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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)

Item	**Section no.** (as indicated in the document)	**Paragraph/Table/Figure no.** (as indicated in the document)	**Comment** (including justification for change)	**Proposed change** (including proposed text)

1	-	Paragraphs 6–9	The Beyond Alliance commends the MEP for a systematic treatment of paragraph 62 of the Removals Standard and supports the concept note's recognition that the Monetary Permanence Reserve and other instruments (e.g., insurance) are legitimate subjects of Article 6.4 rule-making. Beyond recalls that when the Supervisory Body adopted the non-permanence and reversals standard at its eighteenth meeting, more than 180 submissions across two rounds of public input in 2025 had warned that the earlier draft risked excluding nature-based solutions from the mechanism. The Supervisory Body responded constructively, and those decisions signalled that the Article 6.4 mechanism intends to remain open to the full portfolio of removal and emission-reduction pathways, including nature-based approaches. We encourage the Supervisory Body to carry that same disposition into its treatment of paragraph 62 (A6.4-SBM014-A06). The instruments this concept note evaluates — insurance, guarantees, and the Monetary Permanence Reserve — are what translate that openness into practical viability for nature-based activities, which are best assured through financial and institutional instruments that manage reversal risk over time. Deferring their development risks re-creating, in practice, the exclusionary effect the Supervisory Body acted to prevent in the standard itself. We recommend, further, that the note's organizing question be reframed. The current structure evaluates each measure principally as a potential substitute for the Reversal Risk Buffer Pool Account, which understates the value of these instruments operating in combination. A growing body of work now provides both the vocabulary and the functional architecture for this complementary approach. The SHIFT-CM white paper (Gupton et al., 2026; https://nature4climate.org/wp-content/uploads/2026/06/Buffer-Pools-Beyond.pdf) offers a taxonomy of durability strategies together with definitions of guaranteed, estimated, and realized durability that sharpen the analysis of how different instruments and approaches interact. Building on that taxonomy, the "contracted durability" framework (Healy et	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 that all reversal risks identified by the Reversal Risk Assessment Tool remain covered at all times and that liability for remediation is contractually assigned and enforceable."

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			al., 2026; https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/) applies these concepts directly to the design of carbon removal policy and standards including Article 6.4 and operationalizes durability as an explicit, binding obligation at the credit level, fulfilled through two core functions: assigning enforceable liability for reversals across the full storage obligation, and providing the resources to compensate for reversals when they occur. No single instrument performs both functions across all risk types and time horizons: buffer pool contributions provide first-loss protection against expected, activity-level reversals; insurance and guarantees address correlated or large-scale losses that could impair the buffer pool itself; and endowed monetary reserves assume liability that persists after the post-crediting monitoring period ends. The relevant design question for each mechanism is therefore not whether it replaces the buffer pool, but what function it performs within the overall risk-management architecture, and under what conditions. NOTE: The views expressed throughout this survey reflect the perspectives of our corporate members, a coalition of leading multinational companies committed to advancing the scale, integrity, and impact of market-based climate solutions. Our members bring diverse viewpoints across sectors and geographies, and the positions outlined here summarize areas of broad alignment and, in some cases, present a predominant perspective rather than unanimous agreement. Learn more about the Beyond Alliance here: https://beyond-alliance.org/	

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2	3. Key issues and proposed solutions	Section no.: 3.1.3; Paragraph 33 (and Question 1)	Beyond recommends that the Supervisory Body interpret paragraph 54 of the Removals Standard in a manner that enables, rather than precludes, insurance of the Reversal Risk Buffer Pool Account. The Supervisory Body has already recognized insurance as an eligible remediation instrument; a reading of paragraph 54 that denies insurers the information necessary to underwrite the buffer pool would create an internal inconsistency in the framework and could foreclose a critical layer of reversal risk management before it has been tested. Beyond encourages the Supervisory Body to work with insurance providers and market participants to develop a transparency protocol — such as periodic reporting or read-only disclosure — that satisfies underwriting requirements without conferring administrative rights over the account. In response to Question 1: no administrative rights should be required; the operative distinction is between information disclosure and account control.	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."

3	3. Key issues and proposed solutions	Section no.: 3.1.3 and 3.2.1.1; Paragraphs 32(b) and 49	Beyond supports the MEP's recognition in paragraph 32(b) that insurance products may settle claims through either A6.4ER delivery or financial payment, and considers it important that the concept note preserve both pathways. However, the environmental integrity of a financial-settlement pathway depends on whether the payout reliably results in the procurement and cancellation of replacement A6.4ERs — that is, whether the atmosphere is actually made whole. The contracted durability framework (Healy et al., 2026) distinguishes financial compensation from credit-based compensation on precisely this basis: financial compensation does not by itself constitute a contracted durability mechanism "because it does not guarantee the same level of removal is achieved." The SHIFT-CM white paper (Gupton et al., 2026) similarly notes that guaranteed durability "is only preserved if the insured uses the payment to repurchase a new carbon credit." The timeframe for procurement and cancellation also has implications for the integrity of buyer claims: until replacement A6.4ERs are procured and cancelled, the climate benefit represented by the original credit is unverified, which may affect the ability of A6.4ER buyers to maintain claims compliance under corporate disclosure and net-zero frameworks. Beyond recognizes that paragraph 32(b)(ii) already addresses this risk by requiring that the financial payment be made to a beneficiary "reliably able and willing" to procure and cancel replacement A6.4ERs and that the payment "provides sufficient funds" to do so. These are meaningful safeguards. We recommend they be strengthened in two respects: first, by specifying a maximum timeframe within which the beneficiary must complete the procurement and cancellation, so that financial settlement does not leave a gap during which the atmosphere remains un-remediated; and second, by requiring that sufficiency of funds be assessed at the time of procurement rather than at the time of payout, to account for the procurement challenges the MEP identifies in paragraph 61, as well as the credit-price volatility that may arise between the date of the covered loss and the date of replacement-credit	Add a new paragraph after 32(b): "The MEP recommends that any procedure developed pursuant to paragraph 32(b)(ii) specify a maximum timeframe, to be determined by the Supervisory Body, within which the beneficiary must complete the procurement and cancellation of replacement A6.4ERs following the date of the financial payment, and that the sufficiency of the financial payment be determined with reference to projected replacement-credit costs at the time of procurement. The determination should include an appropriate price buffer to account for the procurement challenges identified in paragraph 61 and potential credit-price movements between the date of the covered loss and the date of procurement."

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			procurement (Gupton et al., 2026; Healy et al., 2026).	
4	3. Key issues and proposed solutions	Section no.: 3.2.1.2; Paragraph 54 (and Question 2); 62	In response to Question 2, the Beyond Alliance acknowledges that activity-level insurance as an alternative to buffer pool contributions is at a nascent stage. However, we respectfully suggest that this observation should carry limited inferential weight in the MEP's analysis. The absence of approved, in-force policies reflects the absence of defined contract specifications against which conforming products can be written — a sequencing point, not evidence of infeasibility. Early evidence supports this: Verra's Durability Pilot has recently approved insurance-based instruments and is evaluating fund-based approaches (https://verra.org/events/overview-of-verras-durability-pilot/). The Supervisory Body's recent adoption of the reversal framework is what creates the insurable interest; the relevant product category is necessarily young because the standard is young. Beyond recommends the concept note treat the results of ongoing market pilots as inputs to condition-setting rather than as a precondition for it, consistent with the phased evaluation contemplated in paragraph 92(d). This is consistent with Beyond's position that insurance should complement, not replace, the buffer pool. The question is not whether insurance is mature enough to substitute for the Reversal Risk Buffer Pool Account, but whether the MEP should define the terms under which it can operate alongside it.	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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5	3. Key issues and proposed solutions	Section no.: 3.2.1.2; Paragraph 55 (and Question 3)	Building on our comment on paragraph 54, in response to Question 3: Beyond's understanding is consistent with the MEP's inference — reversal-risk coverage today is generally underwritten case by case, reflecting the heterogeneity of activity types, methodologies, and registry rules. We recommend, however, that the concept note draw the forward-looking conclusion from this observation: the standardization of insurance products is downstream of regulatory definition. Products standardize around the contract elements that a mechanism specifies — eligible covered events aligned to the mechanism's definition of reversals, designated beneficiary, minimum tenor and renewal terms, claims and settlement procedure, and fallback obligations upon lapse. By specifying a minimum term sheet for Article 6.4 purposes, the Supervisory Body would supply precisely the specifications around which standardized products can form. The concept note's own requirements in section 3.2.1.1 and paragraph 100(a) already contain most of these elements; what remains is to present them as a consolidated specification against which insurers can design conforming products.	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."

6	3. Key issues and proposed solutions	Section no.: 3.2.1.2; Paragraph 58 (and Question 4)	In response to Question 4: the MEP's characterization of current market practice is consistent with our understanding — reversal-risk policies are typically written on terms of approximately one to five years and are renewable, generally without guaranteed pricing (Healy et al., 2026). We recommend that the concept note treat this as a design parameter rather than a disqualification. Requiring a single policy whose original term spans the full crediting and post-crediting period (e.g., up to 45 years plus a methodology-defined monitoring period for removals, per paragraph 48) would test insurance against a form it does not take in any market. No insurance product in the carbon market or any comparable sector underwrites a single continuous policy at that duration. The appropriate test is performance equivalence: whether continuous protection is maintained through the design of the coverage architecture, not through the length of any individual insurance contract. A rolling-coverage architecture can deliver continuous protection where it is paired with mandatory safeguards: annual proof of continued coverage; an automatic, pre-defined fallback obligation to contribute to the Reversal Risk Buffer Pool Account upon any lapse (as the MEP itself contemplates in paragraph 59); and collateral or reserve arrangements addressing the residual risks of re-pricing and non-availability that the MEP correctly identifies. The concept note already accepts a rolling-coverage structure for the post-crediting monitoring period in paragraphs 87(d) and 100(a)(iii). That precedent addresses the duration and renewal-structure barrier identified in paragraph 58; it does not, by itself, resolve the separate question of which losses insurance can cover, which we address in our comments on paragraphs 85 and 89–92 (Comment 9). Beyond recommends that the same rolling-coverage structure be available for complementary insurance arrangements during the crediting period. Continued buffer pool contributions provide the baseline protection that makes a lapse in coverage manageable, provided the buffer pool itself is calibrated through the stress testing and confidence-level assessment contemplated in section 3.1.1. The stress test procedure	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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			should include predefined criteria and governance arrangements for responding to results, including adjustment of buffer pool contribution requirements where stress testing indicates material undercapitalization or sustained overcapitalization. Within the layered approach we recommend throughout this submission, rolling insurance addresses shorter-term coverage while the Monetary Permanence Reserve assumes liability for longer time horizons. Beyond further recommends that the complement model incorporate a bounded reduction in buffer pool contributions during years in which approved complementary insurance is in force, reverting automatically to the full Reversal Risk Assessment Tool-calibrated contribution rate upon any lapse. A contribution offset provides an important economic signal for making complementary insurance commercially attractive to activity participants, particularly during the early years of implementation when the complement model has not yet demonstrated its performance benefits. The specific reduction rate, eligibility conditions, and safeguards against the concentration risk described in paragraph 91 should be determined through the review process contemplated in paragraph 92(d), informed by observed performance data.	

7	3. Key issues and proposed solutions	Section no.: 3.2.4; Paragraphs 73–78; 80; 103 (including footnote 18)	Beyond strongly supports the inclusion of the Monetary Permanence Reserve in this concept note and recommends that the Supervisory Body mandate the development of its design parameters now, in parallel with the completion of the Reversal Risk Assessment Tool, given the MEP's correct observation in paragraph 77 that both rest on the same foundational risk analysis. Beyond notes that while paragraph 74 characterizes the Monetary Permanence Reserve as an alternative to the Reversal Risk Buffer Pool Account, the Reserve may also operate as a complement — assuming liability for the post-crediting period after buffer pool contributions cover the crediting and monitoring periods, consistent with the layered approach we recommend throughout this submission. The MEP's own analysis supports this sequencing. Paragraph 75 recognizes that the Reserve could be designed with activity participants delegating monitoring and remediation functions to it during the post-crediting period — that is, the Reserve is the instrument that assumes liability after issuance ends and activity participants exit, a function no other measure in the concept note performs. Paragraph 78 builds the economic case: the Reserve must "collect funds that are expected to grow over time through sound financial management." Taken together, these paragraphs describe an instrument whose effectiveness depends on an extended investment horizon — fees collected at issuance, compounded over the crediting period, and deployed for remediation in the post-crediting period by an institution constituted to persist. This makes a strong practical case for beginning design work now rather than deferring it: the Reserve's investment horizon is a design asset that shortens with every year of delay. Consistent with paragraph 80, this work could draw on external expertise in the management of analogous long-horizon funds mentioned in paragraph 79. Beyond also recommends that the procedures under paragraph 62(b) address which credits the Reserve may use to retire its liabilities. Paragraph 74(c) limits the Reserve to A6.4ERs with negligible or no risk of reversal — a remediation standard the buffer pool does not itself meet, since it	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. The procedures should also specify the credit-eligibility criteria for the Reserve's liability-retirement mechanism. In developing these procedures, the MEP should address the interaction between the Reserve and shorter-term measures, including insurance and contributions to the Reversal Risk Buffer Pool Account, so that these measures may operate in combination across different time horizons. In particular, the Supervisory Body should clarify whether liabilities may be retired through the horizontal stacking of A6.4ERs that individually carry a non-negligible risk of reversal, provided the sequential coverage of those credits demonstrates cumulative durability across the required time horizon."

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			remediates using credits that carry reversal risk. This narrows the pool to a class whose supply and price the MEP itself flags as uncertain (paragraph 78). To preserve optionality in the procedures, equivalent durability can also be achieved through the sequential stacking of A6.4ERs with a non-negligible risk of reversal across the full storage obligation. The procedures should accommodate this path alongside single-credit retirement, provided the Reserve can demonstrate cumulative coverage across the required time horizon. Beyond further notes that paragraph 62(b) of the Removals Standard directs the Supervisory Body to consider "procedures for establishing, managing, and using" a Monetary Permanence Reserve. The concept note analyzes the instrument at length but does not include a corresponding mandate in paragraph 103 to begin developing those procedures. We recommend this gap be closed. We also suggest that the elaboration of procedures under paragraph 62(b) of the Removals Standard remain open to the design variant referenced in paragraph 75 and footnote 18 of Annex 08 — a permanence trust structure in which the reserve actively manages risk through monitoring, reversal prevention, and replacement, rather than solely holding funds for ex-post purchase and cancellation. This concept is advancing from proposal toward implementation: a design and feasibility study is underway, led by the American Forest Foundation with Kita and Climate Resilient Solutions (Truitt & Riley, 2025; https://www.forestfoundation.org/permanence-trust/). Beyond urged the Supervisory Body to explore this instrument in our September 2025 submission on the draft non-permanence standard and reiterates that recommendation here.	

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8	3. Key issues and proposed solutions	Section 3.2.4; Paragraph 81	Beyond supports the MEP's recognition in paragraph 81(b) that the Monetary Permanence Reserve's procurement design depends on the service it delivers and the claims it is intended to support. We recommend that the procedures remain claim-flexible, because the standards and methodological frameworks that determine how equivalent remediation is demonstrated and what corporate climate claims require are still evolving. These range from replacement with removals-based A6.4ERs to replacement with A6.4ERs of negligible reversal risk, as the Removals Standard already contemplates. Emerging approaches go further by explicitly evaluating climate impact across time. The warming neutralization approach, for example, assembles a portfolio of mitigation strategies to ensure the temperature response to an emission remains neutralized across near- and long-term horizons (Hughes, Hausfather, Spock & Van Arsdale, 2026; https://cdrxiv.org/preprint/521). Beyond supports the development of each of these approaches and considers them complementary rather than competing. Our recommendation here is that the Reserve's procurement procedures be drafted so that the choice among equivalence bases remains available to the Supervisory Body as the science and standards mature, rather than being foreclosed by early procedural design. Beyond notes that the price and availability uncertainty the MEP identifies in paragraph 81 is of a kind routinely managed by long-horizon financial institutions through forward procurement, portfolio hedging, and diversified investment strategies, as the MEP itself recognizes in paragraph 81(d). The Reserve's fee structure should be designed to incorporate these tools rather than treating price uncertainty as an unresolvable barrier to 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 (e.g., the warming neutralization approach) 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."

9	3. Key issues and proposed solutions	Section no.: 3.4; Paragraphs 85 (and Question 6); 89–92	In response to Question 6: the Beyond Alliance agrees with the MEP's analysis in paragraph 85 that moral hazard considerations differ materially between the crediting period and the post-crediting monitoring period. During the crediting period, insuring avoidable reversals risks insulating the activity participant from the consequences of its own conduct. In the post-crediting monitoring period, the participant's operational role has typically ended, monitoring may be performed by an independent third party under paragraph 100(b), and the residual "avoidable" events increasingly resemble administrative failures rather than management decisions. This distinction directly supports the sequencing Beyond recommends below. The interaction between paragraph 46(b) and paragraph 56 reinforces this conclusion. Paragraph 46(b) requires an insurance policy to cover all avoidable and unavoidable reversals in order to serve as an alternative to the buffer pool. Paragraph 56 acknowledges that private insurers generally will not cover avoidable events during the crediting period due to moral hazard. The concept note has thus set a substitution threshold that its own market analysis indicates no product can currently meet during the crediting period. This is the strongest available basis for approving insurance initially as a complement to the Reversal Risk Buffer Pool Account rather than as a substitute: the buffer pool continues to provide first-loss protection while insurance addresses correlated or large-scale unavoidable losses during the crediting period, with the scope of complementary coverage potentially broadening during the post-crediting monitoring period as paragraph 85 describes. Beyond supports the analytical framework in section 3.4 and considers the adverse-selection dynamic identified in paragraph 91 to be a legitimate design constraint. Since the Reversal Risk Assessment Tool prices buffer pool contributions to each activity's rating, and insurance premiums are likewise risk-priced, low-risk activities gain less from leaving the buffer pool than they would from a flat-rated pool. We recommend that the monitoring described in paragraphs 92(a) and 92(e) be	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."

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			established before any alternative is approved, so that the distribution of risk ratings across measures is observable from the outset. To manage adverse selection risk, the Supervisory Body could require that activities utilizing alternative instruments continue to make a reduced contribution to the Reversal Risk Buffer Pool Account, so that the buffer pool does not become a residual repository for risks that alternative instruments decline to cover. The evaluation framework in paragraph 92 should also assess the costs of restricting alternative measures alongside the risks of approving them, including reduced flexibility for activity participants, higher compliance costs for certain activity types, and constraints on the scale of high-integrity activities the mechanism can support.	

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10	6. Recommendations to the Supervisory Body	Paragraph 100(b)(v) (and Question 7)	Beyond supports the conditions and criteria in paragraph 100, including the indemnification requirement in paragraph 100(b)(v). In response to Question 7: yes, a distinct moral hazard arises where the third party responsible for post-crediting monitoring and reporting is the same entity as, or an affiliate of, the insurer or guarantor, and it differs in kind from the case where the activity participant monitors. Where the participant monitors, its incentive to under-report is checked by an opposing exposure: deemed avoidable reversals from missing or deficient reports carry replenishment liability. Where the insurer's affiliate monitors, the entity that detects and reports reversals is the entity that pays claims on them – detection and liability are held by the same interest, with no countervailing exposure. We recommend that affiliation be disclosed and that independent verification close the incentive gap: continued verification by a designated operational entity or equivalent independent body of all reversal and monitoring reports throughout the post-crediting monitoring period where the monitor is insurer-affiliated, together with secretariat authority to commission spot verification. We do not recommend a categorical prohibition, which could exclude integrated offerings that reduce cost.	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."