Advanced and Indirect Mitigation Platform Association Test

Standard and Guidance

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Chapter 1: Introduction

THE NEED FOR THE ADVANCED AND INDIRECT (AIM) ASSOCIATION TEST

Companies often face significant barriers to identifying and implementing value chain interventions and claiming the emissions benefits of those interventions in climate targets. Companies need credible, transparent approaches to assessing potential value chain interventions, selecting high integrity interventions that meet quality criteria, and implementing interventions with suppliers and other counterparties in complex and dynamic supply chains.

There are three primary avenues companies can use to decarbonize value chains:

- Working with known, direct suppliers or customers to decarbonize;
- Contributing to the decarbonization of suppliers and customers operating within markets the company depends on; or
- Advancing the development and adoption of cutting-edge technologies that enable decarbonization across one or more sectors the company relies on.

Companies currently struggle with a lack of clear standards and guidance necessary to confidently pursue interventions in all three categories. This document addresses part of this lack of clear standards and guidance by providing requirements and guidance that allows companies to confidently determine if a decarbonization investment (or intervention) they want to pursue is *associated with the company's value chain*. However, this document is only part of what will become the final AIM Standard and Guidance. Companies cannot claim that an intervention conforms with the AIM Standard and Guidance by meeting the requirements in this document alone. Interventions must also meet the intervention quality, claims, and verification requirements addressed in the remaining draft AIM Criteria. See the Standard Development process section below for more information on other AIM publications.

TERMINOLOGY

The glossary includes definitions for terms that have specific meaning within the context of this document. For example, terms such as "product," "company," "value chain" and "intervention" are defined in the glossary. Readers are encouraged to consult the glossary for detailed definitions of important terms.

This document also differentiates between requirements, recommendations, and permissible options:

- The word "shall" refers to requirements that companies must follow.
- The word "should" refers to recommendations that companies are advised to follow but not required to follow.
- The word "may" refers to options that companies are permitted to follow.

THE ADVANCED AND INDIRECT MITIGATION PLATFORM

Mission

The Advanced and Indirect Mitigation Platform (AIM) is a cross-sectoral, multi-stakeholder initiative that was established in early 2023. AIM's mission is to unlock vast new sums of private climate finance by bringing civil society and the private sector together to remove roadblocks to value chain mitigation and ignite sectoral transition.

Vision and Objectives

AIM's vision is a world where businesses can easily account for and claim value chain emissions interventions, driving collective climate action, scaling advanced, low-carbon technologies, and enabling the transition to a sustainable economy in line with the goals of the Paris Agreement.

To that end, AIM's objectives are to:

- *Enable credible decarbonization pathways:* Facilitate the decarbonization of value chains and harness the significant mitigation benefits from investments, while managing the risks associated with broadening the scope of interventions.
- *Provide clarity and confidence for companies*: Offer clear guidance on whether specific interventions are *associated with a company's value chain* and may be applied towards meeting value chain emission reduction targets[1].
- *Unlock near-term, outcome-focused climate investments*: Through enhanced clarity and quality intervention tracking, enable companies to make impactful climate investments. These investments will support tangible outcomes while maintaining the expectation for long-term value chain transformation.
- *Ensure verified and qualified interventions:* Establish a framework that ensures all interventions are verified and meet standards for effectiveness and for their contributions to climate goals.

AIM PLATFORM GOVERNANCE

AIM Platform Governing Committee

The AIM Governing Committee is the key decision-making body for the AIM Platform. The Governing Committee is comprised of independent members selected for their expertise in relevant fields. Governing Committee membership includes representatives from civil society, standard-setting bodies, and the private sector, covering a wide range of sectors and mitigation strategies.

The Governing Committee oversees the AIM Platform. Governing Committee members review draft publications produced by the AIM Secretariat, considering input from AIM stakeholders and other

[1] AIM does not develop target setting standards and cannot make definitive determinations as to eligibility of interventions towards standards established by target setting standards.

experts, to support the development of outputs that are high integrity, comprehensive, and aligned with AIM's *Guiding Principles*. The Governing Committee approves final AIM Platform publications.

AIM Platform Secretariat

The AIM Secretariat consists of staff from Center for Climate and Energy Solutions (C2ES), Center for Green Market Activation (GMA), and Gold Standard. The AIM Secretariat is responsible for drafting the AIM Standard and Guidance and supporting documentation for consideration by the Governing Committee as well as for managing the day-to-day work of AIM. The Secretariat operates under the guidance of an Executive Steering Committee composed of senior representatives from C2ES, GMA, and Gold Standard.

For more information about the Governing Committee and AIM's governance structure, please visit the AIM Platform website here.

Chapter 2: Standard Development Process and Outputs

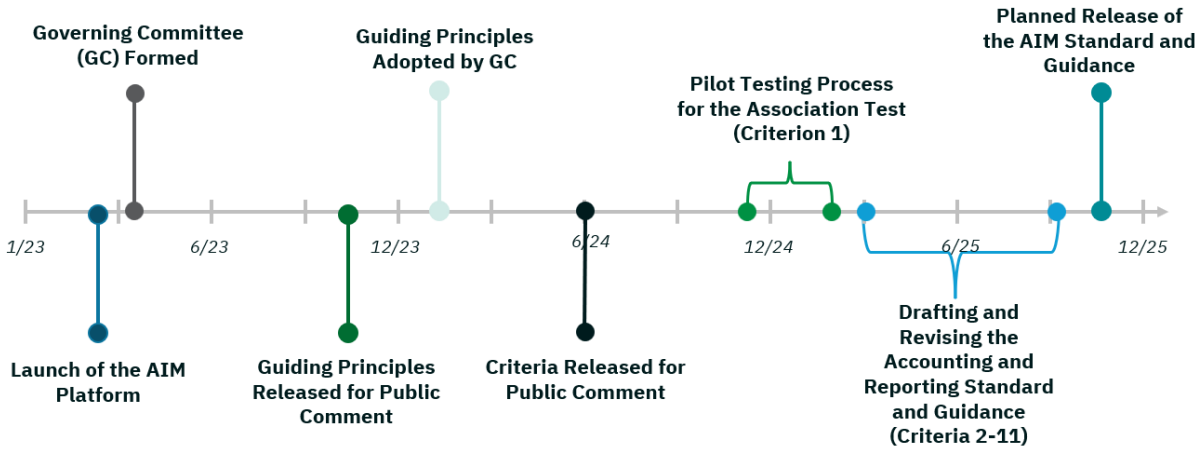
AIM is well over halfway through a three-year process to develop the AIM Standard and Guidance to address the need described in the Introduction.

In this process, AIM has published:

- Guiding Principles. These principles outline the fundamental principles underlying AIM's work in developing the AIM Standard and Guidance. AIM conducted a public stakeholder consultation from November to December of 2023 on draft guiding principles after which the GC revised and adopted the final principles.
- Draft AIM Criteria. These criteria guide companies in how to address emissions within their value chains through interventions that are sufficiently associated with their inventory, while upholding sound GHG accounting practices, environmental integrity, and appropriate claiming of impacts towards a climate target. AIM conducted a stakeholder consultation from May to June 2024 on the draft criteria. A summary of stakeholder feedback on the draft criteria is available on the AIM Platform website. This stakeholder feedback highlighted areas that required further development, clearer definitions, and examples.
- Draft AIM Association Test (this document). The Association Test, which covers content from draft AIM Criterion 1, contains requirements and guidance for determining if an intervention is *associated with a company's value chain*. These requirements and guidance address the stakeholder feedback on Criterion 1 in the Draft AIM Criteria.

AIM is piloting this Draft AIM Association Test in the first quarter of 2025 to evaluate how the test can be assessed for real-world interventions. The pilot results will be used by the AIM Governing Committee and Secretariat in refining the final AIM Association Test, ensuring that it is understandable, actionable, and can serve as a tool for third party assurance of interventions. Publication of the final AIM Standard and Guidance, comprised of the final AIM Association Test (this document) and the remaining criteria, is targeted for late 2025. See Figure 1.

Figure 1: Timeline for the AIM Standard and Guidance development process.



WHAT ARE INTERVENTIONS?

The *Association Test* uses the term "intervention" to refer to a value chain activity that reduces or removes GHG emissions from the atmosphere. Examples of possible interventions include a company:

- Using Sustainable Aviation Fuel instead of conventional jet fuel for air transportation.
- Replacing a coal boiler with an electric boiler powered by renewable electricity.
- Using ammonium nitrate derived fertilizers created from green ammonia, rather than using urea created from fossil-origin ammonia, on a crop.
- Using low-emission cement/concrete instead of conventional cement/concrete at a construction site.
- Using low-emission steel instead of conventional steel when manufacturing heavy equipment.
- Procuring new renewable electricity to address its sold product's user's electricity consumption.
- Replacing diesel powered internal combustion engine heavy-duty trucks with battery electric vehicle equivalents using renewable electricity.

Ways to enable interventions include, but are not limited to:

- Monetary support for a specific intervention.
- Purchase of an Environmental Attribute Certificate (EAC) from an intervention.
- Executing a long-term offtake agreement that is necessary for an intervention to be able to occur (e.g., getting a low emission production facility constructed by derisking output revenue risks through contracted offtake).

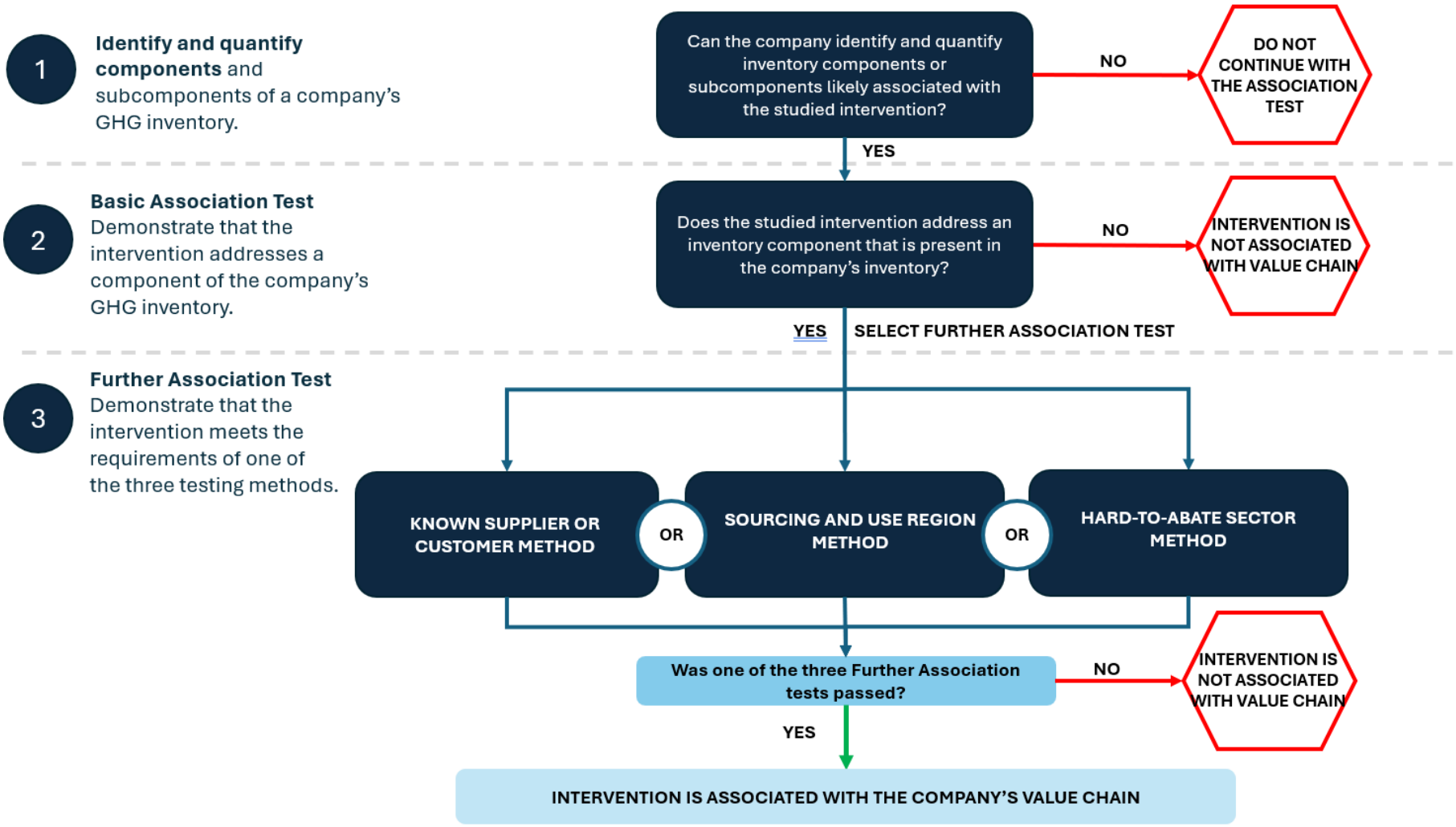
Chapter 3: Summary of Requirements

A company shall complete three steps to determine if an intervention is associated with its value chain:

1. Identify and quantify components and subcomponents of the company's GHG inventory that may be associated with the studied intervention.
2. Conduct the basic association test to demonstrate that the studied intervention addresses a component or subcomponent of the company's scope 3 GHG inventory.
3. Conduct the further association test to demonstrate that the studied intervention meets additional conditions for a relationship between the company and the intervention, or for a relationship between the company and an identified hard-to-abate sector.

Figure 2 captures the three steps in the Association Test. Requirements and guidance for each step are provided in the following chapters. A summary of the requirements and guidance is also provided in Appendix A.

Figure 2: Steps to determine if an intervention is associated with a company's value chain.



Chapter 4: Identify and Quantify Inventory Components and Subcomponents (Step 1)

REQUIREMENTS

For interventions under consideration, companies shall identify and quantify their GHG inventory components and subcomponents.

Companies shall not double count the same components and subcomponents.

Companies shall not aggregate subcomponents across the life cycle phases of different, unrelated subcomponents (e.g., aggregating the manufacturing phase emissions from different subcomponents).

RECOMMENDATIONS

Companies should document the supplier and/or geographic location that produces the components and subcomponents (if known).

GUIDANCE

Scope 3 inventories quantify emissions from hundreds of activities occurring within a company's value chain. Each product (a good or service) that a company purchases or sells requires many processes for manufacturing, transportation, use, and disposal. While there could be intervention opportunities at multiple points within a specific product's life cycle, it can be challenging for companies to consistently identify and categorize value chain activities in a way that allows them to match the activities with possible interventions. Therefore, companies may use taxonomy systems to aggregate like components and subcomponents, so long as the aggregation level is consistent with, or more granular than, the taxonomy system aggregation levels listed in Table 2.

COMPONENTS AND SUBCOMPONENTS

The AIM Association Test organizes value chain activities into inventory components and subcomponents.

Components are the products companies directly purchase and sell across their value chains. Components include:

- Products purchased from direct (tier 1) suppliers.
- Products sold to a company's customers (either end users or business-to-business customers).
- Employee commuting activities[2].

[2] Although most companies do not purchase employee commuting activities, for the purposes of the AIM Association Test, employee commuting activities are inventory components.

Subcomponents are a type of intermediate product within the *GHG Protocol Product Life Cycle Standard*. Subcomponents include:

- Input used to produce or transport components.
- Component byproducts and waste generated in the production of components.
- Inputs required to transport, use and dispose of sold components.

Identifying and Quantifying Components

Companies can identify and quantify components with the following data sources:

Scope 3 Activity Data

Activity data are a quantitative measure of a level of activity that results in GHG emissions. Examples of scope 3 activity data include:

- Tonnes of hardwood lumber purchased.
- Total invoiced spend with third-party marketing firm.
- Purchased maritime transport services (in spend and/or tonne-kilometers traveled)
- Waste disposal services (spend or tonnes of waste disposed).

Examples of sources for activity data include:

- Company internal purchasing or inventory management systems.
- Supplier invoices.
- Internal reports on products sold.

Spend Data

Spend data are a quantitative measure of a company's spending on products that result in GHG emissions (e.g., total invoiced spend with a third-party marketing firm). When scope 3 emissions are calculated using spend data, companies need to convert the data into product quantity data to identify components. Sources for spend-activity conversion factors include:

- Supplier, wholesaler, and direct customer contracts and pricing agreements.
- Industry or national reports on product prices. Examples include:
    - Agricultural product benchmarking reports of the price of a bushel of corn,
    - Regional or national average reports of the cost per delivered megawatt hour of electricity,
    - Proprietary minerals and metals market data (e.g. from S&P Global or London Metal Exchange).

Identifying Subcomponents

Subcomponents can be identified as products at different points within a value chain, depending on the company's decarbonization strategies and the interventions available within different sectors.

For example, when a company produces a final product that uses steel, that company could:

- Define a subcomponent as the steel used in the product production process, quantify the amount of steel (tonnes), and purchase eligible environmental attribute certificates (EACs) in tonnes of steel; or
- Define a subcomponent as the steel blasting process (service) and work directly with steel manufacturers to buy down the cost of an efficient electric arc furnace.

Companies can identify subcomponents using the following data sources:

- Product content disclosures (e.g. material safety data sheets for certain chemicals).
- Company-specific product design and manufacturing documents.
- Industry-specific product specifications.
- Life cycle assessment studies.
- Total requirements economic input-output tables.

A particular product could be both a component and subcomponent of a company's GHG inventory. For example, a company could:

- Purchase shipping services from a logistics provider to transport the company's sold products (inventory component).
- Identify an estimated quantity of upstream "marine cargo handling" or "navigational services to shipping" through input-output methods (inventory subcomponents).

Companies shall not double count the same components and subcomponents. For example, consider a company that purchases aluminum metal fasteners (component). These fasteners require electricity consumption in their manufacturing process. The company cannot quantify the fastener components and separately quantify the electricity consumed to produce the metal fasteners (subcomponents) for possible association with the same intervention.

Table 1 provides a partial list of components and subcomponents for a hypothetical furniture manufacturing company.

1 **Table 1. Select Scope 3 Inventory Components and Subcomponents for a Hypothetical Furniture**
2 **Manufacturing Company**

Scope 3 Category	Example Components	Example Subcomponents
Category 1: Purchased Goods and Services	• Fabric • Aluminum metal fasteners • Lumber • Accounting services • Marketing services	• Upstream transport services of the fabric supplier • Steel production • Copper nails • Iron ore mining • Lumber mill electricity consumption • Accounting firm digital cloud computing electricity consumption • Marketing services business air travel
Category 2: Capital Goods	• Furniture assembly equipment • Headquarter computers • Warehouse forklifts	• Iron ore mining • Microchips • Forklift manufacturing electricity consumption • Maritime transport of assembly equipment from factory to purchasing company
Category 3: Fuel and Energy Related Activities	• Electricity • Natural gas • Gasoline purchased directly by the furniture company	• Oil extraction and refining • Solar panel manufacturing • Uranium mining
Category 4: Upstream Transportation and Distribution	• Trucking services purchased by the company to ship manufactured furniture to retailers • Leased warehouse space	• Long haul trucks • Diesel fuel • Leased warehouse electricity and natural gas consumption
Category 5: Waste Generated in Operations	• Waste treatment services	• Waste hauling services • Landfill services
Category 6: Business Travel	• Business air travel • Hotel reservations	• Jet fuel • Electricity and fuel consumption
Category 7: Employee Commuting	• Employee commuting	• Gasoline consumed in employee vehicles
Category 8: Upstream leased assets	• Leased warehouse or retail space not included in the company's scope 1 and 2 inventory • Leased capital goods	• Purchased electricity and fuel used within a leased asset not included in the company's scope 1 and 2 GHG inventory

Category 9: Downstream Transportation and Distribution	• Trucking services sold by the company to ship manufactured furniture to retailers • Company warehouse space leased to tenants	• Long haul trucks • Diesel fuel • Leased warehouse electricity and natural gas consumption
Category 10: Processing of Sold Products	• The company's sold intermediate products (e.g., unfinished furniture parts sold to a downstream business for final product production)	• Specific product manufacturing processes to transform intermediate products into final products
Category 11: Use of Sold Products	• The company's sold final products	• Customer electricity or liquid fuel consumption from using the sold product
Category 12: End-of-Life Treatment of Sold Products	• The company's sold products	• Waste hauling services • Landfill services
Category 13: Downstream Leased Assets	• Warehouse or retail space the company leases to tenants, that are included in the company's scope 1 and 2 inventory • Equipment the company leases to others (not included in category 11)	• Electricity consumption • Fuel consumption used within a leased asset (e.g., tenant occupied space)
Category 14: Franchises	• Franchise agreements	• Electricity consumption • Fuel consumption
Category 15: Investments	• Not applicable	• Not applicable

As shown in Table 1, the potential list of components and subcomponents across a company's GHG inventory is extensive. For the purposes of this Draft AIM Association Test, companies only need to identify components and subcomponents they want to affect with a potential intervention, and only for interventions where the emission reduction would not otherwise show up in the company's GHG inventory. For example, if a company is considering purchasing maritime decarbonization certificates to finance the deployment of methanol fuel in lieu of low sulfur fuel oil in ocean vessels, the company only needs to identify its maritime shipping components. That company may also decide to identify maritime shipping subcomponents in order to address those subcomponents through a larger intervention. In this example the company is not required to identify non-maritime shipping components or subcomponents.

When identifying components and subcomponents, companies should document the supplier and/or geographic location that produces the components and subcomponents (if known). This information will be needed to assess interventions against the "Further Association" requirements described below.

Aggregating Components and Subcomponents

Many companies will want to aggregate similar types of components and subcomponents in order to pursue large interventions. If a company does not have enough components and subcomponents associated with an intervention, then the intervention's cost per tonne will increase because some volume of reduced emissions cannot be associated with an inventory component or subcomponent. This could impact which interventions can be accounted for within a company's GHG inventory report or climate mitigation target. This concern can be alleviated, in part, through collective action such as companies participating in buyers' alliances to pool demand.[3]

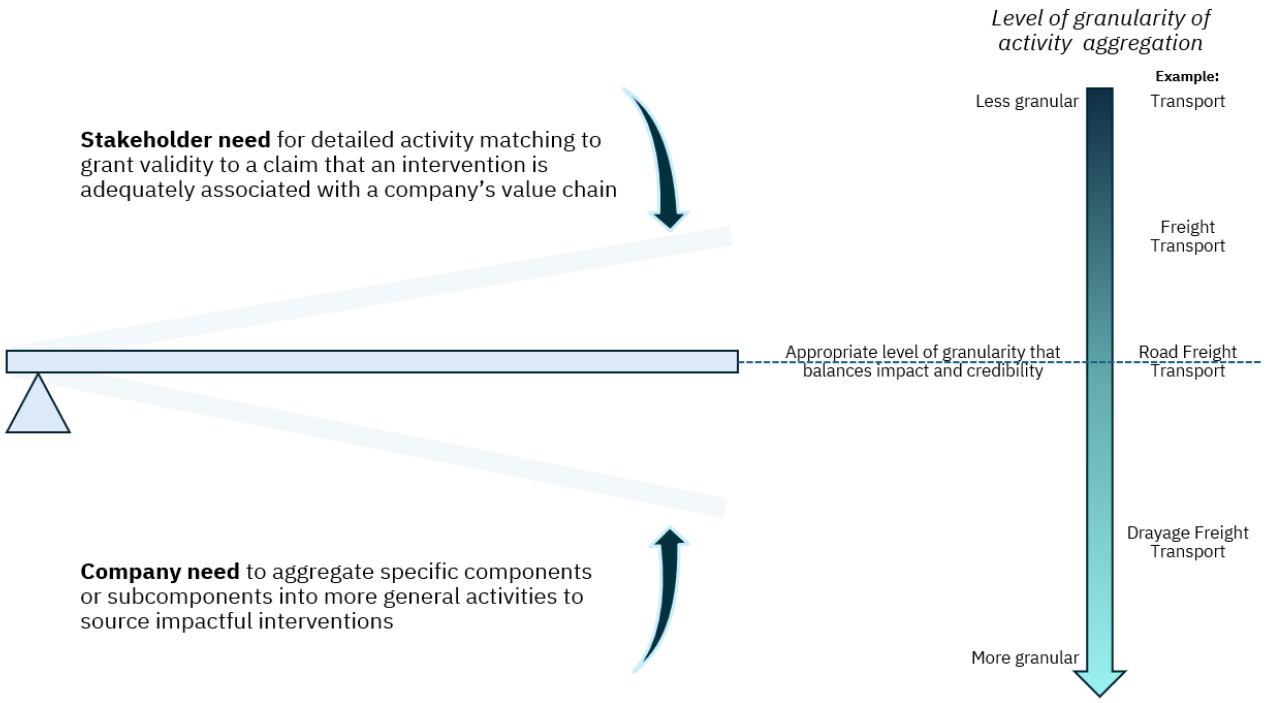
For example, a company has emissions related to concrete production in its GHG inventory. These emissions come from different types and strengths of concrete. If the company decides to invest in a decarbonization project aimed at reducing emissions from concrete, it could aggregate the emissions from several or all of these different concrete types and strengths into a single total value for concrete emissions. Such aggregation would allow the company to pursue a larger-scale project than if the concrete emissions were not aggregated.

However, as discussed further in Step 2: Basic Association Test, companies cannot aggregate components and subcomponents at too high of an aggregation level and maintain that an intervention matches its components and subcomponents. For example, a company with road freight emissions in its inventory cannot aggregate road freight-related components and subcomponents at the level of "Freight Transportation" and address those components by investing in aviation decarbonization.

Figure 3 illustrates the balance between allowing companies to aggregate their components and subcomponents and maintaining sufficient matching between an intervention and the company's value chain.

[3] Additional information on claiming emission benefits from AIM value chain interventions will be provided in the forthcoming AIM Standard and Guidance.

Figure 3: Balancing Aggregation Levels of Components and Subcomponents



Methods to Aggregate Components and Subcomponents

The *Association Test* provides three methods companies can use to aggregate components and subcomponents:

1. Sector-specific methods
2. National and international product and sector taxonomy methods
3. Life cycle assessment methods

Sector-Specific Methods

Industry associations and other organizations may develop sector-specific methods for how components and subcomponents within a particular sector should be aggregated. As of late 2024 the AIM Platform is unaware of sector-specific guidance for component and subcomponent aggregation.

As these develop the AIM Platform may provide a list of additional sector-specific methods that can be used to aggregate components and subcomponents when they become available.

National and International Product and Sector Taxonomy Methods

Many countries use product and sector taxonomies to classify data on different parts of their economies, for taxation purposes, and for managing imports and exports. There are taxonomy systems that are used in particular regions (e.g., North American Industrial Classification System, or NAICS, in North America), and some that are potentially applicable globally (e.g., United Nations Standard Products and Services Codes, or UNSPSC). Some companies use publicly available taxonomies within their own inventory management systems, or they have company-specific systems to purchase, manage, and sell products within their value chains.

Companies may use taxonomy systems to aggregate like components and subcomponents, so long as the aggregation level is consistent with, or more granular than, the taxonomy system aggregation levels listed in Table 2.

Table 2. Acceptable Levels of Aggregation Within Publicly Available Taxonomy Systems

Taxonomy System	System Description	Highest level of permitted aggregation within the given taxonomy system
NAICS	A common industry classification system used in Canada, Mexico, and the United States	4-digit level
UNSPSC	A global, open standard used to classify products and services; maintained by the United Nations	Class level
Harmonized System	A system focused on goods that are traded internationally (not services); maintained by the World Customs Organization (WCO)	2-digit level

Potential data sources to help companies assign appropriate taxonomy codes for components and subcomponents include:

- Importer and exporter records.
- Product manufacturing specifications.
- Internal product knowledge.

Aggregation Example

A company identifies quantities of components and subcomponents within its GHG inventory, and uses the WCO Harmonized System to categorize and aggregate similar components and subcomponents:

Table 3. Component and Subcomponent Aggregation Example

Component or Subcomponent	Quantity (mass or other applicable unit)	Harmonized System Code
Accounting services	1.5 million euros	no system code provided. Account books (4820.10) and accounting machines (84.70) are listed
Electricity	20,000 MWh	no system code provided (does include electrical machinery)
Copper nails	3 tonnes	7415.10
Iron rods	20 tonnes	72.13
Flat-rolled steel products	50,000 tonnes	72.26
Boiler	3 boilers (total mass = 10 tons)	8403.10
Front-end shovel loaders	5 loaders (total mass = 80 tons)	8429.51
Corrugated paperboard	100 tonnes	4808.10
Packing containers	50 tonnes	4819.50
Aggregated Components and Subcomponents		
Iron and Steel	50,020 tonnes	72
Copper and articles thereof	3 tonnes	74
Paper and paperboard; articles of paper pulp, of paper or of paperboard	150 tonnes	48
Nuclear reactors, boilers, machinery and mechanical appliances	90 tonnes	84

As displayed in the bottom half of Table 3, the company:

- Assigned the appropriate harmonized system code to the components and subcomponents the company is interested in aggregating.
- Aggregated the component and subcomponent quantities at the 2-digit harmonized system code levels.
- Did not aggregate the component and subcomponents not tracked in the harmonized system codes.

Life Cycle Assessment Methods

Environmentally-extended input-output (EEIO) assessment method

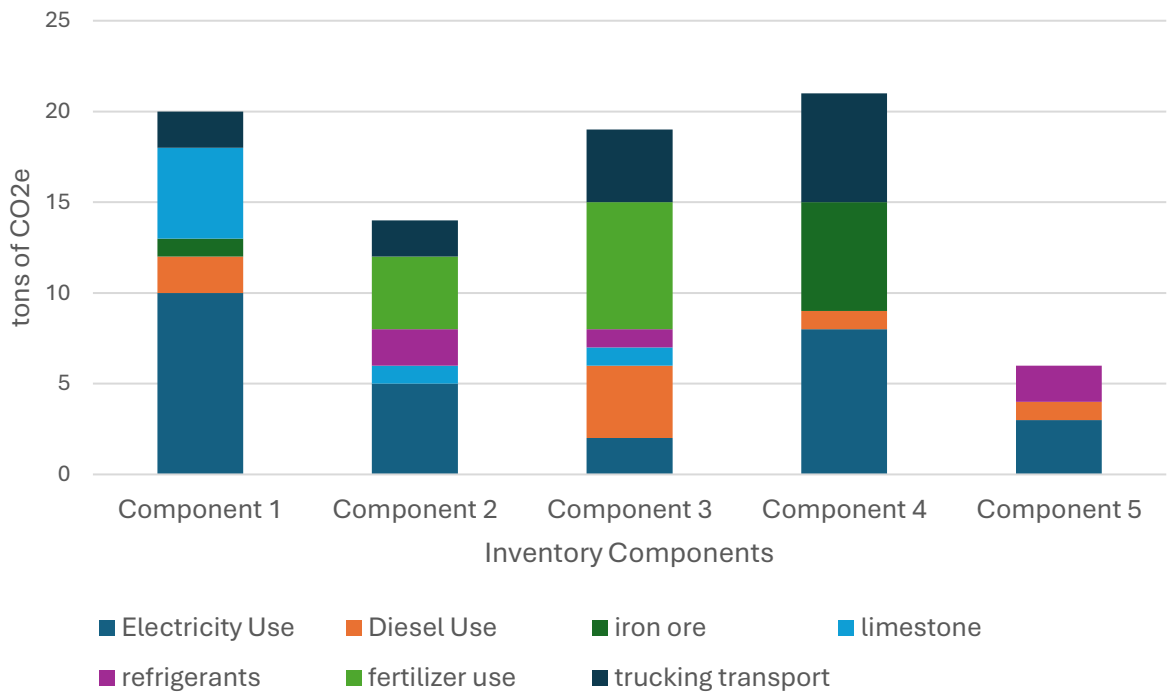
Companies often use EEIO datasets to estimate emission sources within their GHG inventories. EEIO datasets provide emission factors in the form of CO2 (or CO2e) per unit of economic activity within a particular sector. These datasets may use one of the product and sector taxonomy systems identified in Table 3. For example, the US Environmental Protection Agency's EEIO model is built using the NAICS sector categories. Companies using EEIO datasets to calculate scope 3 emissions already assign sector codes to scope 3 activities, and these same data sets could be used to apply the National and International Product and Sector Taxonomy method described above.

Detailed emission factor analysis

Companies that use highly granular emission factors to calculate parts of their Scope 3 emissions can sometimes identify and aggregate components and subcomponents using life cycle assessment and related programming tools.

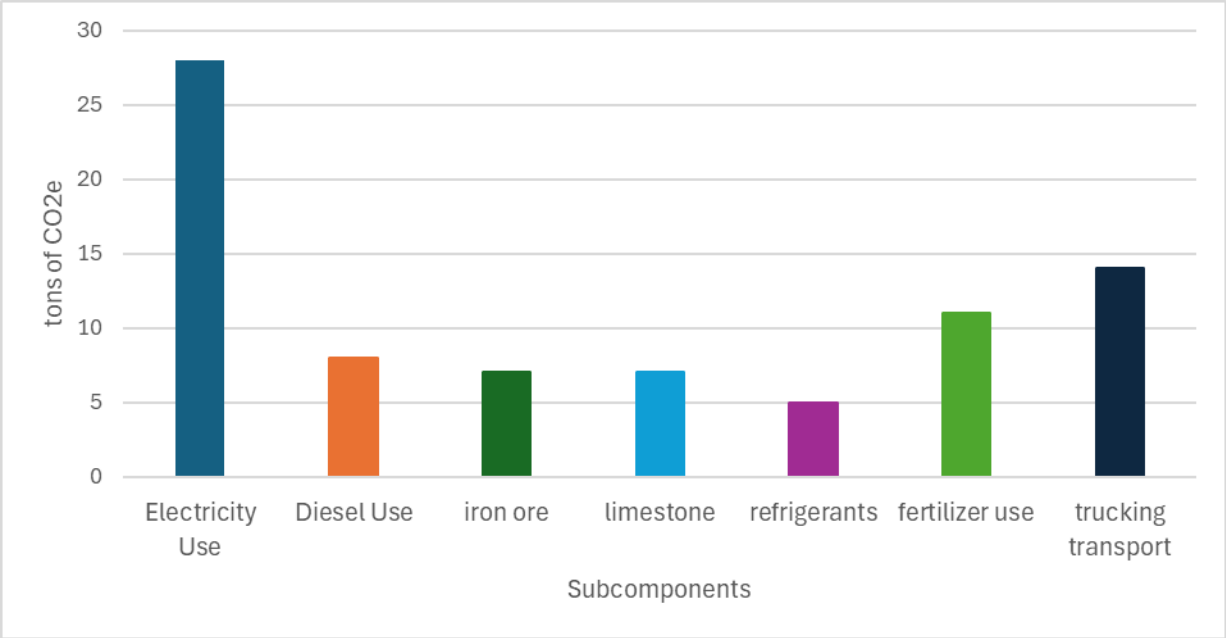
For example, a company studies five inventory components for possible interventions. The company collects detailed cradle-to-gate life cycle assessment studies for those five components. The company obtains the life cycle emission results displayed in Figure 4 below.

Figure 4: Tonnes of CO_2e per component type in the company's GHG inventory



The company takes the subcomponent emission totals in Figure 4 and reorganizes the results around the common subcomponents among the components (Figure 5).

Figure 5: Aggregating Emissions by Subcomponents with LCA Emission Factors



Companies taking this approach will need to convert the subcomponent emissions into subcomponent quantities. For example, the 14 tons of CO_2e from trucking transport would need to be converted back into tonne-kilometers traveled. This can be done by dividing the 14 tonnes of CO2e by a trucking emission factor (e.g. 100 grams CO2e/tonne-km[4]) to estimate 140,000 tonne-kilometers of trucking transport services.

The life cycle emission factors used for this analysis need to use consistent subcomponent classification systems. For example, the life cycle studies used to generate the emission factors need to consistently categorize emissions from mining iron within an "iron ore" subcomponent category or provide enough granularity in the results that companies can further categorize the data into subcomponents consistent with the other aggregation methods provided above. This level of consistency and granularity within life cycle datasets is not widely available.

Companies shall not aggregate subcomponents across the life cycle phases of different, unrelated subcomponents (e.g., aggregating the manufacturing phase emissions from different subcomponents). This level of aggregation is not granular enough to conform with the Basic Association Test requirements.

[4] EPA Smartway 'General' default value for North American road freight carbon intensity

Chapter 5: Basic Association Test (Step 2)

Matching Interventions to Components and Subcomponents

REQUIREMENTS

Companies shall demonstrate that the studied intervention matches a component or subcomponent in the company's GHG inventory. The intervention's quantity shall not be larger than the matched quantity of components or subcomponents.

Interventions matched with a component or subcomponent shall be able to perform at least one of the component or subcomponent's functions or be a known input or output in a component or subcomponent's life cycle.

Interventions shall not be defined at a level higher the matched component or subcomponent aggregation level.

RECOMMENDATIONS

Companies should use sector-specific guidance to match an intervention with an inventory component or subcomponent when such guidance is available.

GUIDANCE

Matching Interventions and Inventory Components or Subcomponents

Sector-specific Approaches

Sector specific guidance can help companies match interventions to specific inventory components and subcomponents when the guidance is available.

One such sector-specific guidance is the Smart Freight Centre's Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting (2023). The framework states that interventions must be implemented within the same transportation mode as the mode of transportation accounted for within the company's inventory. The framework also defines the modes of transportation (i.e., air, cable car, logistics sites, inland waterways, pipelines, rail, road, and sea). Based on this framework, an intervention focused on trucking services can only address trucking inventory components and subcomponents. Interventions cannot be applied across modes (e.g., an air intervention associated with a road component) or aggregated up to a general "transport" level.

General Approach

When sector-specific guidance does not exist, companies are required to demonstrate that the studied intervention:

- Can perform at least one of the component or subcomponent's functions. For example, a low carbon steel product can perform the same functions as conventional steel in structural applications in a building; or
- Is a known input or output in a component or subcomponent's life cycle. For example, an electric arc furnace installed in a steel foundry changes a key process required to produce steel.
- Addresses a quantity of products that is less than or equal to the total company-identified inventory components or subcomponents.

Potential sources of information to demonstrate this requirement include life cycle assessment studies, product process maps, and product manufacturing manuals.

Interventions shall not be defined at a level higher than the matched component or subcomponent aggregation level. For example, if a company constructing data centers aggregates various steel-containing components and subcomponents of the data center at the level of "steel" (e.g., WCO harmonized system code 72), the company may match either steel-denominated interventions (e.g. by procuring low carbon steel environmental attribute certificates) or fund interventions that reduce emissions at different processes in steel's life cycle (e.g. interventions to decarbonize the iron ore extraction process). The company could not associate an intervention unrelated to steel (e.g., production of cardboard packaging) with the company's steel components and subcomponents.

To conform with the matching requirement, an intervention cannot address a quantity of products greater than the quantity of matched components or subcomponents in the company's GHG inventory. For example, if a company identifies 1 million tonnes of concrete components and subcomponents in its inventory, the company could only match up to 1 million low carbon concrete EACs (where EAC = 1 tonne of concrete). If the company funds an intervention within the concrete life cycle, the processes affected by the intervention cannot produce more than the volume of identified concrete components and subcomponents in order to maintain the match. In this case, only a portion of the intervention may be matched with the identified concrete components or subcomponents.

The concept of matching quantities of interventions and components/subcomponents will be further explored in the pilot testing process.

Chapter 6: Further Association Test (Step 3)

Establishing Relationship Between the Company and Intervention Host

REQUIREMENTS

For interventions associated with a company's GHG inventory, companies shall demonstrate that the intervention meets the requirements of one of the three Further Association testing methods:

1. Known Supplier or Customer method
2. Sourcing and Use Region method
3. Hard-to-Abate Sector testing method

RECOMMENDATIONS

Companies should select the association method that is most applicable to the studied intervention.

GUIDANCE

The three methods to establish further association balance the physical proximity of an intervention and a company's known value chain, and the need for near-term interventions in critical sectors with high decarbonization value. Companies should select the further association method that is most applicable to the studied intervention. There is no hierarchy among the methods. The two possible outcomes of assessing an intervention for further association are:

- If an intervention meets all conditions of one of the three methods, the intervention is *associated with the company's value chain*.
- If an intervention does not meet all conditions of any of the three methods, the intervention is **not** associated with the company's value chain.

Companies may evaluate different studied interventions using any of the three further association test methods.

If the intervention produces an output volume that is greater than the quantity of components or subcomponents that can be matched through the chosen further association method, a company may assess the unmatched volume through one of the other further association methods. For example, if a company assesses an intervention through the known supplier method, but the quantity of components or subcomponents sourced from that known supplier is less than the quantity of the intervention, the company could assess the remaining intervention volume against the sourcing and use region method (for matched components or subcomponents sourced from other suppliers).

KNOWN SUPPLIER OR CUSTOMER METHOD

Requirement

To pass the Known Supplier or Customer method companies shall demonstrate that the intervention's host is a known supplier or a known customer.

Guidance

A known supplier is a business with which the company either:

- Has a supply contract for the inventory component, or the supplier is a known subcomponent provider of the inventory component, at the time a binding intervention agreement is signed
- Is a current supplier (or supplier's supplier) of a direct supplier to the company at the time the binding intervention agreement is signed.

A known customer of the company is a downstream customer to which the company sells components to. Customers can include companies and residential customers. Intervention host is an entity that implements the intervention or owns or controls the site where the intervention occurs. Binding intervention agreement means a legally enforceable contract that commits the company to fund an intervention or purchase the output of an intervention (e.g. certain EAC offtake agreements).

Uncertainty about whether a company will continue business with a current supplier or downstream customer in the future discourages companies from making investments in long-term interventions with their suppliers and customers. Intervention partnerships can have a longer time horizon than the terms of supply or sales contracts. The Known Supplier or Customer method provides companies certainty that they can pursue interventions with a current supplier or customer. Companies are not required to trace interventions to the specific known supplier or customer facilities producing the specific component or subcomponents they source. As long as the intervention occurs at a known supplier or customer site, it remains eligible, even if the supplier no longer provides the component in the future. Additional information on intervention crediting periods will be provided in the forthcoming AIM Standard and Guidance

Data Sources

Likely data sources companies can use to determine if an intervention meets the Known Supplier or Customer method include:

For known suppliers:

- The company's active procurement contracts. This information is likely contained within a company's procurement system.

For subcomponent suppliers to known suppliers:

- Documentation from a known supplier that the subcomponent supplier provided products to the direct supplier.
- Certain sector-specific reporting programs. For example, the Higg index includes some Tier 2 manufacturer data for member apparel companies.

- Some company-known supplier contracts may contain contract provisions containing a list of permissible companies the known supplier can source subcomponents from. Possible subcomponent suppliers listed by name in such contracts can qualify so long as the known supplier meets the requirements of this method.

Known customers:

- The company's sales contracts. These contracts may be found in a company's business development and deliveries records.
- For companies that sell to wholesalers, who in turn sell the products to downstream customers, it may be possible to identify downstream customers by obtaining information from the wholesaler.

SOURCING & USE REGION METHOD

Requirement

To pass the Sourcing and Use Region method companies shall demonstrate that the intervention's host is located within the same sourcing or use region as the matched component or subcomponent.

Guidance

For many companies, value chain decarbonization investments are hindered by a lack of visibility of the company's suppliers located upstream in their value chains.

The Sourcing and Use Region association method allows companies to pursue interventions that occur within the likely group of suppliers (or downstream customers) located in the regions the company sources from or sells into, even if direct traceability of a product between the supplier and the company cannot be demonstrated. The concept of a sourcing region (also known as supply shed) is used in the Value Chain Initiative's *Achieving Net Zero through value chain mitigation Interventions: Exploring accounting, monitoring & assurance in food and agriculture* (2023) and the forthcoming GHG Protocol Land Sector and Removals Guidance (expected 2025).

A sourcing region is:

- **In the land sector**: a predefined, spatially explicit land area that supplies harvested biogenic materials to the first collection point or processing facility in the company's value chain (Greenhouse Gas Protocol *Land Sector and Removals Guidance (Draft for Pilot Testing and Review, September 2022))*.

- **In all other sectors**: a group of suppliers in a defined market providing functionally equivalent products to the studied inventory component or subcomponent.

A use region is:

- A defined market or region in which a company's sold products are used and disposed of.

Establishing Supply and Use Defined Markets and Regions

Companies should use sector-specific guidance on determining supply and use regions when that guidance exists. Companies should evaluate the objectives and use cases supported by sector-specific guidance defining sourcing or use regions to determine if this guidance is appropriate for determining further association with this AIM Association Test. When that guidance is unavailable companies should follow the general hierarchy method.

Sector-specific Guidance

Companies should use sector-specific guidance on determining supply and use regions when that guidance exists. For the food, agriculture, and land use sectors (FLAG), this sector guidance includes the forthcoming GHG Protocol Land Sector and Removals Guidance (expected 2025) and the Value Chain Initiative's *Achieving Net Zero through value chain mitigation Interventions: Exploring accounting, monitoring & assurance in food and agriculture* (2023). For the electricity sector, some emerging initiatives are proposing sub-national boundaries for electricity consumption and renewable energy procurement matching. Companies should evaluate the objectives and use cases supported by sector-specific guidance defining sourcing or use regions to determine if this guidance is appropriate for determining further association with this AIM *Association Test*.

Industry associations may have data on specific regions that produce the majority of a particular type of product. While not specifically equivalent to sourcing and use region guidance, this industry information may be useful for companies in determining industry-specific sourcing and use markets or regions.

General Hierarchy Method

When sector-specific guidance is unavailable, companies should use the General Hierarchy outlined in tables 4 and 5 to set the boundaries of their Sourcing or Use Regions. Companies should use the most granular boundaries as their available data allows.

Table 4. Sourcing Region Hierarchy

Sourcing Region Option #	Description	Sourcing Region Boundary
1	When the country of origin of the component or subcomponent is known AND there are known, regional differences in GHG intensity of significant inputs, processes, or products involved in the intervention	Appropriate sub-regional supply shed boundaries relevant to the most likely sub-national sourcing region.
2	When the country of origin of the component or subcomponent is known but sub-national GHG Intensity differences are small or unknown	Country of origin boundary
3	When the country of origin is unknown	The 5 highest producing countries of that product. See potential data sources to identify this boundary.

Table 5. Use Region Hierarchy

Use Region Option #	Description	Use Region Boundary
1	When component or subcomponent use telemetry data is available, allowing the company to identify countries and sub-national regions of product use	Sub-national region that is relevant to the component or subcomponent and the intervention (e.g. electric grid markets)
2	When the point-of-sale country is known	Country-level boundary
3	When multi-country region point of sale is known (e.g. European union, ASEAN countries).	Applicable multi-country region

Data Sources

Likely data sources to identify the appropriate Use Region for the component or subcomponent include:

- A company's point of sales records
- Export records
- For connected devices (e.g. mobile phones, gaming systems), user usage data maintained by the company

Likely data sources to identify the appropriate Sourcing Region for the component or subcomponent include:

- Import records
- Product labeling (e.g. apparel tag “made in country ABC”)

Sources to Identify Sub-national GHG Differences

Within countries there may be significant regional differences in GHG intensities for different product life cycles. Likely examples of systems with regional differences include electric grid regions and agricultural climate zones. When significant regional differences exist companies should collect sub-national data to define an appropriate sub-national supply or use region.

Likely data sources available to determine if significant regional differences exist include:

- Electric grid emission factors
    - National energy agencies or, in some cases, the International Energy Agency (IEA) published sub-national emission factors
- National agriculture or industrial agencies emission factor data
    - Example: Federal Life Cycle Assessment Commons Data Repository
- Life cycle assessment databases that contain product emission factors for sub-national regions
    - Example: Select Life Cycle Initiative-linked Databases

The pilot test process will inform the development of a significance threshold, and further refinement of the sub-national sourcing and use region guidance.

Sources to Identify Top Producing Countries of a Particular Subcomponent

Sourcing Region method option 3 allows companies to establish a sourcing region comprising of the 5 countries that produce the greatest quantities of the component or subcomponent in question. For example, a company considering interventions at the volume of copper subcomponents in their value chain, but who does not know the country of origin of the copper, could look at the top copper producing countries listed in the “Our World of Data” project of the Global Change Data Lab. Table 6 below displays the copper production data for the five largest copper-producing countries in 2023.

Table 6. 2023 Largest Copper-producing Countries

Country	Copper Mine Production (tonnes)
Chile	5,000,000
Peru	2,600,000
Democratic Republic of Congo	2,500,000
China	1,700,000
United States	1,100,000

Using this data the company sets the sourcing region for its copper production as the country boundaries of Chile, Peru, Democratic Republic of Congo, China, and the United States.

Companies should use publicly available data sources to identify the top producing countries for a given subcomponent. Likely data sources include, but are not limited to:

Agricultural Commodities

- United States Department of Agriculture
  - Provides data on agricultural commodity production volumes by country and commodity type.

Minerals and Metals Commodities

- International Energy Agency
  - Publishes a Critical Minerals Data Explorer, from which a supply of selected "key minerals" can be inferred, by country.
- MineralsUK (British Geological Survey)
  - Publishes world minerals statistics including mass of commodity produced, by country.
- United States Geological Survey
- Publishes a minerals yearbook that includes data on commodity production by country.

Multiple Sectors

- Our World in Data (Global Change Data Lab)
  - Provides country level data on agricultural commodity production, mineral and metals production, and other sectors.

HARD-TO-ABATE SECTOR METHOD

Requirements

To pass the Hard-to-Abate Sector method companies shall demonstrate that the studied intervention addresses one of the listed **Critical Sectors,** and either:

1) Utilizes a technology on the Core Sectoral Decarbonization Technologies list ("**AIM Positive List**"), or
2) Meets the technology market penetration rate and decarbonization potential threshold requirements.
    a. **Technology market penetration rate**: the market penetration rate of the intervention technology is less than five percent globally, or in the market or region the intervention takes place in.
    b. **Decarbonization potential threshold**: the decarbonization potential of the studied intervention is greater than the threshold for each Critical Sector listed below:
        i. Aluminum: 60%
        ii. Cement/Concrete: 50%
        iii. Steel: 50%
        iv. Chemicals: 30%
        v. Aviation: 60%
        vi. Shipping (Maritime): 60%
        vii. Trucking: 60%

Guidance

The Hard-to-Abate Sector Method recognizes that there are critical technologies that need to be scaled in certain hard-to-abate sectors to decarbonize the global economy. Many of the technologies that can drive deep decarbonization in these sectors are yet to reach commercial scale, are available in limited quantities and limited locations, and carry a significant cost premium to the existing technologies.

The Hard-to-Abate Sector Method allows companies to pursue qualifying interventions without having to establish physical association between the company and the intervention host. Companies are also required to meet the Basic Association test requirements that the intervention addresses a component or subcomponent in the company's GHG inventory.

The Intervention Addresses One of the Listed Critical Sectors

The multi-stakeholder Mission Possible Partnership (MPP) has defined seven sectors with emissions that are particularly hard to mitigate, where emissions mitigation is also critical for achieving global climate goals. To satisfy this requirement, the intervention shall occur within one of the MPP Critical Sectors:

1. Aluminum
2. Cement
3. Steel
4. Chemicals
5. Aviation
6. Shipping (Maritime)
7. Trucking

The AIM Platform may add additional sectors to this list in the future.

Core Sectoral Decarbonization Technologies List ("AIM Positive List")

Technologies included on the *AIM Positive List* are crucial to scale to decarbonize each of the MPP Critical Sectors. To satisfy the *AIM Positive List* requirement the intervention shall utilize one of the technologies listed in Table 7 below.

Table 7. Approved Core Sectoral Decarbonization Technologies List

Sector	Technology
Aluminum	- Inert anode technology backed by renewable electricity - Electric calcination backed by renewable electricity - Mechanical vapor recompression backed by renewable electricity - Furnace electrification backed by renewable electricity - Carbon capture, use, and storage (CCUS) technologies for process emissions with a capture rate of >90% - Aluminum furnaces fueled by green hydrogen backed by renewable electricity
Cement / Concrete	- Concrete made with zero clinker per unit of cement/binder - Concrete made with a cement/binder that is made from a non-carbonate feedstock material, and produced with methods powered by renewable electricity - Concrete made with low to zero emission cement via CCUS with a capture rate of >90%
Steel	- Blast furnace basic and basic oxygen furnace (BF-BOF) + CCUS or bioenergy carbon capture, use, and storage (BECCUS) with a capture rate of >90% - Smelting reduction + CCS with a capture rate of >90% - Direct reduction iron electric arc furnace (DRI-EAF) + CCS with a capture rate of >90% - DRI-EAF powered by 100% green hydrogen backed by renewable electricity - DRI-Melt-BOF powered by 100% green hydrogen backed by renewable electricity - DRI-Melt-BOF + CCS with a capture rate of >90% - Electrolyser-EAF - Electrowinning-EAF
Chemicals	- Electrification of steam cracking backed by renewable electricity - Production of chemicals through electrochemistry backed by renewable electricity - Non-fossil recycled feedstocks for chemicals production - Ammonia produced using green hydrogen backed by renewable electricity - CCS for process emissions with a capture rate of >90%
Aviation	Sustainable Aviation Fuel (SAF) produced using one of the following production methods: - Power-to-Liquid (PtL) produced using green hydrogen backed by renewable electricity - Hydrogenated Esters and Fatty Acids (HEFA) produced using a feedstock with an induced land use change (ILUC) value of 0 or less according to the Carbon Offsetting and Reduction

	Scheme of International Aviation (CORSIA) Default Lifecycle Emission Values for CORSIA Eligible Fuels[5]. - Alcohol to Jet (AtJ) produced using a feedstock with a CORSIA ILUC value of 0 or less. - Gasification and Fischer-Tropsch (FT) produced using a feedstock with a CORSIA ILUC value of 0 or less.
Shipping	- E-Ammonia produced using green hydrogen backed by renewable electricity - Green Hydrogen backed by renewable electricity - E-methane produced using green hydrogen backed by renewable electricity - Bio-methane produced using a feedstock qualifying under EU RED Annex IX, or with a CORSIA ILUC value of 0 or less. - E-methanol produced using green hydrogen backed by renewable electricity - Bio-methanol produced using a feedstock qualifying under EU RED Annex IX, or with a CORSIA ILUC value of 0 or less.
Trucking	- Battery electric vehicles (BEVs) with a Gross Vehicle Weight Rating (GVWR) or greater than 19,501 pounds (8,846 kg) backed by renewable electricity - Fuel cell electric vehicles (FCEVs) with a GVWR of greater than 19,501 pounds (8,846 kg) utilizing green hydrogen backed by renewable electricity

Table 7 contains the draft *AIM Positive List* for use during the 2025 pilot testing. The *AIM Positive List* was created using publicly available industry and technology decarbonization potential studies and related information, that was available in late 2024. In 2025 the AIM Platform will create a process to develop and maintain the *AIM Positive List* in a method consistence with the AIM Platform *Guiding Principles*.

Conformance with the *AIM Positive List* requirement is determined when the intervention binding agreement is signed. If a technology is removed from the *AIM Positive List* after a binding intervention agreement is signed the intervention will remain in conformance with the *AIM Positive List* during the term of the intervention crediting period. Requirements and guidance on intervention crediting periods and related topics will be provided in the subsequent *AIM Standard and Guidance*.

Technology Market Penetration Rate

There are likely hard-to-abate sector technologies that are not on the *AIM Positive List*. These technologies can still meet the Hard-to-Abate Sector Method requirements by demonstrating conformance with the five percent technology market penetration rate and decarbonization potential threshold requirements.

Companies should use publicly available data sources to determine a technology's current market penetration rate. When publicly available data on current market penetration are unavailable companies may use industry proprietary data or develop conservative estimates based on technology adoption models and forecasts, Companies should use the most recently available data for the given sector to assess the technology market penetration rate. Market penetration data should be published within five years prior to the intervention occurring.

[5] https://www.icao.int/environmentalprotection/CORSIA/Documents/CORSIA_Eligible_Fuels/ICAO%20document%2006%20-%20Default%20Life%20Cycle%20Emissions%20-%20October%202024.pdf

Examples of market penetration data sources include, but are not limited to:

- International organizations and agencies
    - Example: the International Maritime Organization, a United Nations agency, reports that use of alternative fuels and biofuels were .1% of overall maritime fuel in 2021[6]
- Industry trade associations
    - Example: the International Air Transport Association reports that SAF volumes in 2022 were 0.2 percent of global jet fuel use[7]
- Nongovernmental organizations
    - Example: the World Economic Forum reports that in 2023, clean hydrogen-based DRI-EAFs were less than 1 percent of total steel production[8]
- Market Insight Firms
    - Example: Future Market Insights predicts that green ammonia will be 3-4% of global ammonia production by 2033[9], indicating that current market penetration is well below 5 percent.

The market penetration rate requirement is initially assessed against a technology's global market penetration level. Once a technology has reached 5 percent global market penetration, companies may assess the technology against the market penetration rate of the geographic region the intervention occurs within. If the technology is below the 5 percent threshold in a certain geography, an intervention in that geography would satisfy the requirement. Figure 6 identifies the different geographic scopes available to assess intervention market penetration rates within.

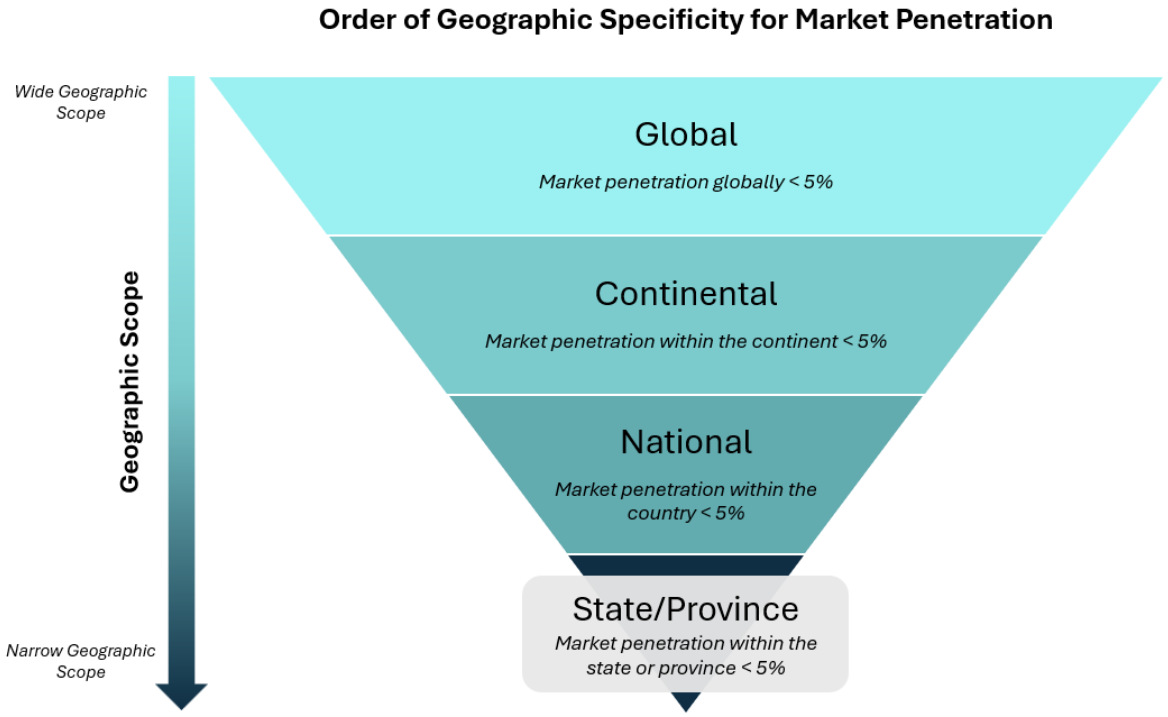
[6]https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Air%20pollution/MEPC%2079-6-1%20-%20Report%20of%20fuel%20oil%20consumption%20data%20submitted%20to%20the%20IMO%20Ship%20Fuel%20Oil%20ConsumptionDatabase...%20(Secretariat).pdf

[7] https://www.iata.org/contentassets/c81222d96c9a4e0bb4ff6ced0126f0bb/iata-annual-review-2024.pdf

[8] https://www3.weforum.org/docs/WEF_Net_Zero_Tracker_2023_STEEL.pdf

[9] https://www.futuremarketinsights.com/reports/green-ammonia-market#:~:text=The%20global%20green%20ammonia%20market,conventional%20ammonia%20for%20fertilizer%20production.

Figure 6: Geographic Boundary Hierarchy of Market Penetration Rates



For example, consider a company that wants to replace a Blast Furnace-Basic Oxygen Furnace (BF-BOF) with a direct reduction iron electric arc furnace (DRI-EAF) for steel production. Publicly available data indicates that global market penetration for DRI-EAFs was approximately 5 percent in 2022[10], meaning a DRI-EAF project occurring in 2025 would not meet the global market penetration rate requirement. For a company to qualify a DRI-EAF project through the *Association Test,* the company would need to demonstrate that the continent, nation, or state/province sub-national region where the project is installed has not reached a 5 percent market penetration rate. Alternatively, the company could assess the intervention against another further association method.

Interventions addressing one of the Critical Sectors may contain multiple technology changes. When more than one technology change is involved, companies should assess the technology that contributes the largest emission reduction in the intervention for the market penetration requirement assessment.

Intervention Decarbonization Potential Threshold

The company shall demonstrate that the decarbonization potential of the studied intervention is greater than the technology's critical sector decarbonization potential threshold as included in table 8.

[10] https://ieefa.org/sites/default/files/2022-06/steel-fact-sheet.pdf

The intervention decarbonization potential threshold reflects the differing viable decarbonization technologies and pathways for different sectors. Table 8 lists the intervention decarbonization potential thresholds for each of the critical sectors. The threshold values were developed from publicly available industry information and decarbonization potential studies accessed in 2024. In 2025, the AIM Platform will create a process to maintain and update the sectoral decarbonization potential thresholds in a method consistent with the AIM Platform *Guiding Principles*.

Table 8. Intervention Decarbonization Potential Thresholds for Hard-to-Abate Sectors

Sector	*Intervention Decarbonization Potential Threshold*
Aluminum	60%
Cement/Concrete	50%
Steel	50%
Chemicals	30%
Aviation	60%
Shipping	60%
Trucking	60%

The intervention decarbonization potential threshold requirement should be assessed at the level of the studied intervention. Individual processes or inputs within the studied intervention do not need to pass the decarbonization potential threshold on their own. For example, a company invests in the decarbonization of a chemical production facility by using a recycled feedstock, implementing various efficiency improvements, and adding a carbon capture and storage (CCS) system with a low capture rate. Each of the feedstock changes, efficiency improvements, and the CCS system have individual decarbonization potentials of below 30% as compared to their individual existing baseline technologies. However, when evaluated at the level of a particular produced chemical intervention (e.g., decarbonization of a ton of produced chemicals), the intervention can achieve a 30 percent reduction, satisfying the requirement.

To assess whether an intervention meets the intervention decarbonization potential threshold requirement, the intervention's emissions profile shall be compared to the emission profile of a technology baseline. Companies shall determine an appropriate baseline:

1. Based on the specific intervention, if possible. Identify and quantify the emissions factor of the product or process displaced by the intervention and calculate the difference between this product or process and the studied intervention.

   For example, a maritime decarbonization intervention involves the replacement of fossil fuels with a low emission drop in fuel. The emission intensity of the transportation service provided by the vessel with fossil fuel could be used as the baseline against the emission intensity of the transportation service provided by that same vessel using the drop in fuel.

   Examples of data sources include, but are not limited to, information from the intervention host, and project accounting life cycle studies specific to the studied intervention and intervention host site.

2. If specific intervention baseline information is not available, based on sector level information. Companies should use sector specific guidance to identify the most likely technology being displaced by the intervention technology.

   For example, if a company is investing in SAF, it could use the CORSIA default jet fuel emissions factor (89gr CO2e/MJ jet fuel) for any intervention, because this value is widely accepted as a globally usable baseline for jet fuel. In another example, a company investing in a low-carbon concrete project, could utilize sector specific data (e.g., LCA data from associations like the National Ready Mix Concrete Association (U.S.)) to identify a baseline that reflects the specifics of the concrete project, given the significant variation in emission factor depending on geography, load rating, and product mix.

This baselining process is for the purpose of assessing conformance with the Intervention Decarbonization Potential Threshold requirement. This is separate from the process of determining a baseline to account for the intervention's emissions change. Additional requirements and guidance on baselines will be provided in the forthcoming AIM Standard and Guidance.

Chapter 7: Interpreting Association Test Results

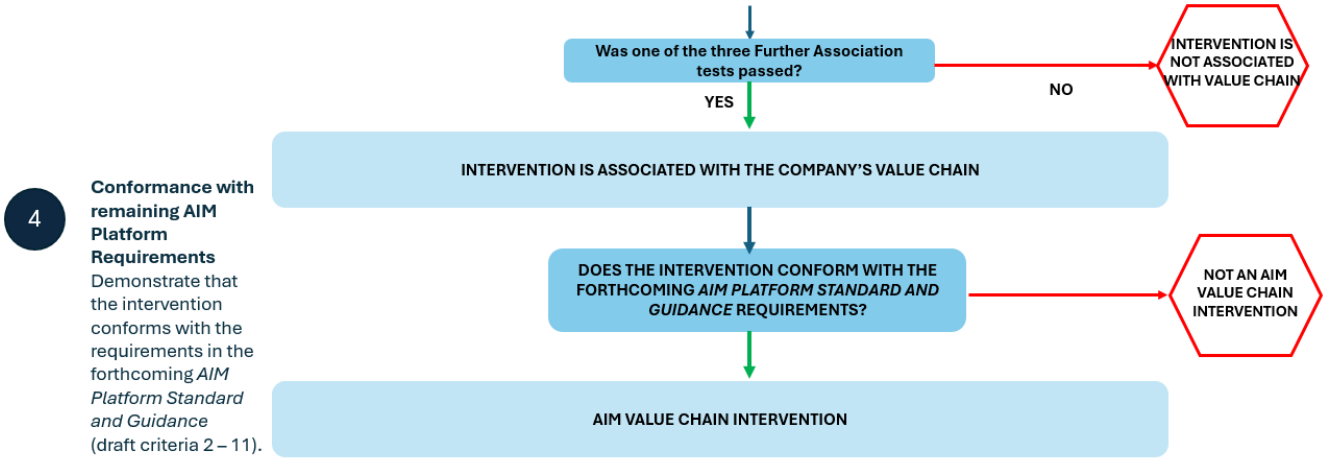
Interventions that conform with the requirements of the Basic and one of the Further Association Methods can be claimed to *be associated with the company's value chain*. This is the specific phraseology of the claim supported by results of the AIM *Association Test*. Companies should transparently disclose which association method was applied, with sufficient information for a relevant professional to be able to follow and assess conclusions. Without conformance with the full AIM Platform Standard and Guidance (which will cover the criteria 2 through 11 requirements of the 2024 draft AIM criteria) companies shall not claim that interventions are "AIM conformant," an "AIM Value Chain Intervention," or related claims.

The forthcoming AIM Platform Standard and Guidance is intended to be sufficiently detailed and rigorous to support claims that conforming interventions are "AIM value chain interventions." See Figure 7 for how the "*associated with a company's value chain*" and an 'AIM Value Chain Intervention" concepts relate. The AIM Platform will seek stakeholder feedback on the draft Standard and Guidance in 2025.

In addition to the *Association Test* content, topics the draft AIM Platform Standard and Guidance will address include:

- Intervention quality requirements
- Intervention mitigation accounting requirements and guidance
- Requirements for tracking and claiming emission profiles or emission reductions from interventions
- Intervention crediting periods
- Reporting & Assurance requirements

Figure 7: Distinction between Interventions Associated with a Company's Value Chain Interventions and AIM Value Chain Interventions



Appendix A: Summary of Requirements and Guidance

IDENTIFY AND QUANTIFY VALUE CHAIN COMPONENTS AND SUBCOMPONENTS (STEP 1)

Requirements

- For interventions under consideration, companies shall identify and quantify their GHG inventory components and subcomponents.
- Companies shall not double count the same components and subcomponents.
- Companies shall not aggregate subcomponents across the life cycle phases of different, unrelated subcomponents (e.g., aggregating the manufacturing phase emissions from different subcomponents).

Recommendations

- Companies should document the supplier and/or geographic location that produces the components and subcomponents (if known).

Guidance

- Companies may use taxonomy systems to aggregate like components and subcomponents, so long as the aggregation level is consistent with, or more granular than, the taxonomy system aggregation levels listed in Table 2.

BASIC ASSOCIATION TEST (STEP 2)

Requirements

- Companies shall demonstrate that the studied intervention matches a component or subcomponent in the company's GHG inventory. The intervention's quantity shall not be larger than the matched quantity of components or subcomponents.
- Interventions matched with a component or subcomponent shall be able to perform at least one of the component or subcomponent's functions or be a known input or output in a component or subcomponent's life cycle.
- Interventions shall not be defined at a higher level than the matched component or subcomponent aggregation level.

Recommendations

- Companies should use sector-specific guidance to match an intervention with an inventory component or subcomponent when such guidance is available.

FURTHER ASSOCIATION TEST (STEP 3)

Requirements

- For interventions associated with a company's GHG inventory, companies shall demonstrate that the intervention meets the requirements of one of the three Further Association testing methods: Known Supplier method
- Sourcing and Use Region method
- The Hard-to-Abate Sector testing method

Recommendations

- Companies should select the association method that is most applicable to the studied intervention.

Known Supplier or Customer Method

Requirements

- To pass the Known Supplier or Customer method companies shall demonstrate that the intervention's host is a known supplier or a known customer.

Sourcing & Use Region Method

Requirements

- To pass the Sourcing and Use Region method companies shall demonstrate that the intervention's host is located within the same sourcing or use region as the matched component or subcomponent.

Recommendations

- Companies should use sector-specific guidance on determining supply and use regions when that guidance exists. Companies should evaluate the objectives and use cases supported by sector-specific guidance defining sourcing or use regions to determine if this guidance is appropriate for determining further association with this AIM Association Test.
- When that guidance is unavailable companies should follow the general hierarchy method.
- Companies should use the most granular boundaries as their available data allows.
- Companies should use publicly available data sources to identify the top producing countries for a given subcomponent.

Guidance

Companies may use industry association data to identify specific sourcing or use regions.

Hard-to-Abate Sector Method

Requirements

- To pass the Hard-to-Abate Sector method companies shall demonstrate that the studied intervention addresses:
    - One of the listed Critical Sectors, and either:
    - Utilizes a technology on the Core Sectoral Decarbonization Technologies list ("AIM Positive List"), or
    - Meets the technology market penetration rate and decarbonization potential threshold requirements.
        - Technology market penetration rate: the market penetration rate of the intervention technology is less than five percent globally, or in the market or region the intervention takes place in.
        - Decarbonization potential threshold: the intervention technology achieves decarbonization (compared to an incumbent baseline) greater than the threshold for each sector listed below:
            - Aluminum: 60%
            - Cement/Concrete: 50%
            - Steel: 50%
            - Chemicals: 30%
            - Aviation: 60%
            - Shipping (Maritime): 60%
            - Trucking: 60%

Technology Market Penetration Rate

Recommendations

- Companies should use publicly available data sources to determine a technology's current market penetration rate.
- Companies should use the most recently available data for the given sector to assess the technology market penetration rate. Market penetration data should be published within five years prior to the intervention occurring.
- When more than one technology change is involved, companies should assess the technology that contributes the largest emission reduction in the intervention for market penetration requirement assessment.

Guidance

- When publicly available data on current market penetration are unavailable companies may use industry proprietary data or develop conservative estimates based on technology adoption models and forecasts,
- Once a technology has reached 5 percent global market penetration, companies may assess the technology against the market penetration rate of the geographic region the intervention occurs within

Decarbonization Potential Threshold

Requirements

- The company shall demonstrate that the decarbonization potential of the studied intervention is greater than the technology's critical sector decarb threshold as included in table 8.
- Companies shall determine an appropriate baseline based on the specific intervention, if possible. If specific intervention baseline information is not available, companies shall use sector-level information to establish the baseline.

Recommendations

- The intervention decarbonization potential threshold requirement should be assessed at the level of the studied intervention.

Interpreting Association Test Results

Requirements

- Without conformance with the full AIM Platform Standard and Guidance companies shall not claim that interventions are "AIM conformant," an "AIM Value Chain Intervention," or related claims.

Recommendations

Companies should disclose which association method was applied, with sufficient information for a relevant professional to be able to follow and assess conclusions.

Appendix B: Glossary

Term	Source	Definition
Activity Data	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A quantitative measure of a level of activity that results in GHG emissions. Activity data is multiplied by an emissions factor to derive the GHG emissions associated with a process or an operation. Examples of activity data include kilowatt-hours of electricity used, quantity of fuel used, output of a process, hours equipment is operated, distance traveled, and floor area of a building.
Associated / Association	AIM Platform	An umbrella term for two forms of association that work concurrently to determine whether an intervention is sufficiently associated with a company's value chain and can be credibly reported towards value chain abatement mitigation targets See: Inventory Association and Intervention Association
Assurance	GHGP Product Life Cycle Accounting and Reporting Standard	The level of confidence that the inventory and report are complete, accurate, consistent, transparent, relevant, and without material misstatements.
Baseline	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A hypothetical scenario for what GHG emissions would have been in the absence of a GHG project or reduction activity.
Binding Intervention Agreement	AIM Platform	A legally enforceable contract that commits the company to fund an intervention or purchase the output of an intervention (e.g., certain EAC offtake agreements)
Bioenergy with carbon capture, utilization, and storage (BECCUS)	Mission Possible Partnership. (September 2022). Making Net-Zero Steel Possible.	A technology that combines bioenergy with carbon capture and storage to produce energy and net negative greenhouse gas emissions (i.e., removal of carbon dioxide from the atmosphere)
Claim(ed)	ISO 14016:2020(en), 3.1.10	Information declared by the reporting organization (3.4.1)
Company	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	The term company is used in this standard as shorthand to refer to the entity developing a scope 3 GHG inventory, which may include any organization or

		institution, either public or private, such as businesses, corporations, government agencies, non-profit organizations, assurers and verifiers, universities, etc.
Component	AIM Platform	Components are the products companies directly purchase and sell across their value chains. Components include: 1) products purchased from direct (Tier 1) suppliers, 2) products sold to a company's customers (either end users or business-to-business customers), and 3) employee commuting activities (although most companies do not "purchase" employee commuting activities, for the purposes of the Association Test employee commuting activities are inventory subcomponents)
Country of origin	Adapted from US Customs Bureau. U.S. Customs and Border Protection. (2024, May 22). Marking of Country of Origin on U.S. Imports. https://www.cbp.gov/trade/rulings/informed-compliance-publications/marking-country-origin-us-imports	The country of manufacture or production of the product.
Decarbonization Potential	AIM Platform	The difference between the emission rates of the intervention and technology baseline
Double-Counting	SBTi Glossary	A situation in which a single emission reduction and/or removal is counted more than once towards achieving mitigation targets or goals (adapted from (ICVCM, 2022). Double counting may refer to a situation in which a quantity of GHG emissions is included in more than one organization's GHG inventory. This can occur across scopes (scope 1, 2 and 3) and within a single scope due to differing consolidation approaches, differing emissions calculation methodologies, and the intentional design of emissions accounting standards.
Emission Factor	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A factor that converts activity data into GHG emissions data (e.g., kg CO2 e emitted per liter of fuel consumed, kg CO2 e emitted per kilometer traveled, etc.).
Emission Intensity	SBTi Glossary	Emissions per a specific unit, for example: tCO2e/$million invested, tCO2e/MWh, tCO2e/ton produced, tCO2e/$million company revenue.

Emissions	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	The release of greenhouse gases into the atmosphere.
Emissions Profile	AIM Platform	The greenhouse gasses emitted through a product's life cycle, from raw material extraction, to manufacturing, distribution, use, and disposal
Environmental Integrity	ISO 14080:2018(en), 3.1.1.2	Environmental soundness and enhancement of mitigation and/or adaptation actions that do not lead to direct or indirect environment harm
Environmentally extended input-output (EEIO)	GHGP Product Life Cycle Accounting and Reporting Standard	Emission factors developed through the analysis of economic flows and used to estimate GHG emissions for a given industry or product category
Final Product	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	Goods and services that are consumed by the end user in their current form, without further processing, transformation, or inclusion in another product. Final products include not only products consumed by end consumers, but also products consumed by businesses in the current form (e.g., capital goods) and products sold to retailers for resale to end consumers (e.g., consumer products).
FLAG	SBTi Glossary	Companies with FLAG-related emissions that total 20% or more of overall emissions across scopes 1, 2 and 3 (land-use change, land management, biogenic removals)
Function	GHGP Product Life Cycle Accounting and Reporting Standard	The service provided by the studied product
Good	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A tangible product
Good/service matching	AIM Platform	Represent an equivalent good or service (inventory component) or underlying source of emissions (inventory subcomponent) "like for like" - 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
Greenhouse Gas (GHG) Accounting	World Resources Institute	Measuring and monitoring GHG emissions using standardized methods and reporting on them per agreed-upon protocols. These standardized methods enable companies, governments and individuals to measure the quantity of

		GHG emissions resulting from their activities, both directly through their operations and indirectly through their upstream supply chains and downstream customers.
Greenhouse Gas (GHG) Inventory	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A quantified list of an organization's GHG emissions and sources.
Greenhouse Gas Protocol	SBTi Glossary	Comprehensive global standardized frameworks to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions. The GHG Protocol supplies the world's most widely used GHG accounting standards. The Corporate Accounting and Reporting Standard provides the accounting platform for virtually every corporate GHG reporting program in the world.
Intermediate product	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	Goods that are inputs to the production of other goods or services that require further processing, transformation, or inclusion in another product before use by the end consumer. Intermediate products are not consumed by the end user in their current form.
Intervention	AIM Platform	A value chain activity that reduces or removes GHG emissions from the atmosphere. This definition applies irrespective of the accounting framework used (e.g. project-based accounting or inventory accounting).
Intervention Host	AIM Platform	An entity that implements the intervention, or owns or control the site where the intervention is implemented or occurs
Inventory Accounting (i.e., Attributional Accounting)	Greenhouse Gas Protocol. Inventory and Project Accounting: A Comparative Review	Tracks GHG emissions and removals within a defined organizational and operational boundary over time. It is the primary method used by corporations and other organizations to report emissions from their operations and value chains. Its rules and procedures are detailed within several GHG Protocol standards and guidance including the GHG Protocol Corporate Standard, the Scope 2 Guidance, the Corporate Value Chain (Scope 3) Standard, and the upcoming Land Sector and Removals Guidance. The inventory accounting approach requires reporting organizations to define clear organizational and operational boundaries, within which emissions are quantified and organized across scopes 1, 2, and 3. The GHG Protocol standards and guidance documents also delineate cases in which emissions, such as biogenic CO2 emissions, shall be reported outside the scopes.

Life cycle	GHG Protocol Product Life Cycle Accounting and Reporting Standard	Consecutive and interlinked stages of a product system, from raw material acquisition or generation of natural resources to end-of-life.
Life cycle assessment (LCA)	ISO 14040:2006(en), 3.2	Compilation and evaluation of the inputs, outputs, and potential environmental impacts of a product system throughout its life cycle
Process	GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A set of interrelated or interacting activities that transforms or transports a product.
Product	GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A good or service
Project-Based Accounting (e.g., Consequential Accounting, Intervention Accounting)	Greenhouse Gas Protocol. Inventory and Project Accounting: A Comparative Review	Project-based accounting, also known as consequential accounting or intervention accounting, estimates the impacts or changes in GHG emissions resulting from specific projects, actions, or interventions relative to a counterfactual baseline scenario. It is the primary method used to evaluate the emission effects of projects by comparing emissions and removals that happen in the project scenario with an estimate of what would have happened without the intervention. The project-based accounting approach evaluates system-wide emissions impacts of the project or intervention in question, without regard to the reporting company's operational or organizational inventory boundary.
Scope 3 Activity	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	An individual source of emissions included in a scope 3 category
Scope 3 Category	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	One of the 15 types of scope 3 emissions.
Scope 3 Emissions	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Scope 3 Greenhouse Gas Inventory	ISO 6338-1:2024(en), 3.4	Emissions from sources that are not owned and not directly controlled by the facility Note 1 to entry: However, they are related to the company's activities. This is usually considered to be the supply chain of the company, so emissions

		caused by vendors within the supply chain, outsourced activities, and employee travel and commute. In many industries, these emissions account for the biggest amount of GHG emissions. This is due to the fact that in today's economy, many tasks are outsourced, and few companies own the entire value chain of their products.
Sector Guidance	GHGP Product Life Cycle Accounting and Reporting Standard	A document or tool that provides guidance for performing a product GHG inventory within a given sector
Service	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	An intangible product.
Standard	SBTi Glossary	Document that provides a set of criteria and/or guidelines established by an authority, organization, or consensus, to ensure uniformity, consistency, and interoperability in a particular context.
Subcomponent	AIM Platform	Intermediate products that are inputs to the components. Subcomponents include: 1) input products used to produce components and, 2) downstream products and process outputs.
Supplier	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	An entity that provides or sells products to another entity (i.e., a customer).
Supply Chain	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A network of organizations (e.g., manufacturers, wholesalers, distributors and retailers) involved in the production, delivery, and sale of a product to the consumer.
Supply Shed	Value Chain Initiative: Building the Case for Value Chain Interventions (2024)	A group of suppliers in a specifically defined market (e.g., at a national or sub-national level) providing functionally equivalent goods or services (commodities) in a defined geographic region that allows reasonable granularity (e.g., jurisdiction or region on sub-national level) that can be demonstrated to be within the company's supply chain
Tier 1 Supplier	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A supplier that provides or sells products directly to the reporting company. A tier 1 supplier is a company with which the reporting company has a purchase order for goods or services.

Tier 2 Supplier	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	A supplier that provides or sells products directly to the reporting company's tier 1 supplier. A tier 2 supplier is a company with which the reporting company's tier 1 supplier has a purchase order for goods and services.
Value Chain	AIM Platform	A series of consecutive steps that go into the creation of a finished product, from its initial design to its arrival at the customer. The chain identifies each step in the process at which value is added, including the sourcing, manufacturing, and marketing stages of its production.
Value Chain Emissions	GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard	Emissions from the upstream and downstream activities associated with the operations of the reporting company.
Value Chain Intervention	Value Change: Value Chain (Scope 3) Interventions - Greenhouse Gas Accounting & Reporting Guidance May 2021	An umbrella term for any action that introduces a change to a Scope 3 activity – including a new technology, practice, or supply change to reduce or remove emissions – in all upstream and downstream activities associated with the operations of the reporting company. This includes the use of sold products by consumers and the end-of-life treatment of sold products after consumer use
Verification	AIM Platform	The process of confirming and validating the outcomes or effectiveness of value chain interventions
Voluntary Climate Target	SBTi Glossary	Goals set by a corporation to reduce its impact on the climate. Targets may include a variety of GHG emissions across different corporate activities (i.e., operations, value chain, or products) and may focus on emissions abatement, neutralization, or beyond value chain mitigation.

Appendix C: Draft AIM Criteria 2 through 11

The following text is from the Draft AIM Criteria released in May 2024 for stakeholder feedback. It is provided for reference purposes only, as it is still under revision, with an expected release date in late 2025.

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.
>
> **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 processers 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.

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.

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.

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.