

AIM PLATFORM CRITERIA

Draft for Stakeholder
Comment

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INTRODUCTION

The following Criteria are applicable to “value chain interventions” previously defined by the AIM Platform as *any action taken by an organization to address its Scope 3 greenhouse gas emissions (GHG), i.e., indirect emissions from its value chain, including, for example, monetary support for a discrete decarbonization project and the purchase of an environmental attribute certificate, regardless of the accounting approach implicated - whether that be project based accounting or inventory accounting.* To refer to the “impacts” of value chain interventions, the document uses the terms “emissions profile” to indicate use of inventory accounting and “emissions reductions” to indicate the use of project-based accounting.

These Criteria have been written with a focus on guiding organizations that seek to address emissions in their value chain, though the criteria will also have implications for value chain intervention hosts, i.e. suppliers in the organization’s value chain. They detail what needs to be in place to determine that an intervention can be considered as sufficiently associated with an organization’s value chain as well as what other conditions must be present to ensure sound GHG accounting, environmental integrity, and appropriate claiming of impacts towards a climate target.

Each of these Criteria requires significant further elaboration in order to be assurable. The next outputs from the AIM Platform will be two forms of Requirements for Assurance: (1) Requirements for Assurance of Programs and (2) Requirements for Assurance of Projects. This dual approach is intended to incentivize the establishment of, for example, standardized, sector-specific programs that can be assured against the AIM Criteria at the program level, thereby making it easy for organizations to know that their investment, if made through that program, can be counted towards a climate target, according to the AIM Platform. Though we assume most investments will take place through a program, also providing a standard for projects leaves the door open to innovative, at times first-of-kind, projects, which do not have an established program to flow through.

As this is a draft for stakeholder comment, it does not yet reflect consensus among the AIM Platform Governing Committee. Indeed, throughout this draft, the AIM Platform Governing Committee has listed particular questions on which it seeks input, in order to inform its further deliberation and eventual adoption of the Criteria. Though we have listed those particular questions, the Governing Committee welcomes stakeholder input throughout the document.

AIM PLATFORM CRITERIA:

- 1. Criterion:** *Value chain interventions shall address a component in the organization's Scope 3 Greenhouse Gas inventory, as defined in [Appendix A](#). (Note to reviewer: Appendix A provides significant further direction on this criterion.)*
- 2. Criterion:** *The impacts of a value chain intervention may only be reported¹ against the quantity of the targeted component in the organization's inventory and must reflect the decarbonization potential of the technology(ies) or process change(s) implemented through the intervention.*

Explanation: Another way to say this is that interventions need to be normalized so that their effect is quantified on a per unit basis, and aggregate impact cannot exceed the sum of per-unit impacts applied to the total number of units the organization has purchased/consumed. This criterion serves to limit organizations from buying “excess” environmental attribute certificates or otherwise “over reporting” an intervention beyond what would be physically possible if the intervention were physically accessible to the organization. The AIM Standard and Guidance is a tool to accelerate organizations' investment in decarbonizing the sectors represented in their value chains but is not intended to serve as a tool to facilitate neutralization of residual emissions by allowing organizations to report a lower emission footprint for a value chain component than exists in the “real world.” This criterion may have the effect of directing investment towards technologies or process changes with higher carbon abatement potential.

Example: An organization purchases one million bushels of corn as an input to its manufacturing process. The organization cannot access low emission corn from its corn suppliers and, as such, purchases the emissions profile of low emission corn from a supplier within its supply shed. The organization may only apply the emissions profile of up to one million bushels of low emission corn when disclosing corn-related emissions in its greenhouse gas emission report.

- 3. Criterion:** *Value chain interventions shall not lead to an emissions profile that is less than zero for the value chain component associated with the intervention.*

Explanation: This criterion serves as a limit on the minimum emissions profile that an organization can report for an intervention and bars reporting of interventions in a way that would serve as reductions against other value chain components in an organization's overall emission report.

¹ In many cases, such as when using a spend based approach, the amount of the value chain component represented in the organization's inventory may be an estimate.

Example: An organization purchases the emissions profile of rail transportation with electricity generated through a bioenergy with carbon capture and storage process. The seller of the emissions profile states that the emissions profile of the rail transportation activity is negative because of the carbon storage associated with the electricity generation. The organization may use an emissions profile of zero, not less than zero, for the intervention as applied to the organization's greenhouse gas emission report.

- 4. Criterion:** *The organization reporting the intervention results shall own the emissions profile or emissions reductions associated with the intervention or must have been allocated the emissions profile or emissions reductions associated with the intervention, in accordance with criterion 5 below.*

Explanation: In order to claim the emissions profile or emissions reductions associated with an intervention, the reporting organization must demonstrate that they own the emissions profile or reductions for the purposes of reporting as associated with value chain.

Example: An organization with cotton processing emissions in its value chain partners with cotton processors to reduce the emissions profile of their processing activities. The organization is able to demonstrate by means of a contract with the cotton processors that the organization owns the emissions profile associated with low-emissions cotton produced following the intervention.

- 5. Criterion:** *Multiple organizations may claim the same emissions profile and/or emission reductions resulting from a value chain intervention provided that an equivalent quantity of an overlapping value chain component would have been included in each organization's emission report. In order to report the results of an intervention, however, the organization shall own the emissions profile or emissions reductions as stipulated in criterion 4 above or shall have been allocated the right to claim and report it by the organization who owns the emissions profile or emissions reductions.*

Explanation: This criterion authorizes appropriate double-claiming or "co-claiming" of an emissions profile or emission reduction across a value chain. The ability to co-claim emissions profiles or emission reductions within a value chain reflects the nature of Scope 3 inventories, which themselves reflect shared responsibility for the same emissions up and down stream. Tracking claims can help ensure appropriate allocation of impacts, and forthcoming sector-specific guidance should help clarify cases where it is not appropriate for multiple entities to claim the results of an intervention.

Example: If a fuel producer, airport, airline, freight forwarder and air freight customer all include equivalent and overlapping aviation fuel-related emissions in their Scope 3 inventories, they may also claim the emissions profile from the use of a mass or volume of Sustainable Aviation Fuel (SAF) to address those emissions provided all other AIM Criteria are met. If, however, a private jet owner who is also the passenger replaces "airline" and "air freight customer" in the list above, they may only claim the emissions profile once and may not co-claim the emissions profile with a corporate traveler, for example.

6. **Criterion:** *Value chain interventions shall lead to emissions mitigation beyond that required by law.*

Explanation: In order to be sold or supported by a particular organization (versus shared evenly by all customers) as eligible for use towards a voluntary climate target, a value chain intervention must result in an emissions profile or emissions reductions that go beyond what is required by law. (This criterion says nothing about the abatement impacts of a law or regulation, which are assumed to be passed down to all customers in accordance with their purchase quantities.)

Companies set voluntary climate targets because the rate of decarbonization, including as required by laws, is insufficient to address the threat of climate change. If these companies simply pay for an entity in their value chain to meet its existing compliance obligations, they have not achieved the purpose of their voluntary commitment. Moreover, since laws are often enacted for the benefit of society rather than one entity within it, the resulting emission reductions are not available for purchase by one particular entity.

As laws vary by location and change frequently, the AIM Platform and sector-specific programs will establish tools or frameworks to ease the process of determining which laws are implicated by this criterion.

Example: The European Union obligates Member States to require a minimum of 2% of jet fuel to be SAF starting in 2025. End user SAF certificates intended for use towards voluntary climate targets could only be issued for fuel that went above and beyond that 2% blending mandate.

Questions for stakeholder comment:

Would you support adjusting this criterion such that an intervention would still be considered to have met this criterion in cases of nonenforcement of regulations, or in the case where regulated entities are likely to choose strategic non-compliance due to cost differentials between complying and associated fees of noncompliance? In either/both cases, please explain the rationale.

What tools or frameworks might ease the process of identifying compatible or incompatible regulations for agriculture?

Would it be appropriate to apply any other additionality criteria under the AIM Platform Standard and Guidance?

Should regulations with broad coverage, such as emissions trading systems, be exempt from this criterion? Alternatively, if a sector is covered by the EU-ETS, should any intervention in that sector, which contributes towards reducing a compliance obligation under the EU-ETS, be disallowed from sale to a particular Scope 3 emitting company (versus shared by all the company's customers proportionally)?

7. **Criterion:** *Emissions profiles or emission reductions shall either be registered in a third-party registry or otherwise transparently allocated/recorded as soon as possible and no later than 24 months of mitigation occurring (e.g., good production or service provision). The emissions profile or emission reductions shall then also be claimed and reported against emissions in an inventory year that is within 24 months of the date of registration or allocation/recording. If these deadlines cannot be met, the circumstances that prevent adherence to this criterion shall be transparently disclosed in an emissions report.*

Explanation: Ambiguity regarding when solutions were implemented - or long delays between solution implementation and reporting by end users - make it harder to prove the effectiveness of value chain interventions, especially those utilizing market-based methods. Long delays between implementation and verification also make it harder for auditors to accurately verify outcomes and may also confuse assessments of regulatory additionality, as legal requirements change with time. A vintage constraint can help address these potential challenges but must also respect the challenges of scheduling verification, the costs of conducting verification frequently, and potential mismatches between reporting timelines of intervention hosts and end users.

Example: A concrete supplier implements a new technology to reduce the emissions associated with its product. The emissions profile of this reduced emission concrete will be registered in a third-party registry. The concrete supplier has [24] months from the time each batch of concrete is produced to book that batch's emissions profile in the registry. An organization seeking to purchase the emissions profile of the reduced emission concrete then must claim that emissions profile from the registry against an inventory year that is 24 months or less from the registration date.

Questions for stakeholder comment:

What is a reasonable vintage restriction and why? Should vintage restrictions vary by sector?

Relative to the language pertaining to deadlines, in what situations might this criterion be challenging to meet and why?

8. **Criterion:** *The mitigation related to a Value chain intervention shall have occurred prior to registration or allocation/recording of an emissions profile or emissions reductions.*

Explanation: This criterion bars organizations from reporting an emissions profile or emission reduction on speculation, when a mitigation activity has not yet been implemented.

Example: An organization signs a contract to purchase the emissions profile of low-carbon steel in the future. The emissions profile of that steel may not be registered or claimed before the steel has been produced.

9. **Criterion:** *Value chain interventions shall apply sound stakeholder engagement practices and social and environmental safeguards to mitigate harmful effects and maximize intervention outcomes.*

Explanation: Companies funding interventions have an obligation to minimize the harmful by-products of those actions and to work in the interest of interested and affected stakeholders. Companies are exposed to reputational risk if not acting in this way, with claims made towards their climate targets being undermined by public and media scrutiny of negligent and/or harmful practices, thus undermining the desire to fund interventions in the future. Sources of information for safeguarding include the UNDP Sustainability Standards, IFC Performance Standards, sector-specific ISO Standards, the Integrity Council for Voluntary Carbon Markets and Gold Standard's GS4GG.

Example: An organization that buys timber products funds and works with forest managers in a least developed country. Land title is somewhat unclear, and the ecosystem is fragile, so the organization carefully designs a stakeholder engagement strategy to identify and work with those actors, including the forest managers and local communities, to identify practices that can bring mutual benefits and deliver efficient production. The organization follows UNDP safeguarding principles to identify potentially harmful practices, such as inadvertent water course erosion and pollution and child or forced labor. It works with local government and NGOs to put in place mitigation and monitoring against these potentially harmful effects. (Note: In many cases, such safeguards will be established at a "program" versus "project" level, which will significantly ease implementation. A program might, for example, put in place a requirement for a good or service to be certified to established sustainability standards which includes checks on appropriate social and environmental safeguards.)

10. **Criterion:** *Value chain interventions shall result in GHG emission reductions or removals such that a reasonable link between specific technology and/or process changes and the GHG emission reductions or removals can be established.*

Explanation: It is possible for changes in an accounting approach to lead to greenhouse gas emission reductions or removals to be accounted for in a GHG inventory. It is also possible that an intervention *may* lead to reductions or removals but that science does not yet support clear measurement or estimation. Organizations must demonstrate that the intervention activities they supported - specific technology and/or process changes - resulted in reductions or removals.

Examples that align with Criterion:

1: Project

An organization supports an intervention to reduce enteric methane emissions from ruminants through the use of feed ingredients. The organization applies third party developed and approved methods for enteric methane calculations, consistent with the [draft] Greenhouse Gas Protocol (GHGP) Land Sector and Removals Guidance, to demonstrate and calculate emission reductions related to the feed ingredient changes the organization supported.

2: Certificate Purchased Through a Program

An organization purchases SAF certificates that are “SABA² Eligible” according to the SAFc Registry. SABA Eligible certificates represent fuel with a lifecycle emission factor certified to be at least 60% lower than the conventional aviation fuel emission factor, and the sustainability certification scheme associated with these certificates assures that certified fuel has been consumed in the air transportation sector. The organization subsidized the use of SAF in the place of conventional aviation fuel through the purchase of SAF certificates, and the emission reduction impact of this substitution can be quantified. As such, the organization can demonstrate that their intervention, the purchase of certificates, resulted in emission reductions.

Examples that do not align with Criterion:

3: Impact Not Quantifiable

An organization supports an intervention to switch from tillage to no-till practices on farms in the organization’s supply shed for wheat. Reducing soil disturbance has been demonstrated to facilitate carbon sequestration in soils when implemented with other practices such as cover cropping and complex crop rotations. However, the organization cannot demonstrate that no-till, as applied on the farms involved in the intervention, is either increasing soil carbon sequestration or reducing the farms’ wheat production emissions. The organization cannot include reductions or removals associated with the no-till intervention in the organization’s greenhouse gas emission report.

4: Accounting Change

A company selling t-shirts changes the default emissions factor it applies in its inventory for one input to the production process, leading the company to report a lower emission factor for the t-shirts produced. The company considers selling all the associated reductions to particular customers versus passing them on evenly to all customers according to their physical purchases. The organization may not do so as there is no link between specific technology and/or process changes and the GHG emission reductions that would be allocated to the subset of customers.

Questions for stakeholder comment:

Is this criterion necessary? In other words, do the other criteria already make clear that an intervention may not be limited to a change in accounting approach or use of default emission factor?

² The Sustainable Aviation Buyers Alliance (SABA) has established a SAF Sustainability Framework against which SAF is checked when registered in the SAFc registry. If found to meet the required criteria, the SAF certificates are tagged as “SABA Eligible.”

- 11. Criterion:** *Appropriate accounting and reporting best practices shall be applied in calculating GHG emission reductions or removals estimates, including third party verification according to publicly available, broadly accepted GHG accounting standards.³ Standard(s) used must be transparently reported.*

Explanation: Accounting and reporting of value chain interventions requires appropriate use of inventory and/or project-based accounting norms, including the principles of relevance, completeness, consistency, conservativeness, accuracy, and transparency, as defined by the GHGP or ISO Standard 14064. Interventions must also be verified according to publicly available, broadly accepted standards, such as ISO 14064-2, GHGP Project Based Accounting Standard, or ISO 14040 for Life Cycle Assessment. Finally, calculation of quantified emissions reductions and removals shall use best available data (such as by referring to the Data Quality Indicators from the GHGP's Scope 3 Standard) and be transparent about data sources and rationale for use. The (forthcoming) AIM Requirements for Programs or Projects will elaborate each of these requirements in more detail.

Example: A group of companies collectively supports and funds producers in a sourcing area for regenerative farming practices that sequester carbon in soil and biomass. They apply the methodological criteria for soil carbon contained in the GHGP Land Sector and Removals Guidance, supplemented by further guidance from the Food and Agriculture Organization. Data collection involves a combination of activity data on site as well as soil calibration measurements coupled with appropriate use of latest available validated data sets. The companies publish details of the methods applied and their rationale for doing so. All of this is verified by an ISO 14064/5 accredited audit firm with experience in Forest, Land, and Agriculture (FLAG) including soil carbon.

Additional stakeholder questions:

If an organization supports an intervention, what is a reasonable timeline or an approach for how long it may be allocated all of the related reductions from its support? For example, if an organization funds the retrofit of a manufacturing plant, what factors determine for how long it may claim the resulting emissions reductions versus when they must be passed down to all customers of that facility?

³ Certification to a sustainability standard is covered by criterion nine.

APPENDIX A: ELABORATION ON CRITERION 1

Criterion 1 states: *Value chain interventions shall address a component in the organization's Scope 3 Greenhouse Gas inventory.*

Though the intervention must address an inventory component, the extent to which the component and the good or service at the heart of the intervention match in terms of specific type of good or service, specific supplier and related geography matter, in some cases more than others. Organizations need direction on how to determine sufficient “association with value chain” in a world where exact supplier matching is impossible, infeasible and/or detrimental to the growth of critical climate solutions. To support such a determination, the AIM Platform has identified three categories of value chain intervention which its AIM Standard and Guidance will cover:

1. Physical Association: Interventions that target an organization's physical emissions, i.e. direct suppliers to the organization, even though the (full) mitigation may not appear in a GHGP-aligned inventory today.
2. Close Association: Interventions that target an organization's likely supplier, meaning that the intervention targets suppliers that include the organization's actual and potential suppliers, based on similarity of product and production and the physical ability to purchase and use the goods and services produced. This category applies, for example, in instances where sourcing areas are known but segregation is limited or non-existent, where supplier dynamics mean that it is not easily possible to target specific suppliers of the organization with any consistency and where goods or services - and their emissions factors - vary significantly by geography. It is particularly applicable in the agriculture sector.
3. Sectoral Association: Interventions that target decarbonization of the types of goods or services present in the organization's Scope 3 inventory, but where one or more challenges makes support for a physical or close association impossible, infeasible and/or detrimental to the growth of critical climate solutions. Challenges might include supplier willingness, supplier visibility, frequent changes in suppliers, technology availability, and/or technology cost in a particular location, among others. Sectoral association is particularly appropriate where goods or services are generally interchangeable regardless of geography of origin, or where the key technologies needed to decarbonize the sector do not differ based on geography.

Value chain interventions can demonstrate adequate “association with value chain” in these categories by satisfying the requirements of the flow chart in Figure 1 below:

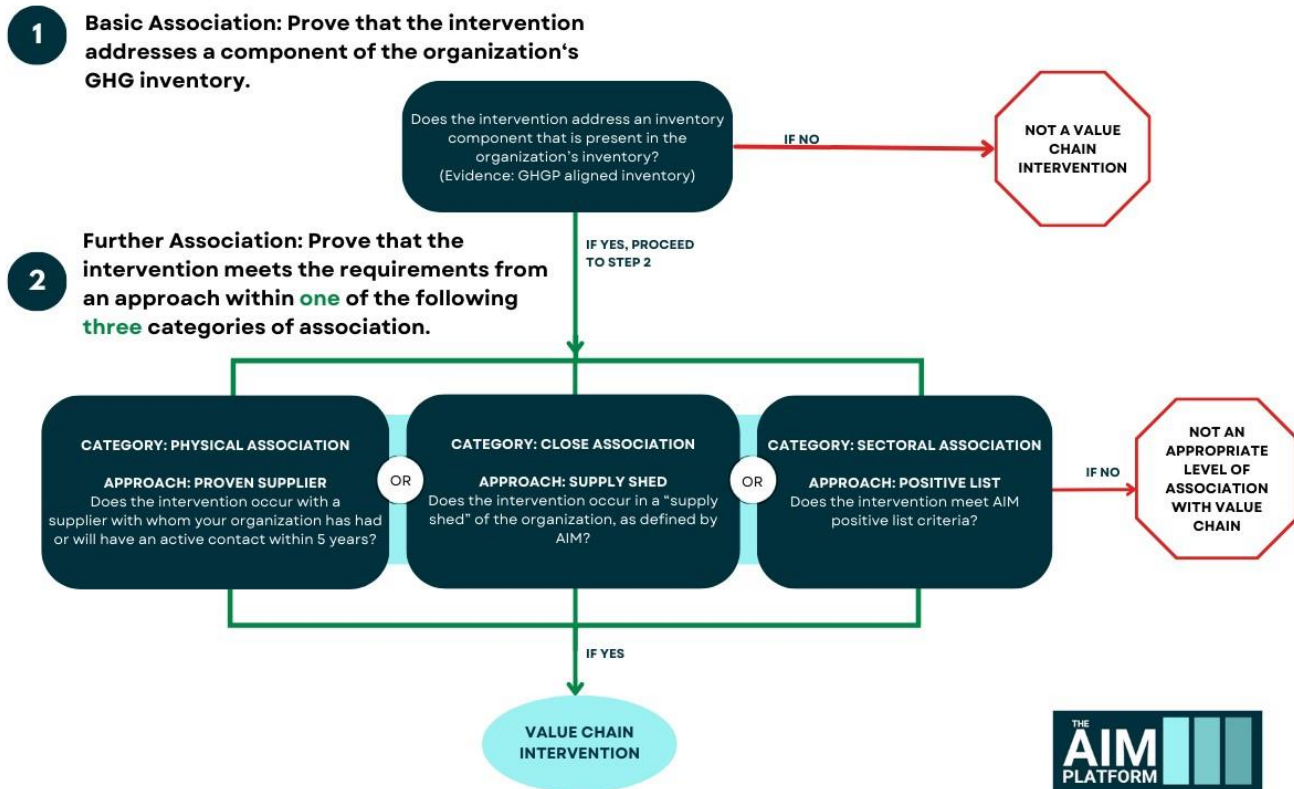


Figure 1: Assessment of association with value chain.

Demonstrating “association with value chain” is a two-step process.

Step 1 - Basic Association with Value Chain:

Step 1 requires demonstrating that an intervention addresses a component, or line item, in an organization’s greenhouse gas inventory (using, for example, a GHGP) - aligned inventory).

In order to determine the appropriate level of good or service “matching” required, the organization should consult relevant sector-specific associations. For example, Smart Freight Centre states that interventions must be implemented within the same transportation mode as the mode of transportation in an organization’s inventory for those interventions to classify as associated with an organization’s heavy transportation value chain.⁴ In the future, the AIM Platform may issue additional guidance on this topic.

In some cases, an intervention might address an input to a component in an organization’s inventory, or a “subcomponent.” Examples of subcomponents to many manufactured products include steel, aluminum or various chemicals. Further guidance on determining association with sub-components as well as how to account for emission reductions associated with interventions targeting subcomponents will be published for comment in the future. This guidance could include tools to identify root emissions sources such as Environmentally-Extended Input-Output (EEIO) requirement factors.

⁴ See Part 7 of Smart Freight Centre’s *Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting* (2023).

Rationale: This requirement limits the ability of an organization to substitute higher cost mitigation within its value chain for lower cost mitigation outside of its value chain. If an organization cannot prove the intervention addresses a component of its inventory, the intervention shall not be considered a value chain intervention.

Step 2 - Further Association with Value Chain

Step 2 can be satisfied by demonstrating that the intervention relates to one of the three categories of association - physical association, close association or sectoral association. Depending on which category the intervention relates to, different approaches to prove sufficient association are available, coupled with the cross-cutting AIM Criteria applicable to all value chain interventions.

If an intervention satisfies one of the three approaches set out in Step 2, the intervention shall be considered sufficiently associated with an organization's value chain as to constitute a value chain intervention according to the AIM Standard and Guidance. If it does not meet any of the approaches, the intervention shall not be considered a value chain intervention.

Rationale: The AIM Platform seeks to establish a process of determining sufficient association with value chain that balances the imperative that an organization take responsibility for its indirect emissions and the real-world challenges it faces in doing so. The goal of providing some flexibility to organizations is to enable the flow of greater climate finance through value chain interventions, particularly to hard-to-abate sectors, while still holding organizations responsible for the emissions that underly their business models.

Category 1 - Physical Association:

Proven Supplier Approach: The intervention occurs with a supplier with whom the organization or a supplier of the organization has had or will have an active contract within 5 years.

Explanation: For many companies, value chain investments are hindered by how frequently suppliers change. Because they lack certainty that a current supplier will remain a supplier in the future, they are disincentivized to make investments even with current suppliers. This approach provides flexibility to companies and assures them that they will still be able to claim and report the emissions reductions from interventions with a current supplier, even if that company may not be a supplier in the future.

Category 2 - Close Association:

Supply Shed Approach: The intervention occurs in the organization's "supply shed" as defined by AIM.

In order to be considered within a reporting organization's supply shed the following criteria must be satisfied:

- The supply shed shall be defined as a group of suppliers that:
 - Produce "like" goods or services, meaning that the goods or services are closely similar (for example in variety of crop, composition of materials, quality of product) to that produced by other suppliers in the supply shed.
 - Produce the goods or services with "like" incumbent processes, technologies and practices, meaning that the goods or services are produced in similar ways, allowing for small variations, resulting in a similar average emissions intensity of production amongst the suppliers in the supply shed.

- The reporting organization or one of the reporting organization’s suppliers must buy a physical good or service from a company/ies within the above-mentioned group of suppliers within the reporting year.
- For forest, land and agriculture related goods and services, the intervention must apply GHGP Land Sector Guidance definition of source region (draft language: “the group must also be spatially explicit to the first collection point of processing facility in a value chain”).
- It may be helpful to consider supply shed definitions linked to a specific point or points of collection. For example, where goods are processed at a shared facility, resulting in unsegregated products for which input is drawn from the group of suppliers in the supply shed. This may be geographically defined where appropriate, though economic definitions where goods and activities can be reasonably considered alike may also be appropriate.

Explanation: For many companies, value chain investments are hindered by a lack of visibility in the supply chain. Because they struggle to identify specific suppliers, they are disincentivized to make investments. This approach enables a company to make an investment with a member of their supply shed, even if it cannot be certain they source from that individual supplier.

Category 3 - Sectoral Association:

Positive List Approach: An intervention must meet **all** the criteria below* to be exempt from further requirements regarding association with an organization’s value chain.

Rationale: This approach targets activities taking place in what are often referred to as “global sectors” and is usefully applied where no traceability is possible such as with deep value chain emissions and/or where alternative, expensive and ambitious new technologies are geographically limited and require significant financial support to commercialize and scale.

This approach acknowledges that there are critical technologies that need to be scaled to decarbonize the global economy, and at their current stage of development, it would be counterproductive to add additional restrictions on how and where organizations can invest in them when endeavoring to meet a climate target.

*Positive List Criteria:

- 1) *The intervention must address goods or services in an industrial sector on the [Mission Possible Partnership list of critical sectors for industrial decarbonization](#).* These sectors are:
 - Aviation
 - Trucking
 - Shipping
 - Steel
 - Aluminum
 - Concrete
 - Chemicals
- 2) *Market Penetration Rate:* The technology utilized in the intervention must have achieved less than a [5]% market penetration rate globally according to an accepted source.

Questions for stakeholder comment:

Do you agree with the 5% threshold?

Once 5% global penetration has been achieved, would you support maintaining a positive list at the regional or national level such that a technology would still be on the positive list for projects in that country or region if it remained below 5% market penetration rate in that country or region?

- 3) *Decarbonization Potential*: The technology has greater than a [60]% decarbonization potential compared to an established baseline for the same good or service.*

Questions for stakeholder comment:

Do you agree with the 60% threshold? Is this percentage appropriate for all sectors or should it be different for different sectors?

Should there be any restrictions, e.g. “excluding technologies that lock in fossil fuel use”? *For example: fly ash in low carbon cement.*

**Note to reader: It will take time to develop a process to approve data sources for proving market penetration, and to establish appropriate Life-Cycle Assessment (LCA) boundaries and good or service baselines against which the decarbonization potential can be judged. The AIM Platform will establish sector-specific working groups to manage this process.*