PAY

- Only allow ton-for-ton (1 mention)
- Should be based on ability to pay only (1 mention)
- Set the bar low and drive wider adoption than high with limited adoption (1 mention)
- SBTi should not create any restrictive rules around the size of financial commitments - any additional finance should be welcomed (1 mention)
- This is voluntary - if they can't pay, they do not do it (1 mention)

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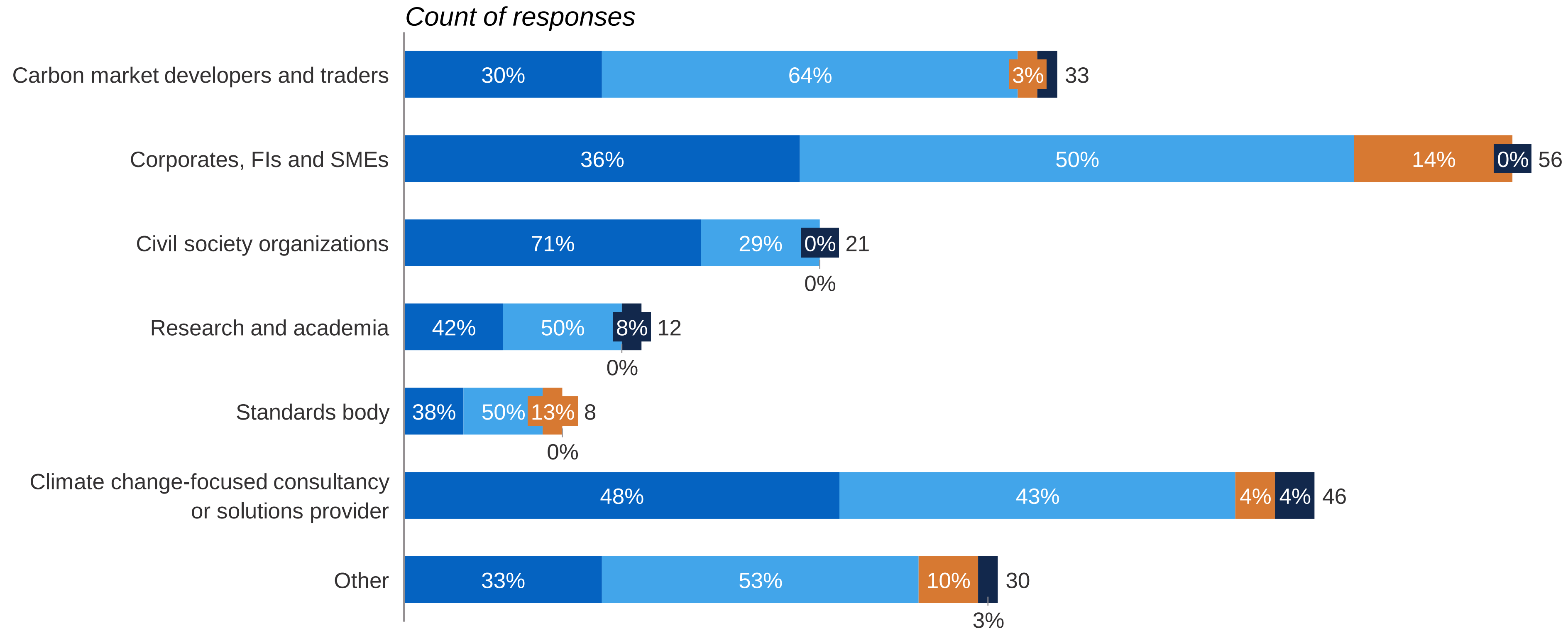
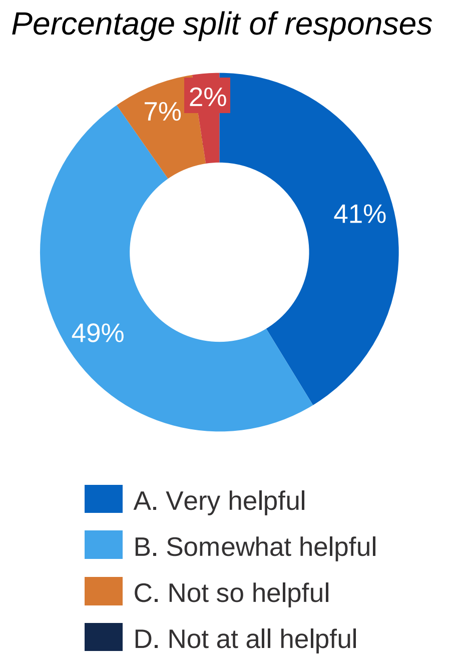
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

90% of respondents found the combination of the six principles for BVCM portfolio design, the guiding questions, illustrative examples of aligned mitigation actions, cross-cutting minimum standards and social safeguards, and case studies were helpful

Q64. In your opinion, to what extent will the combination of the: (I) six principles for BVCM portfolio design, the (ii) guiding questions, (iii) illustrative examples of aligned mitigation actions, (iv) cross-cutting minimum standards and social safeguards, and (v) case studies in consultation topic 9 be helpful for companies in deciding where to channel their BVCM resources and investments?





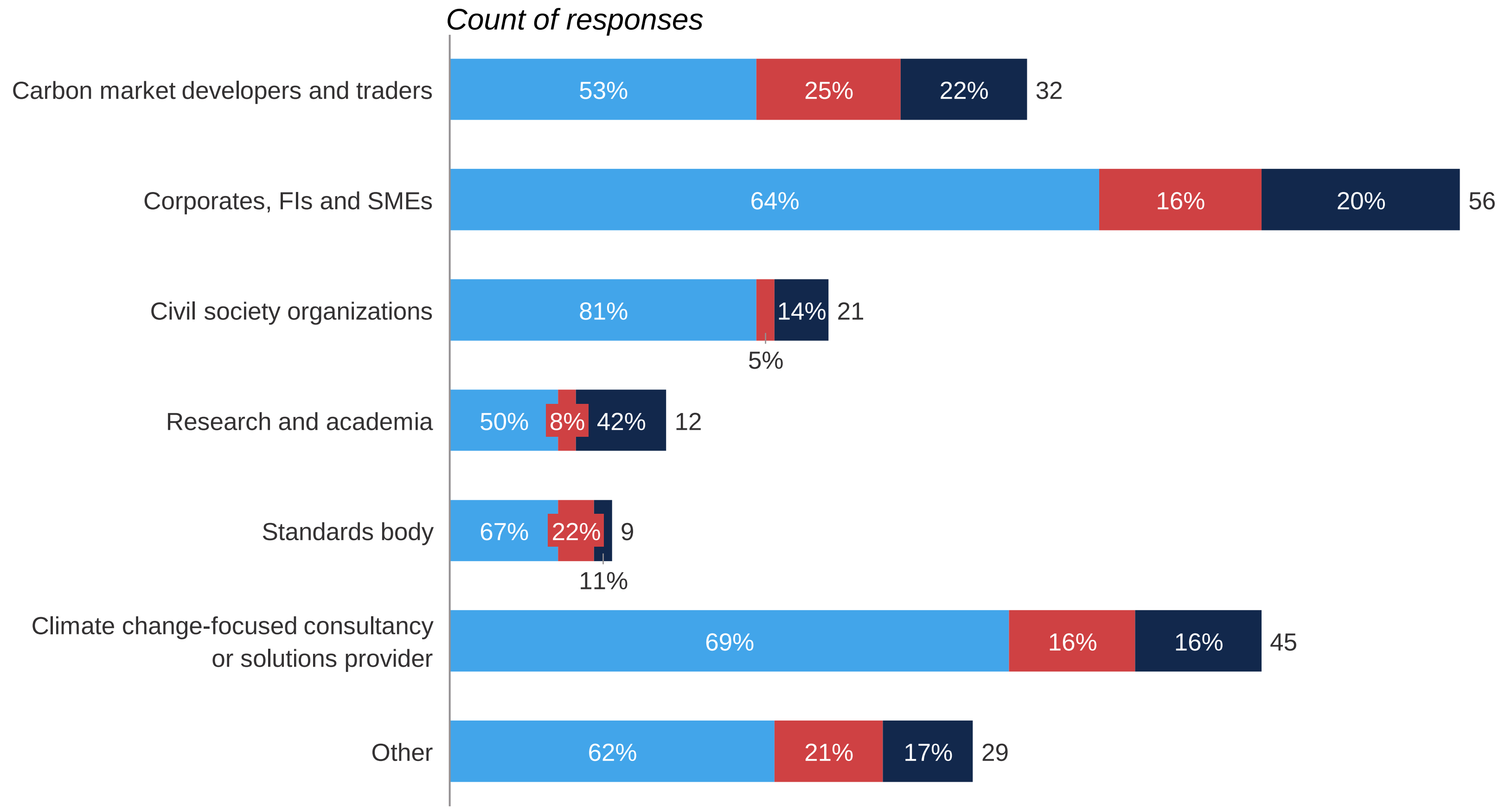
Respondents provided feedback on what could be improved to better support companies in deciding where to channel their BVCM resources and investment – many highlighted the need to rank or prioritize the proposed principles

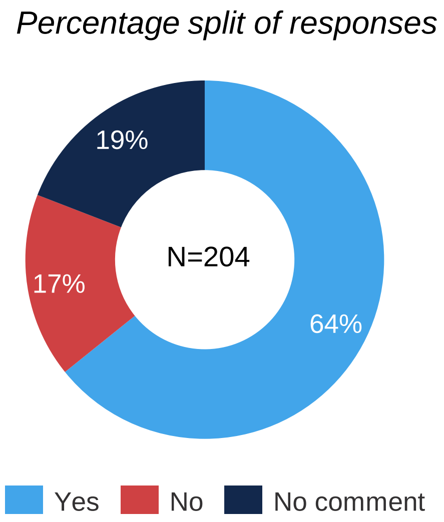
Q45. In your opinion, what could be improved to better support companies in deciding where to channel their BVCM resources and investments? Is anything missing or redundant?

Proposed Improvements	Count
Principles should be ranked/ prioritized by importance	17
Examples given should be more specific	13
Case studies should be more specific	13
Standards and safeguards section needs to be further developed	12
Case studies should be of real companies	11
The importance of additionality should be referenced	11
Principles should be more specific	9
Principles 1, 2 and 3 should be labeled as most important	6
SBTi should include examples of things that would not count as BVCM	5
SBTi should include a timescale principle, or some mention of how prioritizing investments will change over time	5

64% of respondents felt that the SBTi needs to provide more guidance on the operationalization of the principles for BVCM portfolio design

Q46. In your opinion, should the SBTi provide more guidance on the operationalization of the principles for BVCM portfolio design?





Respondents provided recommendations on how companies might operationalize the principles proposed by the SBTi – a number highlighted the need to refer to existing standards and for the SBTi to be more prescriptive

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q47. Please provide recommendations if you have them on how companies might operationalize the principles?

Recommendations	Count
SBTi should refer to existing standards	30
SBTi should be more prescriptive/ specific with the principles	14
SBTi should include more detailed examples of good investments	11
SBTi should recommend a broad portfolio of investments	10
SBTi should refer to TFCI	4
SBTi should refer to VCMI	6
SBTi should use a system that weights or ranks the principles in terms of importance	6
SBTi should refer to ICVCM	4
SBTi should refer to LEAF	4
SBTi should refer to the Oxford Offsetting Principles	1
SBTi should refer to Climate Dividends	1

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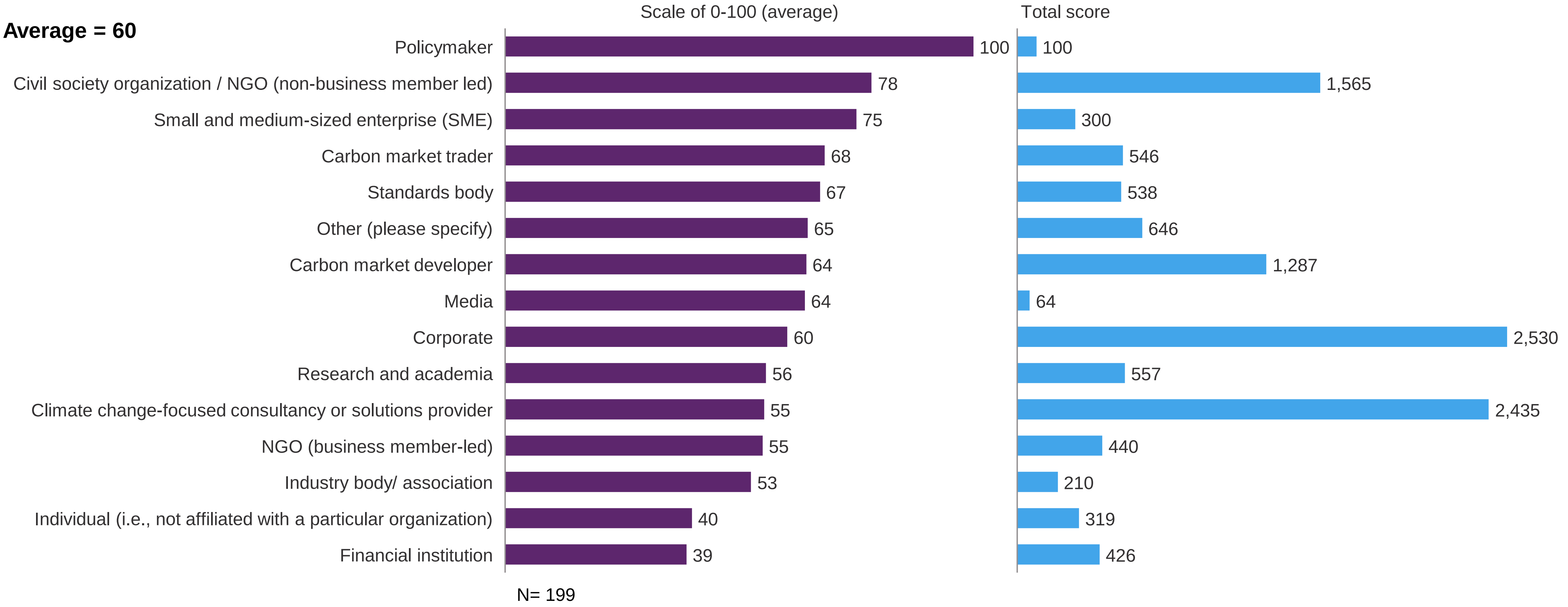
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

On average, respondents think that the SBTi should be more directive than not in providing guidance on BVCM claims (the mean score across all respondents was 60/ 100, where a score of 0 was defined as the SBTi providing a discussion on claims, while a score of 100 was defined as defining claims)

Q48. Given that claims are often under the jurisdiction of governments, on a scale of 0–100, how directive do you think the SBTi should be when providing guidance on BVCM claims (a score of 0 would be providing a discussion of the role of claims, a score of 100 would be defining claims)? If you are at a company, it might be useful to consider this question with your legal and marketing teams.



Respondents highlighted government-led efforts on claims that they believed should be highlighted in the SBTi's BVCM guidance

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Q49. Are there other federal, national and/or supra-national government-led efforts on claims that should be highlighted in the document?

Reference provided	Number of mentions
The Voluntary Carbon Markets Integrity Initiative (VCMI)	30
Article 6 of the Paris Agreement	8
The Integrity Council for the Voluntary Carbon Market (ICVCM)	6
EU Carbon Removal Certification Framework	4
Advertising Standards Authority (ASA) in the UK	3
Empowering Consumers Directive for the Green Transition	3
The Corporate Sustainability Reporting Directive	3
UK Green Claims Code	2
REDD+	2
Nordic Code of Best Practice for the Voluntary Use of Carbon Credits	2
USA Federal Trade Commission Green Guides	2
French Environment and Energy Management Agency (ADEME) recommendation on the use of carbon neutrality claims	2
G7 Climate	1
Energy and Environment Ministers' Communiqué	1
Sapporo	1
EU Green Claims Proposal	1
Australian Ad Standards Environmental Claims Code	1
Australian Competition and Consumer Commission	1
Climate Partner South Pole	1
New Climate Guide to Climate Contributions	1
GHG Protocol	1
CORSIA / EU-ETS	1
WWF's finance-based approach (new climate finance guidelines)	1
The Carbon Trust Standard	1
ISO 14021	1
Finnish Good Practice Guidance for Claims related to the use of carbon credits	1
Green Marketing Legislation by Danish Consumer Ombudsman	1
ISO Carbon Neutral Standard	1
International Carbon Reduction and Offset Alliance	1

Respondents were asked to highlight key trends in claims which were missed in the discussion of claims – notably they highlighted the need for the SBTi to be clear on its position with regards to carbon neutrality claims

SCIENCE BASED TARGETS
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Q50. Are there important trends in claims that you feel have been missed in the discussion of claims in the BVCM public consultation document?

Key themes

- The SBTi should take a clear stance on carbon neutrality claims (6 respondents)
- The SBTi should not support carbon neutrality claims (3 respondents)
- The SBTi should outsource claims to other initiatives such as VCMI (or collaborate with these initiatives)
- Government regulations should be mentioned
- There were divergent opinions over contribution claims, but there was more support for contribution claims (8 respondents) compared to compensation claims (2 respondents)
- Compensation claims have led to companies facing legal actions recently
- A few respondents proposed that companies should be able to claim BVCM activities and investments towards the delivery of their value chain science-based targets
- There is a debate over co-claiming, where some respondents support using contribution claims as a way to avoid greenwashing accusations from double claiming

Despite stating in the consultation document that the SBTi would not be validating BVCM claims at this time, when asked about what information on claims would be most helpful to companies within the BVCM guidance, a significant number of respondents urged the SBTi to validate claims

SCIENCE BASED TARGETS
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Q51. Given the emerging regulatory context and the fact that the SBTi will not be validating BVCM claims at this time, what information would be most helpful to companies within this guidance?

Key themes	Count of mentions per theme
SBTi should validate claims	57
SBTi should include specific and concrete guidance on claims	17
Difference between BVCM and neutralization	6
SBTi should refer to other organizations to validate claims	6
SBTi should not allow/support compensation claims	5
A clear definition of what counts as BVCM	5
SBTi should specify what type of BVCM can use which types of claims	4
SBTi should focus on SBTs, not BVCM	3
SBTI should include a clear list of examples of BVCM	3
What does not count as BVCM	2
SBTi should allow/support compensation claims	2
SBTi should allow/support contribution credits	2

Contents

58 respondents provided suggestions for additional BVCM reporting questions

Q52. In your opinion, should the SBTi recommend additional reporting questions to the ones provided in Section 6.2 of the public consultation document? If so, please describe your proposal.

Theme of comment	Count
• **No additional questions to suggest**	24
• **Additionality and permanence:** Suggests inclusion of questions regarding the additionality and permenance of BVCM activities	6
• **Co-benefits:** Suggests inclusion of questions that focus on the co-benefits (social, economic, other environmental) of BVCM activities	6
• **BVCM for future neutralization**: Suggests inclusion of questions to determine if a company plans to account a BVCM investment towards neutralization of (historical) emissions at a later date	5
• **Alignment with other reporting frameworks:** Comments raising concern of reporting burden and requesting that BVCM reporting guidance is aligned with other reporting frameworks like CDP	5
• **Investment metrics:** Suggest additional financial metrics should be included in reporting to determine size of BVCM investments. Examples suggested include $ per ton reporting and a ratio of BVCM investments/all other company investments. One comment in this theme suggests application of the money-for-money method will require distinct measurement approach	5
• **Forward looking BVCM strategy & target:** Suggests inclusion of questions looking for statement of the company's future BVCM targets and strategy and how this fits in with overall transition plan	4
• **Stakeholder engagement and safeguarding:** Suggest the inclusion of questions regarding methods of stakeholder engagement and safeguarding, and how the company prioritizes stakeholders, including local communities, NGOs, and indigenous groups, in the development and implementation of BVCM activities to ensure inclusivity and collaboration.	4
• **Mandatory reporting:** Comments expressing a view that a particular question should be mandatory.	3
• **Narrow focus:** Comments that suggest questions have a narrow focus - focused on carbon credits. Suggestion to move more towards integrated climate & biodiversity reporting	3
• **SDG/ climate goals alignment:** Suggest inclusion of questions on which of the SDGs / national or international climate goals the company's BVCM investments contribute to	3
• **Third party assurance:** Comments suggestion the inclusion of questions on third party assurance of emissions mitigated through BVCM activities	3
• **Too many questions:** Comments that state too many questions have been proposed. One commenter suggests just focus on the key metric of tCO_2e.	3
• **Clarify BVCM standards:** Comments asking that the BVCM guidance document clarifies eligible mitigation tools and standards/criteria for BVCM	2
• **Clarify Q8 reporting guidance:** Comments requesting clarification on information to be included in Q8 response. When, where & how for each activity, should non-estimated activities be included here?	2
• **Concern over hard-to estimate activities:** Comments which raised concern that proposed questions and metrics do not capture harder to estimate BVCM activities, like money-for-money activities.	2
• **Just transition:** Commenters suggesting inclusion of questions on just transition	2
• **Progress and monitoring:** Suggestion to include questions on how the company will monitor progress and deliver outcomes with their BVCM investments	2
• **Organizational boundary reporting:** Suggestion to include a question on organizational boundary	2
• **Rational for chosen method for determining the nature and scale of the commitment**: Suggestion on the inclusion of a comment to justify the method chosen in Q2	2
• **Decision-making process:** Comments asking for more questions relating to internal decision-making processes	1
• **Double counting:** Comments suggesting inclusion of questions that explain how the company addresses the potential risk of double counting	1
• **Ecosystem services:** Comment suggesting the inclusion of questions on specific ecosystems and the tangible benefits that these ecosystems provide.	1
• **Preference for ton-for-ton:** Comment with preference for ton-for-ton method and suggestion that questions be more GHG reduction focused.	1
• **Failed investments:** Comment suggesting the inclusion of a questions on investments into failed BVCM activities in previous reporting period	1
• **Future mitigation potential of investments:** Suggestion to include questions on future mitigation potential of investments to recognize contribution credits bought ex-ante	1
• **Integrated climate and biodiversity reporting**: Comment that SBTi should focus on integrated climate and biodiversity reporting	1
• **Internal capacity building:** Suggest inclusion of question on what the company is doing to build internal capacity for BVCM	1
• **Loss and damage:** Comment that suggestions inclusion of questions on climate adaptation and loss & damage (in case money for ton or money for money is chosen)	1
• **Reduction versus avoided emissions:** Comment suggestion inclusion of question distinguish between reduced and avoided emissions as a result of BVCM activities	1
• **Scope of commitments:** Comments suggesting that companies should be asked to explicitly state the scope of their BVCM activities	1
• **Type and scale:** Commenter asking for more questions focused on the type and scale of each BVCM activity	1
• **Uncertainty:** Suggestion for inclusion of question on the uncertainty associated with company estimates (especially for non-verified emissions reductions)	1

Respondents made recommendations on which questions should be removed and why

Q53. In your opinion, should any of the recommended reporting questions be removed? If so, please specify which reporting question should be removed and describe why.

Q	Count	Question text proposed in the BVCM public consultation document	Reasons
Q2	3	Which method has your company used to determine the nature and scale of the commitment for BVCM: *a) Ton-for-ton b) Money-for-ton c) Money-for-money d) Other, please provide details*	• Only ton-for-ton should be used, therefore no need for q (1 mention) • Ton-for-ton or money-for-tom should not be used (2 mentions)
Q3	6	Please report the tCO_2e of total estimated emissions reductions and removals delivered through BVCM in the reporting period: *a) GHG emissions reductions b) Enhanced GHG removals c) Removals linked to the protection of existing sink function of intact ecosystems*	• Unnecessary as all reductions and removals should be verified (3 mentions); • Too in favor of carbon credits (1 mention) • General comment about too many questions (1 mention) • Disagreement with ton-for-ton and money-for-ton method (1 mention)
Q4	3	Out of the total estimated tCO_2e of BVCM reported above, please report the tCO2e of third party verified emissions reductions and removals delivered through BVCM in the reporting period, and provide information on the third-party verification conducted: *a) GHG emissions reductions b) Enhanced GHG removals c) Removals linked to the protection of existing sink function of intact natural ecosystems*	• Implies favor of carbon credits (1 mention); • Disagreement with reporting of reductions and removals (1 mention)
Q5	24	Please report the tCO_2e of emissions reductions and removals delivered through BVCM in the reporting period which have also been reported in the scope 1, 2 and 3 inventories of other corporates.	• Data availability issues (4 mentions); Concerns over double counting (6 mentions); Overly burdensome / complicated data point (11 mention)
Q6	6	If carbon credits are purchased and retired for the purpose of BVCM, please provide information on project IDs in the registries, volumes retired against each project ID, vintage and corresponding adjustments. (For this question in particular, the SBTi would likely propose a reporting template).	• Implies favor of carbon credits (2 mentions) • Reporting burden with VCMI (1 mention) • Not practical (1 mention) • General comment about too many questions (1 mention)
Q7	11	Please report the total volume of finance deployed towards BVCM in the reporting period: *a) Verified GHG emissions reductions b) Verified enhanced GHG removals c) Verified removals linked to the protection of existing sink function of intact natural ecosystems d) Unverified GHG emissions reductions e) Unverified enhanced GHG removals f) Unverified removals linked to the protection of existing sink function of intact natural ecosystems g) Climate innovation and R&D h) Policy advocacy i) Capacity building and other activities which support the enabling environment for mitigation j) Other, please specify*	• 6 recommend to remove whole question • 5 recommend removing specific sub-questions (d (3 mentions), e (2 mentions), f (2 mentions),g (2 mentions),h (4 mentions), I (3 mentions), j (2 mentions) • Distraction from finance focus of BVCM (1 mention) • This is confidential information (1 mention) • Not relevant / outside the scope of BVCM (2 mentions) • List too long (2 mentions) • Some options should be removed in guaranteed mitigation outcome is required (1 mention)
Q8	3	Please provide a description of the BVCM activities your organization supported or financed in the reporting period.	• Unnecessary - info already captured in Q6 & 7 (1 mention) • Unnecessary - description of activities already in registry for verified projects, non-verified projects shouldn't be counted (1 mention)

Respondents made recommendations on which questions should be removed and why

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Q53. In your opinion, should any of the recommended reporting questions be removed? If so, please specify which reporting question should be removed and describe why.

Q	Count	Question text proposed in the BVCM public consultation document	Reasons
Q9	6	Please describe how your company has identified which BVCM activities to support. For example, describe the extent to which the SBTi's proposed principles have informed the strategy: scale, urgency, transformation, financing need, co-benefits and climate justice.	• Irrelevant / burdensome (investing should be enough without having to justify) (3 mentions) • Internal information (1 mention)
Q10	10	Please describe how your company is managing the risk of reversals (for both emissions reductions and removals), and how reversals will be addressed in your BVCM reporting. This could include referencing a carbon crediting program or other entity that manages the risk of reversals on your behalf.	• Focus should be on verified reductions and therefore risk of removals in managed (3 mentions) • Responsibility for risk of reversals shouldn't be put on investor (1 mention) • Remove as this focuses on compensation / neutralization (1 mention) • More guidance needed - market not available to offer alternatives for risk of reversals (1 mention)
Q12	17	Please report on your unaccounted for climate externality in the reporting period (i.e., the gap between finance deployed to external climate action (including BVCM and adaptation, loss and damage) and the social cost of unabated emissions in the reporting year).	• Complicated / not possible to quantify (8 mentions) • Information provided to this question won't be helpful as responses will be too varied (3 mentions) • Method to answer not clear/ more guidance needed (2) • Costly to address (1) • SBTi needs more expertise in loss & damages and adaptation(1)
Q13	3	*If the ton-for-ton method is used*: Please specify what percentage of unabated scopes 1, 2, 3 and/or historic emissions are covered by the ton-for-ton commitment to BVCM.	• Defer to VCMI (1 mention) • General comment about too many questions (1 mention)
Q14	7	*If the ton-for-ton method is used:* Please report the average price paid in the reporting period for your verified tons of BVCM emissions reductions or removals. This can be reported as in aggregate or split by different mitigation activities.	• Confidential information (2 mentions) • Costly to answer (1 mention) • General disagreement with ton-for-ton method (1 mention) • General comment about too many questions (1 mention) • Defer to VCMI for this question (1 mention)
Q15	3	*If the money-for-ton method is used:* Please specify what percentage of unabated scopes 1, 2, 3 and/or historic emissions are covered by the money-for-ton commitment to BVCM.	• Costly to answer (1 mention) • General comment on too many questions (1 mention)
Q16	6	*If the money-for-ton method is used:* Please report the carbon price applied to the emissions covered within the commitment, and an explanation of how this carbon price was selected.	• Confidential information (2 mentions) • Costly to answer (1 mention) • General comment about too many questions (1 mention)
Q17	3	*If the money-for-money method is used:* Please specify the financial denominator used to establish the money-for-money commitment (e.g. revenue or profit)	• Costly to answer (1 mention) • General comment on too many questions (1 mention)
Q18	4	*If the money-for-money method is used:* Please report the percentage applied to the financial denominator (i.e., x% of revenue or profit).	• Costly to answer (1 mention) • General comment about too many questions (1 mention)

Respondents recommended edits to proposed reporting questions (slide 1 of 2)

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Q54. In your opinion, should any of the recommended reporting questions be edited? If so, please specify which reporting question should be edited and describe your proposal.

Q	Count	Question text proposed in the BVCM public consultation document	Theme of comment
Q1	2	In the reporting period, has your organization financed or supported BVCM? If no, please explain why.	• Comment disagreeing with inclusion of 'why not' (1 mention) • Suggestion to ask for description of activities in Q1 (1 mention)
Q2	14	Which method has your company used to determine the nature and scale of the commitment for BVCM: *a) Ton-for-ton b) Money-for-ton c) Money-for-money d) Other, please provide details*	• Suggestion to prioritize / only allow ton-for-ton, and if not ton-for-ton, state why (7 mentions) • Suggestion to allow a hybrid method option (5 mentions)
Q3	18	Please report the tCO_2e of total estimated emissions reductions and removals delivered through BVCM in the reporting period: *a) GHG emissions reductions b) Enhanced GHG removals c) Removals linked to the protection of existing sink function of intact ecosystems*	• Suggest further clarity on difference between reductions / enhanced and natural sink removals (8 mentions) • Request guidance on difference between 2 removals categories (6 mentions) • Suggest categories be merged into one (1 mention) • Suggest separate question for reductions and for removals • Suggest other metrics/options to be allowed (3 mentions): Allow for avoided emissions in option (c) through natural habitat protection (1 mention); Allow for other metrics and reporting in terms of solutions being delivered) e.g., ha, that have climate benefits (2 mentions); Allow for other categories like policy campaigns / biodiversity funding (1 mention) • Clarify reductions in this context is outside value chain (1 mention) • Reframe question to focus on contribution not neutralization or compensation (1 mention)
Q4	8	Out of the total estimated tCO_2e of BVCM reported above, please report the tCO_2e of third party verified emissions reductions and removals delivered through BVCM in the reporting period, and provide information on the third-party verification conducted: *a) GHG emissions reductions b) Enhanced GHG removals c) Removals linked to the protection of existing sink function of intact natural ecosystems*	• Request for guidance on difference between 2 removals categories (3 mentions) • Suggestion to allow for other metrics and reporting in terms of solutions being delivered) e.g., hectares (2 mentions)
Q5	9	Please report the tCO_2e of emissions reductions and removals delivered through BVCM in the reporting period which have also been reported in the scope 1, 2 and 3 inventories of other corporates.	• Suggest question be formulated more gently…i.e., 'if you have this information, please tell us' (3 mentions) • Question on the relevance of this question for contribution claims (2 mentions)
Q6	10	If carbon credits are purchased and retired for the purpose of BVCM, please provide information on project IDs in the registries, volumes retired against each project ID, vintage and corresponding adjustments. (For this question in particular, the SBTi would likely propose a reporting template).	• Suggest to expand beyond project and ask about programs or activities (3 mentions) • Suggest inclusion of additional data points in reporting template (5 mentions): Host country (2 mentions); Serial number of underling credit (1 mention); Technology (1 mention); Verification body (1 mention) • Request for more clarity on credit type (2 mentions)

Respondents recommended edits to proposed reporting questions (slide 1 of 2)

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Q54. In your opinion, should any of the recommended reporting questions be edited? If so, please specify which reporting question should be edited and describe your proposal.

Q	Count	Question text proposed in the BVCM public consultation document	Theme of comment
Q7	20	Please report the total volume of finance deployed towards BVCM in the reporting period: *a) Verified GHG emissions reductions b) Verified enhanced GHG removals c) Verified removals linked to the protection of existing sink function of intact natural ecosystems d) Unverified GHG emissions reductions e) Unverified enhanced GHG removals f) Unverified removals linked to the protection of existing sink function of intact natural ecosystems g) Climate innovation and R&D h) Policy advocacy i) Capacity building and other activities which support the enabling environment for mitigation j) Other, please specify*	• Suggest moving question 7 higher up in order of questions, to above Q3 (4 mentions) • Suggest inclusion of new categories (4 mentions): on natural ecosystem restoration/ management, safeguarding (3 mentions); on permanence / activities contributing towards neutralization (1 mention) • Request for clarification for R&D (alignment with IPCC suggested) (2 mentions) • Suggest removal of a category (5 mentions): Policy advocacy option (2 mentions); Options without verifiable mitigation outcomes (options d-I) (1 mention); Options d-f (1 mention); Unverified options (1 mention) • Request more clarity / guidance (6 mentions): R&D scope (align with IPCC) (2 mentions); Guidance for all categories (1 mention); Guidance on enhanced removals vs natural sink removals (2 mentions); Clarity on what 'finance deployed' covers (1 mention)
Q8	6	Please provide a description of the BVCM activities your organization supported or financed in the reporting period.	• Suggestion to make explicit link to activities in Q7 (2 mentions • Suggestion to move to top of order of questions (1 mention) • Request more clarity on level of detail to be given (2 mentions)
Q9	8	Please describe how your company has identified which BVCM activities to support. For example, describe the extent to which the SBTi's proposed principles (see Table 7 in the BVCM public consultation document) have informed the strategy: scale, urgency, transformation, financing need, co-benefits and climate justice.	• Suggestion to link reasoning more explicitly to SBTi principles (2 mentions) • Suggestion to ask for detail on principles in addition to the SBTi ones (1 mention) • Suggestion to ask for justification of $ given to each activity (1 mention) • Suggestion to simplify/ make optional (2 mentions)

Q10	6	Please describe how your company is managing the risk of reversals (for both emissions reductions and removals), and how reversals will be addressed in your BVCM reporting. This could include referencing a carbon crediting program or other entity that manages the risk of reversals on your behalf.	• Suggest more clarity is given on:
			  ○ Definition of reversals (1 mention)
			  ○ Examples (1 mention)
			• Suggest question be simplified (1 mention)
			• Suggest link to credits reported in Q6 (1 mention)

Q11	5	Please describe the external claims you are making based on your BVCM activities and investments and the steps taken to avoid misleading stakeholders.	• Suggest clarification (what are external claims) and simplification (2 mentions) • Suggest split into two questions: 1. Claims 2. Measures (2 mentions)
Q12	15	Please report on your unaccounted for climate externality in the reporting period (i.e., the gap between finance deployed to external climate action (including BVCM and adaptation, loss and damage) and the social cost of unabated emissions in the reporting year).	• Request guidance on how to answer questions and guidance or source for metric for the social cost of carbon (11 mention)
Q13	3	*If the ton-for-ton method is used:* Please specify what percentage of unabated scopes 1, 2, 3 and/or historic emissions are covered by the ton-for-ton commitment to BVCM.	• Remove reference to historic emissions (1 comment) • Remove 'or' (i.e., report on unabated AND historic emissions) (1 mention) • Allow different percentages for S1, 2 & 3 (1 mention)
Q14	3	*If the ton-for-ton method is used:* Please report the average price paid in the reporting period for your verified tons of BVCM emissions reductions or removals. This can be reported as in aggregate or split by different mitigation activities.	• Comment suggesting that this information might be sensitive for some companies (2 mention) • Suggestion to allow the use of price range to protect this information (1 mention) • Suggestion to make this question applicable to all methods (1 mention)

Respondents recommended edits to proposed reporting questions (slide 2 of 2)

Q54. In your opinion, should any of the recommended reporting questions be edited? If so, please specify which reporting question should be edited and describe your proposal.

Q	Count	Question text proposed in the BVCM public consultation document	Theme of comment
Q15	3	*If the money-for-ton method is used:* Please specify what percentage of unabated scopes 1, 2, 3 and/or historic emissions are covered by the money-for-ton commitment to BVCM.	• Remove reference to historic emissions (1 mention) • Remove ‘or’ (i.e., report on unabated AND historic emissions) (1 mention) • Allow different percentages for S1, 2 & 3 (1 mention)
Q16	2	*If the money-for-ton method is used:* Please report the carbon price applied to the emissions covered within the commitment, and an explanation of how this carbon price was selected.	• Suggestion to allow the use of price range to protect this information (1 mention) • Comment suggesting to allow different percentages for S1, 2 & 3 (1 mention)
Q18	2	*If the money-for-money method is used:* Please report the percentage applied to the financial denominator (i.e., x% of revenue or profit).	• Comment suggesting to ask for rationale behind chosen financial denominator (2 mentions)

Respondents recommended that companies report on BVCM through various channels – notably in their sustainability reports or websites (63% of respondents), and through a submission to the SBTi (56% of respondents)

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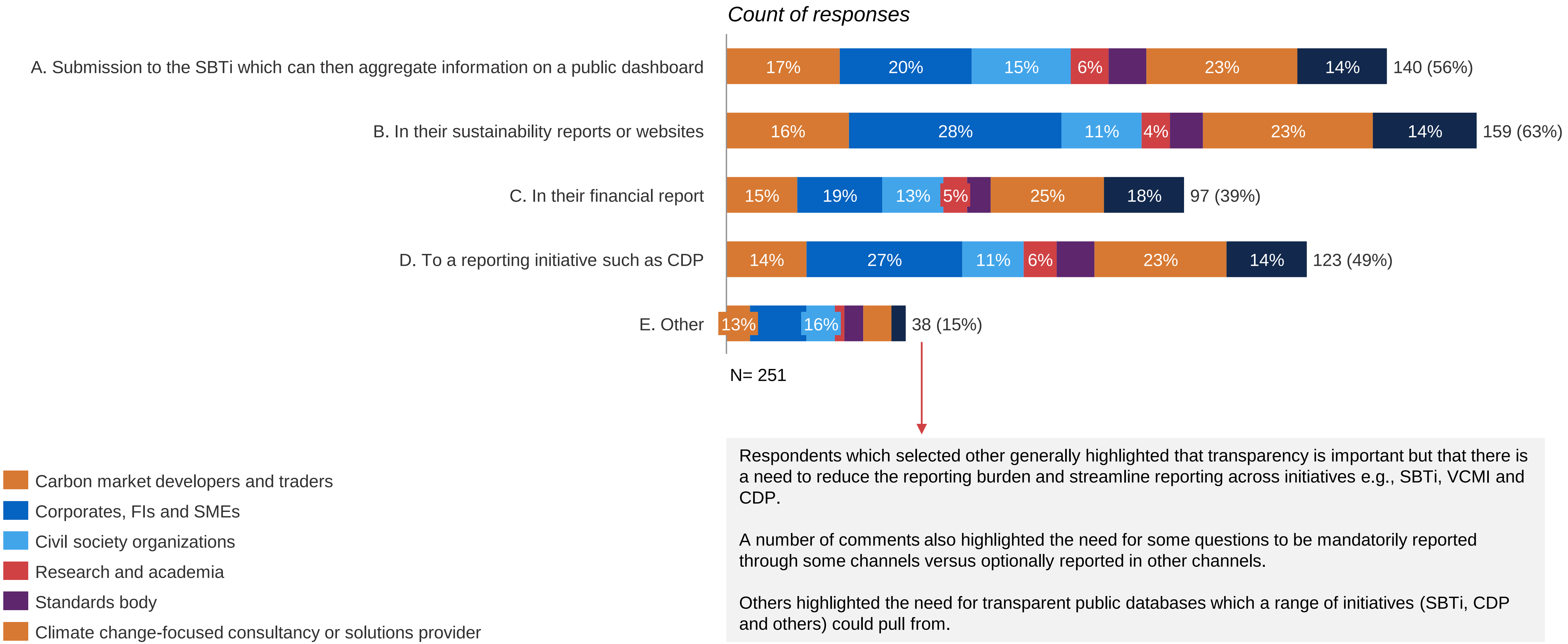
Q55. Where do you recommend companies report against these questions? (multiple tick box)



Respondents which selected other generally highlighted that transparency is important but that there is a need to reduce the reporting burden and streamline reporting across initiatives e.g., SBTi, VCMI and CDP.

A number of comments also highlighted the need for some questions to be mandatorily reported through some channels versus optionally reported in other channels.

Others highlighted the need for transparent public databases which a range of initiatives (SBTi, CDP and others) could pull from.

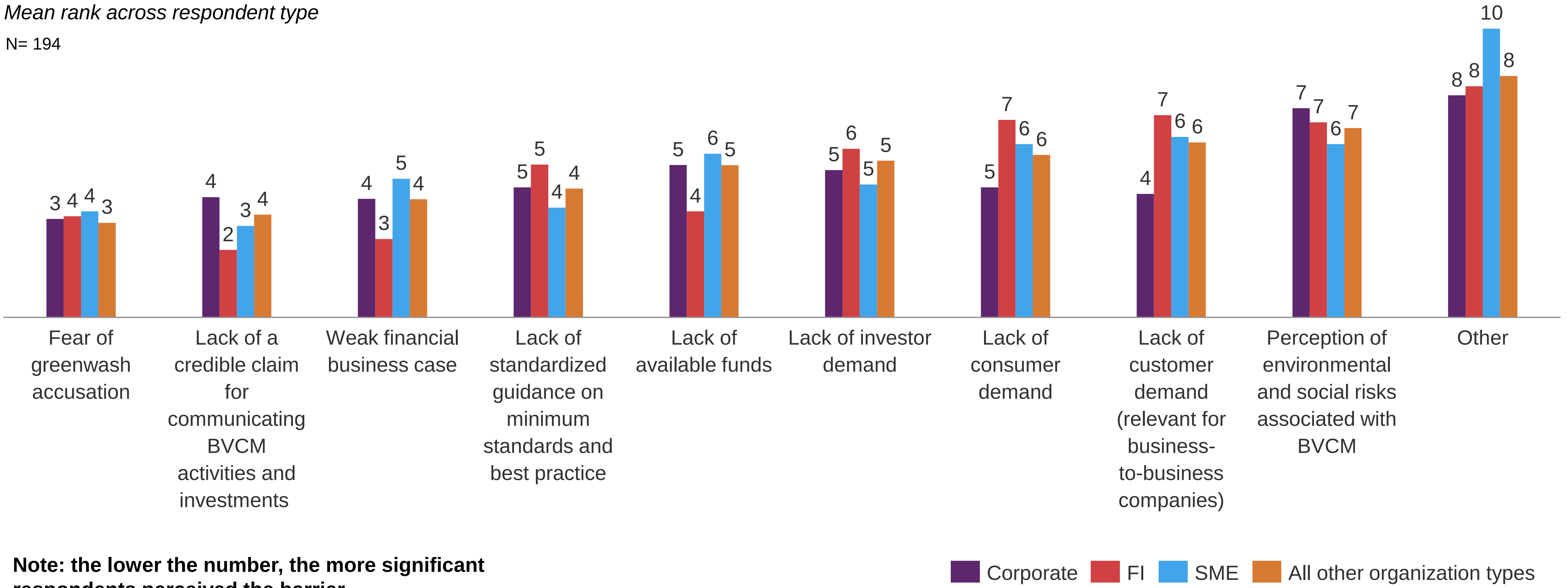
Contents

Fear of greenwash accusation and lack of a credible BVCM claim were cited as the top barriers preventing BVCM investment

Q56. In your opinion, what are the most significant barriers preventing BVCM investment?
Please rank the barriers below in terms of their significance (with 1 being the most significant):

Mean rank across respondent type

N= 194



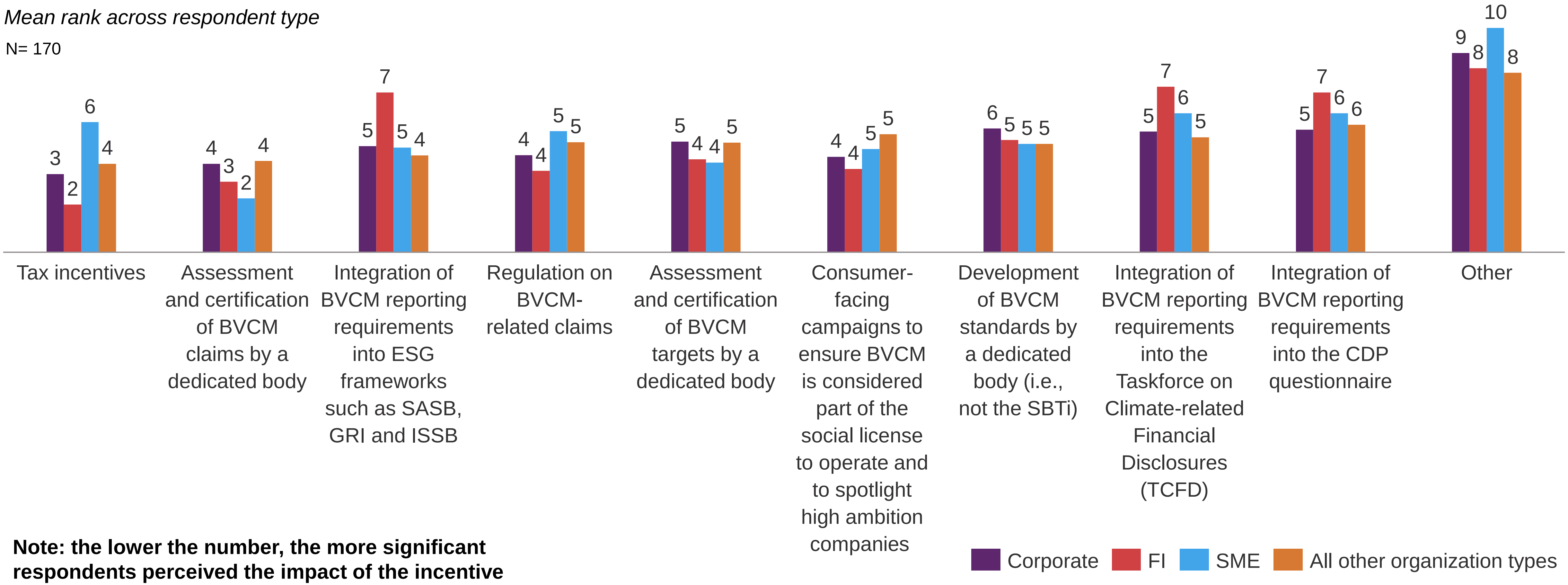
Note: the lower the number, the more significant respondents perceived the barrier

Tax incentives and assessment of BVCM claims were identified as the top new incentive mechanisms in terms of their potential impact in driving BVCM investment

Q57. In your opinion, which new incentive mechanisms could be most impactful in driving BVCM investment? Please rank the new incentive mechanisms below in terms of their significance (with 1 being the most significant):

Mean rank across respondent type

N= 170



Note: the lower the number, the more significant respondents perceived the impact of the incentive

Respondents provided recommendations for how the SBTi could incentivize companies to invest in BVCM through updated criteria and requirements within the SBTi standards (incl. related to reporting and performance against targets)

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Q58. In your opinion, how might the SBTi incentivize companies to invest in BVCM? (open text)

Summary of comments provided in this open text question relating to updating SBTi standards	Count
• Establish clear criteria and validate BVCM targets and then provide extra credit for BVCM and publicly display companies engaging in BVCM in a dashboard	54
• Make (some level of) BVCM a requirement (complementary but not a substitute for value chain SBTs)	39
• Add interim neutralization targets that align with the CDR assumptions in the SBTi's Pathways to Net-Zero paper of 20-40Gt of cumulative CDR and 1-4GtCO_2 of annual CDR by 2050	5
• Establish clear criteria (e.g., minimum amount, potentially with tiers) even if SBTi chooses not to validate claims	4
• For a short-term science-based target to be validated/re-validated a company must commit to setting an appropriate BVCM target and put in place a measurable action to achieve this.	4
• Clarify whether and how certain types of carbon credits (e.g., nature-based solutions like REDD+, DACCS, enhanced rock weathering) could be used for SBTi BVCM investments.	4
• Allow companies to use quantitative, verified BVCM when value chain targets are missed due to explained by external factors (e.g., failure of national decarbonization targets delivery)	4
• Develop and recognize a claim that differentiates companies that are "on-ramp" i.e., they are not YET able to commit to a net-zero pathway including by working with VCMI on this topic	4
• A tiered approach/ scoring method similar to VCMI	3
• Support disclosure transaction specifics about carbon credit purchases (i.e., volume, price per credit, credit attributes, entities involved)	3
• Allow companies to use quantitative, verified BVCM towards the achievement of some limited portion of their scope 3 value chain targets for a limited period	3
• Provide template for simple reporting	3
• Allow all sectors/ just hard to abate sectors to use BVCM as a substitute for internal abatement for a certain volume	2
• Removing the requirement of signing up to the NZ-S as a part of the process.	1
• Give companies flexibility to "count" all science-based BVCM activities e.g., avoided emissions, and make this clear	1
• Require reporting of BVCM beyond carbon credits i.e., climate philanthropy and equity investments	1
• SBTi should incentivize robust climate action by recognizing indirect and enabling investments by FLAG sector companies	1
• Formally recommend that companies deliver BVCM proportional to the <33% of scope 3 emissions not covered in the near-term target boundaries	1
• Allowing companies to attribute reductions and removals from jurisdictional schemes adjacent to sourcing areas against their scope 3 FLAG targets.	1
• SBTI should allow high quality carbon credits to be used as a core part of every net-zero strategy and encourage their use until all companies fully decarbonize	1
• Address the significant potential for double counting in Scope 3	1
• Allow companies to use quantitative, verified BVCM to cover some harder to abate emissions	1
• Allow offsetting (credits to be used towards delivery of SBTs)	1
• Make BVCM streamlined and easy to participate in	1
• Require all companies "off-track" in terms of performance against their SBTs to do BVCM	1
• Provide multiple pathways for different types of companies (e.g., high/ low emitter, high/low profit)	1

Respondents provided recommendations for how the SBTi could incentivize companies to invest in BVCM through guidance and tools and communications

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Q58. In your opinion, how might the SBTi incentivize companies to invest in BVCM? (open text)

Summary of comments provided in this open text question related to providing guidance and tools	Count of responses
• Publish clear best practice and minimum practice guidance and tools	47
• Establish best-practice communications guidance on BVCM (including how it can be communicated in an attractive - but not misleading - way to consumers)	6
• Establish working group to support companies in communicating their BVCM strategies effectively, tailored to different groups	4
• Give more guidance on money-for-ton and money-for-money methods (i.e., define a science-based approaches)	4
• Providing clear guidance on how to prioritize investments for maximum impact	1
• SBTi should encourage the use of risk-based tools, such as carbon ratings, to help companies assess carbon credit quality and make credible claims	1
• Provide detailed sectoral BVCM guidance (on the amount of carbon credits to be used to complement their direct decarbonization efforts and the mix of avoidance and removal carbon credits)	1
• Further clarify and develop the concept of climate mitigation contributions in a way that reflects the concept of shared value which many companies today are trying to move towards	1
• Highlight the importance of BVCM activities co-benefits, especially in developing countries (e.g., linked to SDGs life on land, decent work & economic growth)	1
• Ensure appropriate engagement with IPLCs as part of BVCM strategies	1

Summary of comments provided in this open text question related to providing communications	Count of responses
• Educate widely (including to investors) on how BVCM is distinct from traditional offsetting	4
• Help clarify the noise in the market which is currently creating space for corporate inaction	3
• Improve SBTi messaging around the interplay between emissions reduction targets and BVCM investment that is creating confusion and fear of greenwashing i.e., make it clear that while BVCM should not be used towards an emissions reduction target, it can be used for other (distinct) positive claims and communications as part of a sustainability strategy	2
• Use SBTi's influence to shift understanding of the social licence to operate	2
• Further clarify the distinction between neutralization and BVCM	2
• Reclarify that the SBTi encourages BVCM (and purchase of carbon credits as a supplement to SBTs) now, rather than just at the net-zero target date and thereafter	2
• Making it clearer how BVCM links to Science Based Targets for Nature	1

Respondents provided recommendations for how the SBTi could incentivize companies to invest in BVCM through highlighting best practice and working with others to build incentives and drive alignment (and other general comments)

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Q58. In your opinion, how might the SBTi incentivize companies to invest in BVCM? (open text)

Summary of comments provided in thos open text question related to working with others to build incentives and drive alignment	Count of responses
• Encourage governments to incentivize BVCM e.g., though taxation policy, and set advertising standards on BVCM	16
• Align guidance with other initiatives (e.g., VCMI) to avoid complication in the marketplace	12
• Support and facilitate the integration of BVCM reporting requirements into existing ESG frameworks such as SASB, GRI, and ISSB	11
• Partner with orgs like VCMI and possibly defer to them to validate BVCM claims to avoid market confusion	9
• Educating consumers and investors on the value of BVCM to create investor pressure and a potential for green premium	8
• Link companies to partners who can support them in developing and implementing BVCM strategies	4
• Integrate into CDP scoring	3
• Help align the market on the ongoing uncertainty around how to define and verify credit quality	1
• Defer to ICVCM and others developing corporate buyer guidance for carbon credit quality assessment	1

Summary of comments provided in this open text question related to highlighting best practice	Count of responses
• Establish a BVCM leadership club and provide examples of companies doing BVCM and the business benefits (financial and non-financial)	31
• Display BVCM on the SBTi website	12
• Require SBTi companies to report on BVCM, even if they are not doing it (and to explain why)	9
• Show claims validated by others (e.g., VCMI) on the SBTi public dashboard	1
• Establish a "responsibility matrix" where companies must take responsibility for value chain abatement (net-zero) and historic emissions (from 1992 - modern day) through BVCM and state that companies cannot be considered responsible until they have done so	1

Summary of other comments provided in this open text question	Count of responses
• Do nothing - VCMs are not Paris aligned and it is a brand risk for the SBTi to enter this space	3
• Offer a 50% discount on corporate SBTi validation services for long-term and net-zero targets to first 100 companies listed on SBTi dashboard with credible investments in BVCM	2
• Create a process to hear the perspectives of corporate legal counsel on standardizing terminology and what might be valuable from a litigation risk perspective	1
• De-risk and simplify investment in BVCM easy by developing validated portfolios of projects that companies can finance	1

Respondents were able to provide additional insights on incentives

Q59. Please provide any additional insights on what could incentivize greater BVCM investment. If you identified other barriers or incentive mechanisms in your ranking above, please describe those here. (open text)

Theme	Number of comments related to this theme	Example (paraphrased) comments
Define best practice and operationalization of the 6 principles	30	• Develop a BVCM protocol and a criteria for the types of investment • Define pre-aligned BVCM portfolios • Provide clarity on what "good" BVCM investment looks like now and for the next several years
Transparency and reporting	15	• BVCM investments having impact on the ESG ratings of companies • Inclusion of BVCM in templates for transition plans
Other	7	• Clarity around use of biomethane • Take an active role in ensuring the outcomes of SBTi's incentives research are implemented
Alignment with the ecosystem	5	• Bring SBTi and VCMI together in a single MRV framework • Closer coordination with ISSB, TCFD, ICVCM, VCMI, UN, country governments, etc.
Allow offsetting	4	• Flexibility for hard-to-abate sectors to use BVCM towards target achievement • Explore circumstances in which allowing some fungibility between external carbon credits and Scope 3 might result in a net benefit to the atmosphere
Business case	4	• Further clarify the business case for BVCM • Incentives are clear, but there is a weak financial business case so risk of expenditure must be managed and risk management approaches should be developed
Education	4	• Training packages including mapping and identification of initiatives (endorsed /non-endorsed) • Hold a dialogue for measured and objective journalism on the topic
Mandating BVCM	3	• Require BVCM by either using an existing independent standard or set a minimum level of BVCM activity required
Claims	3	• Abandon carbon neutrality and compensation • Contribution claim models should be designed as financings repayable for the financed climate-friendly projects
Governments	2	• Governments should provide incentives • Include BVCM in Article 6 Mechanisms

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Respondents provided suggested edits to terminology (slide 1 of 2)

Q60. Do you have suggested edits to definitions in the terminology section? (open text)

Term	Count	Common themes (most commonly cited theme is at top of list - if no commonality across responses that is stated at top of row)
Offsetting	28	• Disagreement with negative framing - offsetting can occur in addition to abatement, not in place of it. • Framing could legitimize using offsets in place of abatement • Clarify that offsetting is not a substitute for abatement. • Align with other definitions of offsetting/ or label this terminology as 'SBTi offsetting' • Clarify difference between compensation claim, neutralization and offsetting • Remove comparison mention of ton-for-ton - could cause confusion that ton-for-ton method is offsetting • Remove offsetting from SBTi guidance as could be seen to endorse it (note, it has been removed from VCMI Claims Code) • Definition should include mention of the rules and regulations offsets are subject to
Align with definitions from other initiatives	21	• General comments suggesting BVCM terminology aligns with definitions from initiatives like ICVCM, VCMI, GHG Protocol and ISO.
REDD and REDD+	16	• Expand definition to take into account non-results-based payments (e.g., "independently verified jurisdictional REDD+ carbon credits") • Define Jurisdictional REDD+ within the definition of REDD+ • Expand from 'projects' to 'programs' so JREDD+ not excluded • Link to Article 6 of Paris Agreement • Proposed definition based on Paris Agreement definition of REDD, needs to be elaborated
Additionality	14	• Expand definition beyond carbon credits to include all climate impacting activities / investments • Expand from 'projects' to 'programs' to not exclude JREDD+
Climate mitigation compensation claim	11	• Better explain difference between compensation & contribution claims, give examples • Disagreement with inclusion of compensation claims. Irrelevant in terms of BVCM / undermines BVCM • Clarify difference between compensation claim, neutralization and offsetting?
Permanence	10	• Measure of longevity of an action's impact should be referred to as 'durability' not 'permanence' • Include definition of permanent removal • Expand definition to apply to broader range of activities (incl. NBS) • Include examples of average longevity for different removals
Double claiming	8	• Distinguish between double claiming & double counting
Fungibility	8	• Remove reference to REDD+, too specific for the purposes of BVCM
Adaptation	6	• Align with other definitions e.g., IPCC or ISO net-zero Guidance
Beyond value chain mitigation	6	(No common theme, all points raised once) • Mention 'to increase likelihood of societal net-zero' • Definition should prioritize investment over guaranteed outcomes • Mention 'additional climate financing' • Include 'seek to' • Link to / clarify difference with offsetting

Respondents provided suggested edits to terminology (slide 2 of 2)

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Q60. Do you have suggested edits to definitions in the terminology section? (open text)

Term	Count	Common themes (most commonly cited theme is at top of list - if no commonality across responses that is stated at top of row)
Neutralization of residual emissions	6	• Clarity over removals between now and neutralization at net-zero date (if neutralization only occurs at or after the net-zero target date) • Allow for step-wise neutralization, not limited to at net-zero date • Disagreement with 'within value chain' neutralization, at odds with FLAG guidance
Removals	6	• Define permanent removals • Highlight different removal technologies & their varying permanence • Align with IPCC CDR definition • More clarity needed between removals, neutralization and BVCM • Suggest including “[Alternatively, the prevention of the release of greenhouse gases that exist in the world, cannot be removed, and must be dealt with (e.g., ODS destruction, plugging orphaned oil and gas wells)].” at end of definition
Climate mitigation contribution claim	5	• More detail and examples on types of claims (contribution vs compensation) • Clarify how offsets does & doesn't overlap with the claim types • Align with GHGP Land removals guidance definition • Mention 'company climate goals' in definition too • Should only allow for real mitigation, not expected
Carbon credit	4	(No common theme, all points raised once) • Clarify one carbon credit typically represents one metric tCO_2e reduced or removed. • 'Retirement' instead of 'cancellation' • Include 'net additional' in definition • Include volume (tCO_2e), and also duration (years) and timing (when the impact occurs) in definition
Leakage	4	• More clarity needed in leakage definition • Align wit the four definitions of leakage provided by ICVCM.
Residual emissions (link to neutralization)	3	• Expand definition to mention these are often the target for offsetting through nature-based solutions • More clarity required on neutralization of residual emissions
Ton-for-ton method	2	• Include in definition how the percentage of unabated emissions to be matched by BVCM will be decided • “This is a method for determining the nature and scale of a company’s commitment to beyond value chain” misses the “mitigation” of BVCM.
Voluntary carbon market	2	• Note within definition that VCM is decentralized • Replace 'transactions' with 'activities'
Attribution claim	1	• Don't introduce a new claim terminology. Include within contribution or compensation claims
Mitigation	1	• Definition for mitigation activity should only include action or investment with guaranteed mitigation outcome OR endorsed by a framework/organization included in the established list of trustable sources to define a BVCM strategy that will deliver 1.5°C
Money-for-money method	1	• “This is a method for determining the nature and scale of a company’s commitment to beyond value chain” misses the “mitigation” of BVCM.
Money-for-ton method	1	• “This is a method for determining the nature and scale of a company’s commitment to beyond value chain” misses the “mitigation” of BVCM.
Remaining (or unabated) emissions	1	• Clarity required: Is this the annual unabated emission? The definition is confusing as it frames within the context of progression to delivery of near and long term target.
Vintage	1	• Definition is overly simplistic - The voluntary carbon market is almost entirely based on ex-post activities, so vintages will inherently be in the past.

Respondents also provided recommendations on other key terms which the SBTi should seek to define and/or standardize

Q61. Are there other key terms related to BVCM that you think the SBTi should seek to define and standardize?

- Avoided emissions (6 mentions)
- Emissions reductions (5 mentions)
- Corresponding adjustment (3 mentions)
- Jurisdictional REDD+ programs (3 mentions)
- Insetting (3 mentions)
- Authorized unit (2 mentions)
- Blue carbon (2 mentions)
- Contribution (2 mentions)
- Enhanced removal (2 mentions)
- Forest carbon sequestration (2 mentions)
- Mitigation contribution (2 mentions)
- Result based finance (2 mentions)
- Soil carbon sequestration (2 mentions)
- Enhanced carbon removal (2 mentions)
- Net-zero (2 mentions)
- 1.5°C aligned carbon price (1 mention)
- Avoidance credits (1 mention)
- Spot purchasing (1 mention)
- Offtake agreement (1 mention)
- Backward looking assessments (ex-post) (1 mention)
- Biodiversity (1 mention)
- Boundary of the value chain (1 mention)
- Broad claims category (compensation v contribution) (1 mention)
- Carbon capture by products (1 mention)
- Carbon certificates (1 mention)
- Carbon Neutral (1 mention)
- Carbon Offsetting (1 mention)
- Carbon Removal (1 mention)
- Claim (1 mention)
- Climate Positive/Climate Negative (1 mention)
- Climate solutions providers (1 mention)
- Co-claiming (1 mention)
- Consistency (1 mention)
- Double counting (1 mention)
- Durability (1 mention)
- Forward-looking assessments (ex-ante) (1 mention)
- Free, Prior and Informed Consent (1 mention)
- Gender mainstreaming (1 mention)
- Greenwashing (1 mention)
- Headline claims (e.g., carbon neutrality versus financing global net-zero (1 mention)
- High integrity carbon credits (1 mention)
- Internal carbon pricing (1 mention)
- Mitigation actions, investments, and outcomes (1 mention)
- MRV (1 mention)
- Nature Positive (1 mention)
- Negative carbon intensity (1 mention)
- Neutralization (1 mention)
- Permanence (1 mention)
- Permanent (1 mention)
- Quality carbon credits (1 mention)
- reduced emissions v avoided emissions (1 mention)
- Residual emissions (1 mention)
- Reversal (and difference vs. leakage) (1 mention)
- reversals, internalizations, externalities, (1 mention)
- Rights based approach (1 mention)
- Scope 3 Emissions (1 mention)
- SDGs (1 mention)
- Socioenvironmental safeguards (1 mention)
- Tenure security (1 mention)
- Tonne-year accounting (1 mention)
- Value chain (1 mention)
- VCMs v regulatory markets (1 mention)
- VER (1 mention)

Contents

More than 90% of respondents felt that the illustrative case studies were helpful, and yet there was a handful of corporates, FIs and SMEs (8) that didn't find them so helpful

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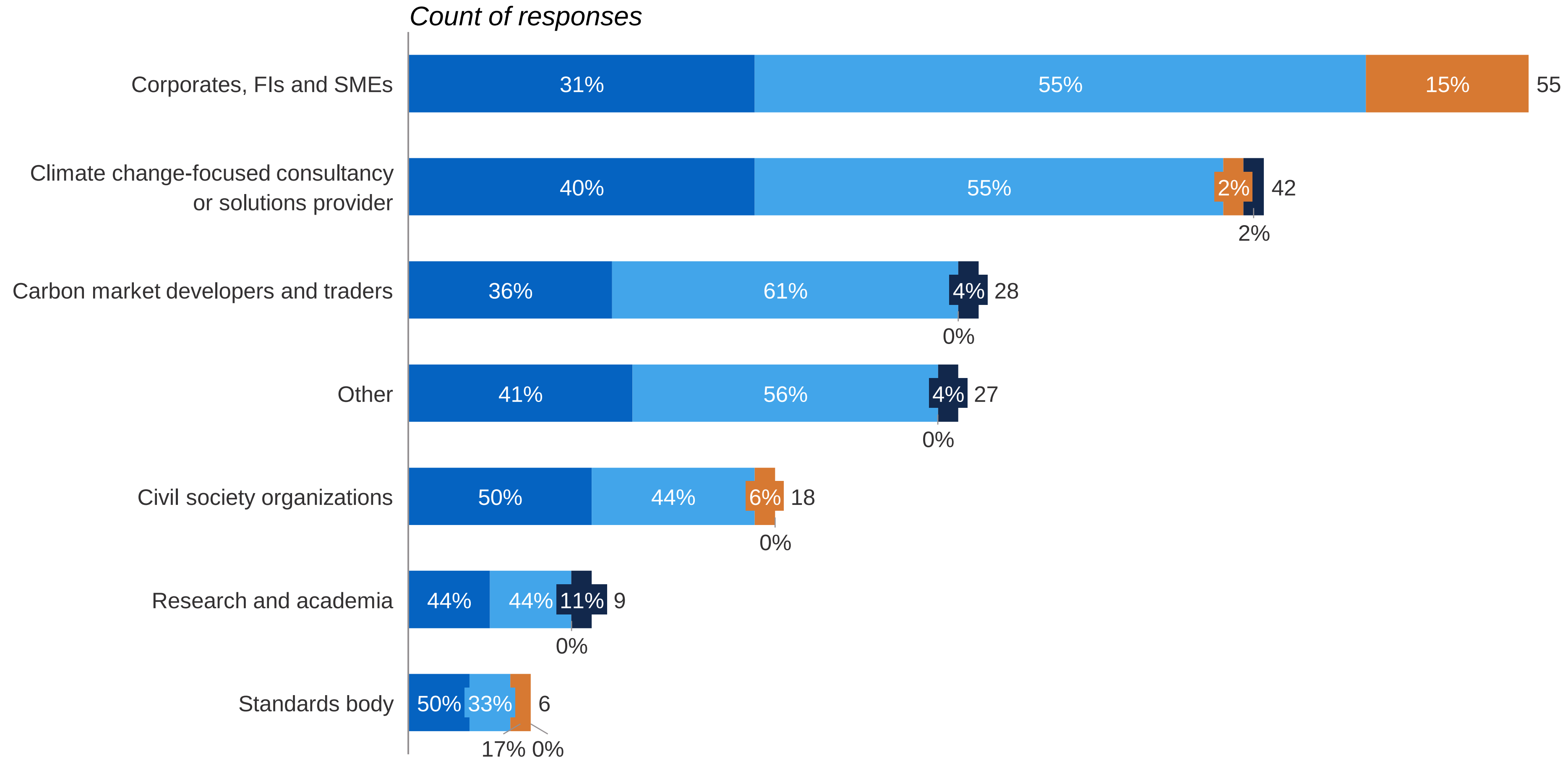
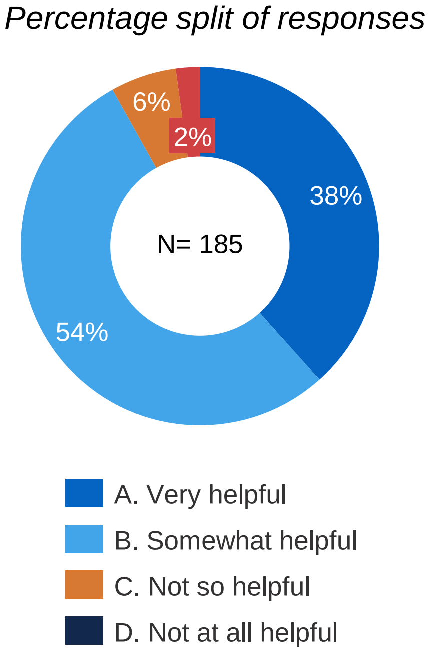
Q62. In your opinion, how helpful are the illustrative case studies in bringing to life how the SBTi's recommendations on BVCM would be applied in practice?





Respondents provided feedback on how to improve the illustrative case studies – most of the suggestions related to adding additional sectors

Q63. If you have feedback on these illustrative case studies, please provide suggestions on how they could be improved. For example, do you recommend we provide case studies for other sectors and are there any sectors for which the guidance might differ substantially, e.g., potentially financial institutions? (open text)

Theme of comment	Count of comments
Add case studies for additional sectors (in particular for financial institutions)	17
The definition of best practice described in these case studies represents too high a bar for companies	6
Additional information on how a company should choose one methodology over another (e.g., ton-for-ton versus money-for-ton)	6
These examples are sufficient in showcasing best practice BVCM	4
Additional guidance on how to ensure a company makes high quality investments (monitoring, safeguarding, minimum standards)	4
Add a table to summarize the data across the case studies	4
Additional information on how investment opportunities were identified	4
Differentiate case study examples between those meeting a minimum level of ambition versus best practice	3
Add more on business case and process for achieving internal buy-in	2
Provide the full BVCM report for each company (in alignment with the public disclosure on BVCM recommended by SBTi)	2
Explicitly link examples to VCMI claims	2
Include concrete wording on the associated claims in the case studies	1
Add additional information on how BVCM links to neutralization and the net-zero target	1

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PARTNER ORGANIZATIONS

CDP DISCLOSURE INSIGHT ACTION

United Nations Global Compact

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