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Document reference number and title: (Recommendation from the MEP to SBM020) **Concept note: Options for implementing the provisions in paragraph 62 of the "Standard: Requirements for activities involving removals under the Article 6.4 mechanism (version 01.0)**				
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1	-	Paragraphs 6–9	Apple welcomes the MEP's systematic treatment of paragraph 62 of the Removals Standard. Carbon removal is essential to any credible strategy to address climate change, and the instruments this concept note evaluates — insurance, guarantees, and the Monetary Permanence Reserve — are what make durable, nature-based removal practically achievable at the scale the climate demands. Apple is committed to the high-integrity use of carbon credits from long-term removal initiatives that adhere to rigorous international standards. We have a direct stake in the viability of nature-based solutions within Article 6.4: forests, regenerative agriculture, and landscape restoration represent the most scalable and economically viable removal pathways available before 2030, and rule designs that effectively exclude them constrain the very supply of high-quality credits that corporate buyers need to meet science-based climate commitments. We encourage the Supervisory Body to evaluate these instruments not only for the risks they may pose to buffer pool solvency, but for the opportunities they create — including improved risk diversification, access to private capital, and more tailored risk management for different activity types. A framework that considers both dimensions will more effectively incentivize private sector engagement into the priorities that Parties identify as needing private finance.	Add to section 3 (e.g., after paragraph 9): In evaluating the measures in sections 3.1 and 3.2, the Supervisory Body may consider that these measures are not mutually exclusive and may operate in combination, with different measures addressing reversal losses of different magnitudes, correlations, and time horizons, provided all reversal risks remain covered and liability is contractually assigned and enforceable. The Supervisory Body is encouraged to assess both the risks and the opportunities associated with these instruments, recognizing that their practical availability is a prerequisite for the continued participation of nature-based removal activities — and the corporate buyers that depend on them — in the Article 6.4 mechanism

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2	3. Key issues and proposed solutions	3.1.3 - Paragraph 33 (and Question 1)	Apple's approach to carbon credit quality depends on ongoing, verifiable monitoring and third-party audits. We apply the same expectation to the institutional frameworks that backstop the projects we invest in: transparency is the foundation of a high-integrity climate mitigation accounting and reporting systems. Insurance of the Reversal Risk Buffer Pool Account requires that underwriters have sufficient information to price the risk they are assuming. Denying that access does not protect the account — it simply forecloses one of the most proven tools for managing large-scale, correlated loss. We recommend the Supervisory Body draw a clear distinction between read-only information disclosure, which is necessary for underwriting, and administrative rights over the account, which are not. The two are not equivalent and should not be treated as such. We are prepared to work with insurance providers, project developers, and the Supervisory Body to identify the transparency protocols that adequately support underwriting without compromising account governance.	Add to paragraph 33: "The MEP recommends that the Supervisory Body clarify that insurance underwriting of the Reversal Risk Buffer Pool Account requires information disclosure regarding the account, not administrative access to it, and is therefore compatible with paragraph 54 of the Removals Standard. The MEP further recommends that the Supervisory Body invite input from insurance providers on the transparency protocols that would be sufficient to support underwriting while preserving the exclusive administration of the account by the mechanism registry administrator."

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3	3. Key issues and proposed solutions	3.2.1.2 - Paragraph 54 (and Question 2); 62	Apple is actively engaged with our partners to improve the scale, quality, and capacity of carbon markets, and we are encouraged by the evolution of these markets toward transparency, integrity, and the innovation in key market markers such as standardization, insurance and finance. We encourage the Supervisory Body to treat ongoing pilots and emerging insurance products as inputs to condition-setting, and to establish the criteria under which such products may operate — initially alongside the buffer pool, on a limited basis — so that the market can develop against defined Article 6.4 requirements.	Amend the final sentence of paragraph 54 to read: "Accordingly, the MEP concludes that the use of activity-level insurance as an alternative to buffer pool contributions is not yet prevalent in carbon crediting mechanisms. The MEP notes, however, that the prevalence of such products is in significant part a function of whether crediting mechanisms have defined the contract specifications against which conforming products can be written, and that the nascent stage of the market should therefore inform the pace of implementation rather than preclude the adoption of the conditions and criteria set out in sections 3.2.1.1 and 3.3 of this concept note. The results of ongoing pilots in voluntary carbon crediting programs should inform subsequent review pursuant to paragraph 92(d)." Revise the final two sentences of paragraph 62 to read: "Considering the Article 6.4 mechanism's early stages of operationalization, the Supervisory Body may wish to continue operationalizing the Reversal Risk Buffer Pool Account as the foundation for managing the risk of reversal, while in parallel adopting the conditions and criteria under which insurance and comparable instruments may be approved, initially as complements to Reversal Risk Buffer Pool Account contributions and on a limited or pilot basis. This will enable the mechanism to incorporate lessons learned as the market for such instruments develops against defined Article 6.4 requirements."

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4	3. Key issues and proposed solutions	3.2.1.2 - Paragraph 55 (and Question 3)	Apple's experience in the carbon markets confirms the MEP's observation: project-level insurance today is bespoke because no standard specifies what it must cover. Products standardize around requirements. The same dynamic will apply to insurance. We recommend the Supervisory Body consolidate the requirements in section 3.2.1.1 and paragraph 100(a) into a single minimum specification — a term sheet that identifies the covered events, the beneficiary structure, the minimum tenor and renewal terms, the claims procedure, and the fallback on lapse. Publishing that specification is the act that enables conforming products to emerge. Without it, the market cannot self-organize. We also note that licensing requirements calibrated to every jurisdiction associated with an underlying activity — rather than to the jurisdiction of the insured — would materially constrain the pool of eligible providers and reduce competitive pricing.	Add after paragraph 55: “The MEP notes that the standardization of insurance products typically follows, rather than precedes, the definition of required contract terms by the relevant standard-setting body. The consolidation of the requirements in section 3.2.1.1 and paragraph 100(a) into a single minimum specification of coverage terms would enable insurers to develop conforming products for the Article 6.4 mechanism. The MEP further recommends that any licensing or authorization requirement for insurers be limited to the jurisdiction in which the insured is established, and not extended to each Party in which the underlying activity is located, in order to preserve a sufficiently broad pool of eligible providers and maintain competitive pricing.”

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5	3. Key issues and proposed solutions	3.2.1.2 - Paragraph 58 (and Question 4)	No insurance product in any market underwrites a continuous single policy at a 45-year term. Testing insurance against that standard is not a quality test — it is a design choice that forecloses a proven risk-management tool without improving protection. The relevant test is whether continuous coverage is maintained in practice: through annual proof of coverage, automatic and pre-defined fallback contributions to the buffer pool if coverage lapses, and collateral arrangements that address renewal pricing and availability risk. We recommend that the framework include a bounded reduction in buffer pool contributions during years when approved complementary insurance is in force, reverting automatically to the full contribution rate upon lapse. This creates the commercial signal that makes complementary insurance worthwhile for project developers — and therefore for buyers seeking a more resilient supply of durable credits — without compromising the baseline protection the buffer pool provides.	Add after paragraph 58: "The MEP notes that the coverage-duration requirement in paragraph 48 may be satisfied either through a single policy term or through successive renewable terms, provided that continuity of coverage is assured through requirements including annual demonstration of continued coverage, a contractual commitment to renew for the remainder of the applicable period or automatic fallback contributions to the Reversal Risk Buffer Pool Account in the event of lapse, and collateral or equivalent arrangements addressing renewal pricing and availability risk, consistent with the approach in paragraphs 87(d) and 100(a)(iii)."

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6	3. Key issues and proposed solutions	3.2.4 - Paragraphs 73–78; 80; 103 (including Footnote 18)	Apple supports beginning Reserve design now. The Reserve's effectiveness depends on an investment horizon that compounds over time — fees collected early, growing through sound financial management, and available for remediation when needed. Every year of delay shortens that horizon and increases the capitalization requirement. This is a known and soluble design problem, not a reason to defer. Long-horizon financial stewardship of this kind is well-understood. Pension funds, endowments, and sovereign wealth funds have developed the governance structures, investment practices, and stress-testing frameworks to manage analogous obligations over decades. The Supervisory Body should draw on that body of institutional knowledge rather than treating Reserve design as novel. Reversal timing uncertainty can be incorporated through conservative capitalization and scenario analysis, not treated as an unresolvable barrier.	Add to paragraph 103 a new subparagraph: "(d) Develop draft procedures for establishing, managing, and using a Monetary Permanence Reserve pursuant to paragraph 62(b) of the Removals Standard, in parallel with the finalization of the Reversal Risk Assessment Tool and drawing on external expertise as appropriate per paragraph 80 of this concept note. The procedures should remain open to design variants in which the Reserve actively manages reversal risk through monitoring, prevention, and replacement functions, including the trust-based structure referenced in footnote 18. Reserve capitalization requirements should be developed through stress testing and scenario analysis that explicitly account for the timing and distribution of future reversals, including adverse scenarios in which reversals are concentrated early in the Reserve's life. The Supervisory Body may wish to draw on the governance and investment practices of long-lived financial institutions, including pension funds and endowments, when designing the Reserve's management arrangements."

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7	3. Key issues and proposed solutions	3.2.4 - Paragraph 81	The underlying scientific and technical rationale for what constitutes an equivalent remediation to a reversal is still developing, and we expect more insights that will enable a high--integrity design choice that simultaneously unlocks the highest levels of mitigation action. Locking in a single equivalence basis now would foreclose approaches that may prove more effective or more reflective of actual climate impact. We recommend the Reserve's procurement procedures be drafted to preserve the Supervisory Body's future flexibility to determine equivalence as the science matures, rather than encoding an early-stage determination that later reforms would need to unwind. On price and availability risk: this is a known challenge in long-horizon financial management, and it has known solutions — forward procurement, portfolio diversification, hedging, and tiered reserve structures. The Supervisory Body should design the Reserve's fee structure to incorporate these tools. Price uncertainty is a parameter to be managed, not a reason to defer implementation.	Add after paragraph 81(b): "The MEP notes that the basis on which remediation is demonstrated to be equivalent to the reversed storage is a design choice for the Supervisory Body. Possible bases include replacement with removals-based A6.4ERs, replacement with A6.4ERs of negligible reversal risk, or emerging accounting approaches that explicitly evaluate climate impact across time. The MEP recommends that the procedures for the Monetary Permanence Reserve be drafted so as to accommodate the Supervisory Body's future determinations on this question."

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8	3. Key issues and proposed solutions	3.4 - Paragraphs 85 (and Question 6); 89–92	Apple invests in projects and uses carbon credits to address the unavoidable emissions in our value chain. We have a direct interest in a reversal risk framework that is both robust and commercially viable for the nature-based activities that supply the credits we need. We agree that the complement pathway is the right starting point. The buffer pool provides baseline first-loss protection; insurance and guarantees address losses that the buffer pool alone may not absorb. These are not competing instruments. They serve different functions within the same architecture, and approving them in combination — rather than as substitutes — is both more protective and more achievable in the near term.	Add to paragraph 92: "(f) The MEP notes that the interaction between the requirements of paragraph 46(b) and the moral hazard considerations described in paragraph 56 supports the initial approval of alternative measures as complements to, rather than substitutes for, contributions to the Reversal Risk Buffer Pool Account. The MEP recommends that eligibility for use as a substitute be considered on the basis of observed performance, informed by the monitoring and evaluation described in subparagraphs (a) and (e). (g) The MEP recommends that the Supervisory Body evaluate the appropriate bounded reduction in Reversal Risk Buffer Pool Account contributions for activities carrying approved complementary insurance during coverage years. This evaluation should address the conditions under which such a reduction would apply, the automatic reversion to the full Reversal Risk Assessment Tool-calibrated contribution rate upon lapse of coverage, and the safeguards needed to prevent the concentration of risk described in paragraph 91." (h) The Supervisory Body should evaluate whether alternative reversal-risk-management measures can provide complementary benefits including improved risk diversification, enhanced financial resilience, increased access to private capital, and more cost-effective risk management for different activity types. The evaluation should also assess the costs of restricting the use of such measures, including whether a single mechanism applied uniformly across all activities may increase compliance costs, reduce flexibility, constrain investment, and limit the scale of high-integrity activities able to participate in the Article 6.4 mechanism."

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9	6. Recommendations to the Supervisory Body	Paragraph 100(b)(v) (and Question 7)	Apple considers independent verification to be a baseline requirement of credit quality, not an optional enhancement. The same logic applies here. Where a post-crediting monitor is affiliated with the insurer or guarantor paying claims on reversals, the verification chain is compromised: the entity with financial exposure to reversal events is also the entity responsible for detecting and reporting them. That is a conflict of interest that independent verification must close, regardless of whether the affiliation is disclosed. We support disclosure as a mandatory starting requirement — buyers and the Supervisory Body must be able to see the relationship. We further support independent periodic or risk-based verification of all reversal and monitoring reports filed by insurer-affiliated monitors, with the secretariat retaining authority to commission additional verification. We do not support a categorical prohibition, which would unnecessarily exclude integrated service providers that may offer legitimate efficiencies. The safeguard is verification, not exclusion.	Add to paragraph 100(b) a new subparagraph: “(vi) Disclose any ownership, control, or corporate affiliation between the designated third-party entity and the insurer or guarantor; where such affiliation exists, reversal reports and monitoring reports submitted by the designated third-party entity shall be subject to independent verification by a designated operational entity or equivalent independent body on a periodic or risk-based schedule determined by the Supervisory Body, and the secretariat may commission additional verification at its discretion.”