BeZero Carbon Rating
Analytical Framework

13th March 2023

BeZero

The BeZero Carbon Rating follows a robust analytical framework involving detailed assessment of six critical risk factors affecting the quality of credits issued by the project:

Additionality: The risk that a credit purchased and retired does not lead to a tonne of CO_2e being avoided or sequestered that would not have otherwise happened.

Over-crediting: The risk that more credits than tonnes of CO_2e achieved are issued by a given project due to factors such as unrealistic baseline assumptions.

Non-permanence: The risk that the carbon avoided or removed by the project will not remain so for the time committed and any associated information risk.

Leakage: The risk that emissions avoided or removed by a project are pushed outside the project boundary.

Perverse Incentives: The risk that benefits from a project, such as offset revenues, incentivise behaviour that reduces the effectiveness.

Policy: The risk that the policy environment undermines the project's carbon effectiveness.

BeZero's risk factor definitions, and the analytical framework for their application, are detailed in Appendix.

Risk factor definitions and analytical framework matrix

RISK FACTOR	Risk Scoring Bucket				
	Significant risk	**Notable risk**	**Some risk**	**Little risk**	**Very low risk**
Additionality: The risk that a credit purchased and retired does not lead to a tonne of CO_2e being avoided or sequestered that would not have otherwise happened.	Balance of evidence suggests that projects face significant risks of non-additionality because few barriers exist (e.g. practises are common, offset credit finance represents a tiny proportion of overall revenue, activities are legislated for).	Balance of evidence suggests that a) projects are marginally additional; b) projects are additional in certain cases or c) contradictory evidence exists regarding additionality.	Balance of evidence suggests that a) projects are additional; b) projects are mostly additional except in some limited cases.	Balance of evidence suggests that the project is highly additional because significant barriers exist to prevent project activities (e.g. political, financial, technological etc).	The sole purpose for such projects is carbon removal or reduction and without carbon finance, projects are entirely unviable.
Over-Crediting: The risk that more credits than tonnes of CO_2e achieved are issued by a given project due to factors such as unrealistic baseline assumptions.	Balance of evidence suggests that inflated baselines or significant over-crediting risks exist.	Balance of evidence suggests that a) notable over-crediting and/or non-conservative baselines risks exist or b) significant risks that are somewhat mitigated by methodology.	Balance of evidence suggests that a) baselines are mostly conservative and there are some over-crediting risks or b) that the methodology effectively mitigates these risks.	Evidence suggests that that there is little risk of over-crediting.	Evidence indicates that there is very low over-crediting risk.
Leakage: The risk that emissions avoided or removed by a project are pushed outside the project boundary.	Balance of evidence suggests that significant instances of leakage exist.	a) Balance of evidence indicates notable instances of leakage or b) significant instances of leakage that are somewhat mitigated by methodology.	Balance of evidence suggests that leakage risks exist but are a) low or b) effectively mitigated against by methodology.	Evidence suggests that there little risk of leakage.	Evidence indicates that there is very low leakage risk.
Non-permanence: The risk that the carbon avoided or removed by the project will not remain so for the time committed and any associated information risk.	Balance of evidence suggests that significant instances of non-permanence risks exist.	a) Balance of evidence indicates notable examples of non-permanence or b) significant non-permanence risks that are somewhat mitigated by methodology.	Balance of evidence suggests that non-permanence risks exist but are: a) low or b) effectively mitigated against by methodology. For example, the project has already accounted for land-tenure rights or set up channels for stakeholder consultations.	Evidence suggests that that there is little risk of non-permanence.	Evidence indicates that there is very low non-permanence risk.

Continued

Risk factor definitions and analytical framework matrix (Continued)

RISK FACTOR	Risk Scoring Bucket				
	Significant risk	**Notable risk**	**Some risk**	**Little risk**	**Very low risk**
Policy: The risk that the policy environment undermines the project's carbon effectiveness.	Balance of evidence suggests that the policy environment is highly supportive (e.g. measures are already legislated for, thereby undermining the project's carbon effectiveness).	Balance of evidence suggests that the policy environment is supportive (e.g. some measures are already legislated for, somewhat undermining the project's carbon effectiveness).	Balance of evidence suggests that the policy environment may be supportive in some cases.	Evidence suggests that a) policy environment has minimal influence on projects; b) that the policy environment is decidedly not supportive of the project type, enhancing the project's carbon effectiveness.	Evidence indicates that there is very low policy risk to carbon effectiveness (i.e. the project demonstrates success in the face of an unsupportive policy environment).
Perverse Incentives: The risk that benefits from a project, such as offset revenues, incentivise behaviour that reduces the effectiveness.	Balance of evidence suggests significant risk of perverse incentives that considerably impact the efficacy of a project.	Balance of evidence suggests that a) notable risks of perverse incentives exist, or b) perverse incentives exist but are somewhat reduced by methodology.	Balance of evidence suggests that a) some perverse incentives may be created by offsetting activity or that b) perverse incentives exist but are effectively mitigated against by methodology.	Evidence suggests that there is little risk of perverse incentives.	Evidence indicates that there is very low risk of perverse incentives.

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