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| **CALL FOR INPUT** | |
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| | | | **We note with concern** the document presented by the Methodological Expert Panel (MEP), which contains a number of serious issues, including misrepresentations, ambiguities, incorrect definitions, false dichotomies, and a lack of clear structure.<br><br>**The draft includes significant inconsistencies** between various segments of the document, as well as with the mandates presented to the MEP, presenting seemingly unreasonable options for several activity types.<br><br>**Neither Option A (Appendix 1 and 2) or Option B (Appendix 3)** satisfy the requirements and mandates presented to the MEP in producing a standard which would be applicable to relevant removal activities.<br><br>Given the complexity and relevant of the topic, we consider the type of consultation undertaken by the MEP wholly inadequate. | **We strongly urge the MEP** to reconsider this draft standard and address the significant concerns highlighted by IETA and our 300+ members, as well as other stakeholders' input, before submitting this for adoption by the SBM**.**<br><br>**We ask the MEP to take these comments into account** and present another version of this consolidated draft standard for public consultation and further input, to ensure an inclusive and meaningful process.<br><br>The draft standard should be presented in conjunction with the relevant tools (e.g. the Risk Assessment Tool and Buffer Pool Design), so stakeholders can properly assess the impact on activities and provide comprehensive input – as all relevant elements will have critical impacts on the implementation of removal activities under PACM.<br><br>The consultation period should be significantly longer than three weeks and its modalities should go beyond requesting written input on specific sections of documents. We suggest the MEP and SBM to convene a series of workshops and stakeholder dialogues (either virtual or in-person), so all relevant stakeholders are given the opportunity to elaborate on their positions and solutions. We also suggest that the significance of the topics under consideration may call specifically for Party inputs.<br><br>**We recommend the SBM to carefully consider the impacts of this standard and the mandates it has been given by the CMA before proceeding with its approval.** |

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| | | | **While ensuring durability of removals is critical to the success of Article 6.4 projects**, it is also critical that the removals standard is activity and technology neutral and actionable for a range of project types.<br><br>**The current draft standard, in particular Option A (Appendix 1 and 2) would in essence exclude all land-based removal activities from PACM**, by imposing unrealistic monitoring requirements and durability provisions.<br><br>This would redirect climate finance away from nature-based solutions at a critical moment—between now and 2050—when such investments are essential, as other types of removal activities emerge and scale up. Such a shift would risk undermining our collective capacity to achieve global climate targets. | The standard should allow for a wide range of existing and emerging models. **We strongly urge the MEP to consider shorter post-crediting period monitoring requirements combined with solutions such as: buffer contributions and automatic cancellations at the end of the activity, guarantees and insurance products, or monetary contributions to a fund to manage long-term reversals, transfer of risk and liability to third parties.**<br><br>Such solutions offer more realistic and enforceable means of managing non-permanence risk, while allowing high-quality nature credits to benefit from much-needed finance to meet the goals of the Paris Agreement. |

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| | Cover Note Section 6. | Paragraph 45 | **We note with deep regret that the critical role of Host Parties has not been addressed in the document.** In our view, by doing this the MEP has not fulfilled the mandate it was given by the SBM.<br><br>The SBM had requested the MEP to prepare recommendations for host Party roles in the workplan of the MEP for 2025. Considering the key role host countries need to play in Article 6.4 activities, following the Paris Agreement and adoption of the RMPs, this omission is highly problematic.<br><br>**Unlike most emission reduction activities, removal activities should produce both of the following:**<br><br>(i) measurable negative emissions that are recorded in national GHG inventories (NGHGIs) and reported in BTRs of the host country; and<br><br>(ii) identifiable physical carbon reservoirs in the host country.<br><br>Both elements must be considered by host countries at the time of authorisation.<br><br>Item (i) relates to **host country NDC accounting,** especially CAs following A6.4ER transfers. Without an MRV connection between the PACM activity and the NGHGI, the country of origin (host country) will face accounting problems - they will need to add CO2 onto their reported emissions during NDC reconciliation (the corresponding adjustment) which was never deducted as a negative emission in the first place. This makes removals fundamentally different to emission reduction activities, with the latter reconciled against the baseline rather than the NGHGI. Host countries must therefore have a deep understanding of the PACM methods being applied and how they can feed into the NGHGI and BTR. Indeed, the RMPs require PACM to follow IPCC methodologies and metrics, primarily for this reason.<br><br>Item (ii) relates to **host country and reversals**. The Paris Agreement and the RMPs require activities to contribute to NDCs, and ICTU requires any activities included in NDCs to continue to be included in future NDCs. Therefore, it naturally follows that the enhanced carbon reservoirs resulting from PACM activities will need to be monitored by the host country, | **We request the MEP and SBM to properly consider RMP and ICTU requirements and include provisions around the role of Host Parties in the updated draft standard.**<br><br>We also draw the MEPs attention to the following:<br><br>• IPCC (2006), Volume 2, Chapter 5 (CO2 transport and storage)<br><br>• IPCC (2019; Guidelines Refinement), Volume 4, Chapter 2 (AFOLU General Guidance). This chapter includes suggestions for addressing “Consistency Between AFOLU Projects or Activities and IPCC Inventory Guidelines” (Box 2.0A).<br><br>We urge the MEP and SB to align PACM standard with the approaches and recommendations therein (e.g. cessation of monitoring of geological stores; on spatial and temporal boundaries of land use activities). |

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| | | | and any fluxes therefrom reported in the NGHGI and BTR. As such, host countries are the de facto underwriter of liability for carbon reversals, whether prescribed or not. It would seem reasonable that this condition be acknowledged in the standard and leveraged as a clearer basis for liability sharing. | |
| 22 | 3.1. General obligations and duration of post-crediting period monitoring | Paragraph 36<br>Appendix 2 | **Post-crediting (reversal) monitoring periods:**<br>The clause in Annex 2 specifies that "the post-crediting period shall continue indefinitely" after the minimum post-crediting period OR until the activity participant have satisfied:<br>1. A remediation of all potential future reversals through the cancellation of the number of all credits issued; OR<br>2. That the project can demonstrate a "negligible risk of reversal", calculated over a 100-year timeframe from the year of submission.<br>These requirements are unrealistic and impractical for most land-based activities. | The following provisions can be considered to better satisfy the conditions and mandates provided to the SBM:<br>1. **A pre-determined minimum post-crediting monitoring period** (defined at the methodology level, as outlined in Appendix 2, Section 3.2.2., para 42).<br>2. **The automatic cancellation of buffer pool contributions at the end of the crediting period** to mitigate the impact of risk of future reversals.<br>3. **The transfer of remaining liabilities** to the host country or another third party.<br>**The standard should also allow for the use of emerging and innovative models** (such as guarantees, insurance, permanence trust funds) that can take over liabilities for financing post-crediting monitoring activities and addressing risks of reversals. Several such avenues were identified and endorsed by the Conference of Parties in Baku and included in the Removals guidance (A6.4-SBM014-A06) in section 4.6.3.1, paragraph 62. |

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| | Appendix 3. Section 5.2 Reversal monitoring duration. | Post-crediting monitoring, p.40 paragraph 17 | **Post-crediting (reversal) monitoring periods:**<br>Appendix 3 presents an alternative option for activity participants to continue monitoring and reporting on the activity for a period of at least [45] years from the date of the final verification, unless it can fulfil the conditions under 18. A) or B).<br><br>Whilst this presents a more practical approach for land-based activities, 45 years is still incompatible with prevailing investment realities that are needed for the scalability of these projects. Applying this for an activity lasting one 15-year crediting period would result in a 60-year liability, which would dramatically impact the amount of financing to natural climate solutions (NCS) projects under PACM. In addition, a fixed period may negatively impact other types of durable removal activities which could more easily demonstrate a negligible risk of reversal. | **See proposal above to address post-crediting monitoring periods and the risk of reversals.** |

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| 6 | Appendix 1 section 2; Section 3.1-3.2 (Appendix 2); Appendix 3 section 5.2 | Paragraph 3(g) Paragraph 19 | **The clause defines "negligible risk of reversal" for the termination of post-crediting period monitoring over "at least" 100 years.**<br>100 years as the range over which reversal risk should be calculated is arbitrary. The Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (2023), explicitly states that "*$CO_2$ has multiple atmospheric lifetimes*" and notes that no new quantification of the carbon cycle's response to an injection of $CO_2$, known as a pulse, has been made since Joos et al. (2013).<br>Joos et al.'s model shows that about 40% of a $CO_2$ pulse is removed from the atmosphere within 20 years, 60% within 100 years, and ~25% persists beyond 1,000 years. This reflects a decay curve - not a binary threshold and suggests that the concept of **durability**, with different climate solutions offering different durations may be more useful than the concept of permanence (which is binary). | Replace "over 100 years" with "over a rolling 40-year period. Residual risk beyond forty years shall be covered by an adequate buffer, insurance, or host Party guarantee." |

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| 6 | Appendix 1 section 2; Section 3.1-3.2 (Appendix 2); Appendix 3 section 5.2 | Paragraph 3(g) Paragraph 19 | **Defining a negligible risk of reversal**<br>The text option presents options for defining a negligible risk of reversals, after which activity participants can discontinue post-crediting monitoring.<br>IETA strongly believes that assigning the negligible risk of reversals to 0.5% would be extremely difficult to present for most activities, thereby essentially creating an expectation of activity participants to continue post-crediting period monitoring indefinitely, which is unrealistic and would significantly impact the financial viability of removal activities under PACM.<br>A 5% risk of a reversal event being considered as negligible better aligns with generally agreed principles on risk modelling and statistical analysis.<br>However, without having details on the process for calculating such risks, including the design of the risk assessment tool, it would be challenging to form a fully informed view. | **"Negligible risk of reversal:** A risk of reversal that would result in a loss of no more than **five** percent of all the A6.4 emission reductions (A6.4ERs) issued with respect to the total emission reductions and/or net removals achieved by the activity during its active crediting period, calculated over a 100-year timeframe starting from no earlier than the end of the last active crediting period"<br>In addition to this fixed %, the MEP and SBM should consider the scale and impact of such a reversal event depending on the amount of total removals (A6.4ERs) generated by the project.<br>For larger projects, a 5% confidence interval may be possible and necessary, while small-scale activities may be allowed more flexibility. |
| | | | **Transfer of obligations post crediting periods**<br>Clear processes for the transfer of obligations and liability should be required. For instance, in both a 45-year monitoring and indefinite monitoring scenario, there may be instances where land rights are transferred back to the government or sold to other owners. It would then be contingent on the new owners to manage the land in a manner that ensures the permanence. It would be incongruent for the original project proponent to monitor for reversals, while the rights to the land are with other parties. | As an example, consider the transfer of land within the New Zealand ETS forestry protocol, where the new owner inherits all ETS obligations and liabilities.<br>A clear process for transfer of obligations and liability would also be crucial for cases when project owners go bankrupt or insolvent. |

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| | | | **Addressing reversals through insurance**<br>In addition to the use of buffer pools to remediate reversal events, the PACM should consider other innovative tools and practices to address reversals, such as insurance, which is outlined in Appendix 3. For insurance, it would be important to highlight that:<br>• Not all insurance policies will work at an activity level for all risks that could lead to reversal. Some risks are better protected at the buffer pool level.<br>• Some activity participants will be ineligible for insurance. For example, due to their risk profile, location, size or prior loss history.<br>• This may not apply to mitigating intentional reversals at the activity level as currently stands in Appendix 3, as it would risk creating a moral hazard.<br>The criteria for eligible insurance products would therefore have to be carefully considered and co-developed together with the industry to address the relevant concerns and considerations. | Follow the approach dictated in Appendix 3 section 6.2 paragraphs 47 and 49 |
| | | | **Reversals below the baseline**<br>Reversals below the baseline subject the project to the risk that they may be liable for more A6.4ERs than they may be able to issue through additional reductions and/or removals. These risks net negative issuance scenarios—where liabilities exceed benefits—which could fatally erode the economic viability of project types where storage is considered to be less durable. This would deter investment into projects and reduce mitigation as a whole. | We recommend that projects should only be liable for the unavoidable/unintentional reversals up to the baseline and not below. |

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| | | | **The degree of precision for reversal reports in the post-crediting period should be less than that of monitoring reports.** This is key to ensure the economic feasibility of projects, balancing cost and integrity.<br>For instance, the use of satellite monitoring may compromise precision, but is lower cost and can cover larger areas would be more appropriate to identify significant emission reversals with terrestrial projects. | |
| | | Cover note, paragraph 22 (f) | **Calculation of SOP and OMGE:**<br>We support Option 2 for SOP and OMGE calculations, which deducts buffer pool contributions before computing proceeds. This results in higher issuance volumes to activity participants, improving project economics, especially for high-capex removals projects (Appendix 1, Equations 9–11, Option 2).<br><br>Option 1 would disproportionately impact NCS projects, which inherently carry higher reversal risks compared to other project types. Despite their elevated risk profile, these projects deliver substantial adaptation and sustainable development co-benefits, and should not be penalised.<br><br>Especially in the early years, some smaller projects need 100% of the carbon revenue to establish the project activity successfully. Layering on additional deductions will reduce the potential emission reductions that could otherwise occur under the PACM. Vulnerable nations would not benefit if the SOP deduction tips the balance of project economics such that the project activity is not implemented at all. | **Support Option 2** and evaluate the need for exemptions for smaller projects, especially in the early years of activity. |

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| | | | **Suspension of registry accounts:**<br>Appendix 3's targeted suspension of issuance/transfer rights in the event of non-remediation or monitoring failure is more proportionate and risk-calibrated than the wholesale suspension proposed in Appendix 1 and 2. The respective suspensions should be specific to the project, rather than the activity participant, especially if the participant is involved in other projects (including in a Programme of Activities scenario), and other projects are unaffected. | |
| | Appendix 2 section 3.1 | Paragraph 37 | **Role of third parties taking over liabilities for post-crediting period monitoring:**<br>Appendix 2 section 3.1 paragraph 37 states a third party could perform the monitoring responsibilities, but that is separate from holding the liability. | Introduce an option for a third party to take over the liability of post-crediting period monitoring from the activity participant. |
| 7 | Section 5.2 Reversal monitoring duration | Event reporting scope, p.41 Paragraphs 26a & 29 | The current wording would require reporting of **any potentially impactful events, even if they do not lead to actual reversals.** For nature-based projects, this would include any possible minor environmental fluctuations (e.g. brief waterlogging after heavy rains), small-scale ecological processes (e.g. insect nibbling on leaves), or seasonal variability (e.g. dry-season leaf shedding). Such requirements are **unworkable for any land-use activities** and would undermine the practicality and scalability of nature-based solutions. | **Clarify that only events leading to a significant (>5%) carbon stock loss outside the scope of the approved management plan shall trigger reporting requirements.**<br>It should also be clarified that **approved management practices** (e.g. thinning or crop rotation) that are part of the validated project management plan and factored into carbon stock projections do **not trigger separate reporting obligations**. |

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| | Appendix 2<br>Section 1.1<br>Observed events that could lead to a reversal | Paragraph 2 | The clause outlines that *"Activity participants shall notify the Supervisory Body of any observed event involving the release of stored greenhouse gases or stored precursors to greenhouse gases for which any A6.4 emission reductions (A6.4ERs) have been issued* ***within 30 days of becoming aware of the observed event****." (p. 28)*<br><br>This requirement is not feasible. The requirement for notification of any event involving the release of stored GHG means that, for example, a participant would need to notify the Supervisory Body for the mortality of a single tree and commit to continuous monitoring, potentially in perpetuity. It is also unclear exactly what this requirement would mean in the context of an emission reduction activity, when emissions will continue to occur. In any case, 30 days is a completely unrealistic time horizon for reporting<br><br>Any reporting about reversals should be based on the definition of a reversal as set out in the standard. In many cases, a single event will not result in a net loss of GHG storage for the time period covered by a monitoring report, and indeed, it may not even be possible to determine whether there was a reversal until the time period covered by the monitoring report is complete. This proposed language does not reflect how reversals are defined or calculated for jurisdictional scale activities. | We recommend removing this requirement. Activity participants should report on actual reversals (not observed events that may or may not result in a reversal) and this reporting should be done in monitoring reports. |

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| 1 | Appendix 2 Section 1.1 Observed events that could lead to a reversal | Paragraph 4 | The clause outlines that *"When the secretariat receives a notification pursuant to paragraph 2, the secretariat shall suspend the activity-specific registry operations of issuance, transfer, cancellation, and retirement of A6.4ERs, except for transfers of A6.4ERs to the Reversal Risk Buffer Pool Account." (p. 28)*<br>As noted above in Item 9, it will often not be possible to determine whether a single event of GHG release is a reversal until the monitoring period is over.<br><br>We are also concerned about the proposal to **suspend a project proponent's account from the time of notification of a potential reversal and until the reversal is fully remediated**. Such an action is overly onerous, unwarranted, and would limit the project proponent to continue to fully manage other projects during that time. So long as the project proponent is fully cooperating to quantify and remediate the reversal, there is no need to suspend their account. However, no further credits should be issued to the project experiencing the reversal until the scope of the reversal is quantified. | We do not recommend suspending accounts in this manner. Remedial actions should be considered only as necessary after the monitoring period is over, if the monitoring report for the period shows a reversal and the reversed volume is verified and compensated. The account should not be suspended unless the participant is unable to meet their obligations for remediating the reversal (Appendix 2, Section 4). |
| | Appendix 2 Section 1.1 Observed events that could lead to a reversal | Paragraph 10 | The clause outlines that *"Activity participants shall submit to the Supervisory Body, by March 31 each year, an annual reversal report that indicates whether, at any point in the previous calendar year, any observed events occurred involving the release of stored greenhouse gases or stored precursors to greenhouse gases for which any A6.4ERs have been issued."*<br><br>As noted above in Item 9, it will often not be possible to determine whether a single event of GHG release is a reversal until the monitoring period is over, which may be more than a year. | The "release of stored GHGs" is an insufficient definition of a reversal. Reversals are determined relative to a baseline within an accounting area over the monitoring period. This baseline may or may not be updated depending on whether the activity participant is continuing in the crediting activity or conducting post-crediting monitoring. Any identified reversals are reported and verified on the regular cycle of monitoring, reporting and verification. |

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| | Appendix 2 Section 1.1 Observed events that could lead to a reversal | Paragraph 14 | The clause states that "Annual reversal reports shall be verified either: a) Prior to their submission to the Supervisory Body; or b) Retroactively as part of the verification process for monitoring reports, such that a verified monitoring report also verifies all previously unverified annual reversal reports that pertain to the time period covered by the verified monitoring report."<br><br>Monitoring reports already require quantification of reversals, so a separate annual reversal report is a duplicative requirement. Identifying a reversal necessitates monitoring, so in essence this requirement mandates annual monitoring (Recognizing the note in preamble, paragraph 25: "Because monitoring reports could be relatively infrequent, section 1 of Appendix 2 also includes a procedure for the preparation of annual reversal reports.")<br><br>As a practical point, if the expectation is that within 3 months of a calendar year, the previous year's data is processed and independently verified, then this timeline is not reasonable for many, if not most, market activity participants. | We do not see the value of separate annual reversal reports when accurately identifying and quantifying a reversal necessitates full monitoring. |
| | | | The current draft does not specify the procedures or consequences in **the event of cessation of monitoring**, either during the crediting period or the post-crediting period. | We recommend that clear guidance be provided on how such situations should be addressed, including implications for credit issuance, reversal risk management, and potential remedial actions. |

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| 5 | Appendix 3 section 6.2.2 | Paragraphs 66 & 67 | **Buffer pool stress testing**<br>We support the draft text on performing regular stress testing of the Reversal Risk Buffer Pool Account to assess its resilience to the range of risks potentially leading to a reversal event proposed within the risk assessment tool. It is also important to regularly report on the results of stress testing, to provide transparency and enable trust within the market. Active buffer pool management helps reduce the risk of the Reversal Risk Buffer Pool Account becoming unable to perform as intended while increasing operational efficiency. This would be an ongoing specialised task for the Supervisory Body, which could also be managed by a qualified third party. | Add language that allows:<br>• The results of the recurring Reversal Risk Buffer Pool Account stress testing to be made publicly available; and<br>• Optionality for the Reversal Risk Buffer Pool Account management to be run by an independent third-party subject to approval by the Supervisory Body and any other relevant entities. |
| 11 | Appendix 2 | Paragraph 1.1 | **Definition of a reversal event**<br>This section should define “event.” In the case of agricultural land management, a reversal may occur due to changes in management practices, but the impacts of those changes may not be known until a later date, following data collection and quantification. Thus, there may not be an “event” *per se*, or the “event” would be the act of quantification. | Add definition of “event.” |

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| | **Appendix 2 para 33** | | **Missing report submissions**<br>Missing monitoring reports and annual reversal reports are considered avoidable reversals as per the draft: "Whenever a monitoring report or annual reversal report is designated as missing, the activity shall be deemed to have experienced an avoidable reversal. The secretariat shall provide electronic notice to the activity participant and inform the activity participant that it shall mitigate the avoidable reversals following the provisions of section 4 of this document.<br>The quantity of the avoidable reversal designated in paragraph 32 shall be deemed to be equal to the total number of A6.4ERs issued with respect to the activity's net removals and/or emission reductions as of the date that the monitoring report or annual reversal report is designated as missing, inclusive of the number of A6.4ERs forwarded or first transferred".<br>The assumption that all A6.4ERs issued to date are reversed in the absence of a monitoring or reversal report is excessively punitive and does not accurately reflect the actual risk profile of the activity. | We recommend reconsidering the current approach that assumes all A6.4ERs issued to date are reversed in the event of a missing monitoring or reversal report.<br><br>Regarding annual reversal reports, if the mechanism maintains its current stance, we propose extending the grace period for report submission from 90 days to 180 days. This would provide project participants with a more reasonable timeframe to address administrative or operational delays, while still upholding environmental integrity and accountability. |
| 3 | Section 3 Definitions | Intentional/Unintentional reversals, p.38 and 39 | **The definition of intentional/unintentional** (or avoidable/unavoidable) is critical for determining the **liability of project developers**. It must be clearly defined so that projects can assess their exposure, and financial institutions can evaluate associated risks. The draft currently lacks a precise definition, which creates uncertainty. | **Reversals shall be considered 'unintentional' when the project has demonstrably implemented all applicable risk mitigation measures** as outlined in its certified risk management plan, and the reversal occurred despite those measures being in place and functional. |

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| 7 | Vintage eligibility for A6.4 remediation | n/a | **Vintage eligibility for remediation**<br>In order to compensate for possible reversals classified as **"intentional (avoidable)"**, project developers and insurers require a **clear definition of which types and vintages of A6.4ERs qualify** as eligible for reversal remediation to operate. While the Supervisory Body has clarified that all A6.4ERs shall be eligible in principle, it remains unclear whether **credits from past, current, or future vintages** may be used. | **A6.4ERs from any year within the project's crediting and post-crediting period shall be eligible to compensate for intentional (avoidable) reversals.** |
| | Appendix 3 | Paragraph 8(k) | **Definition of the risk of reversal**<br>Risk of reversal is defined as the probability of a reversal occurring. That ignores the magnitude of the reversal. Risk is more commonly defined as "probability × impact". What's missing in the current definition is the "impact" part. | Make an edit such as the following, where the parenthetical comment "(of a certain size)" was inserted in the definition in item 8(k):<br><br>"The likelihood that a reversal (of a certain size) will occur for a mitigation activity within a defined time frame. The reversal risk can depend on various factors, including the type of GHG reservoir, geographical location and risk management practices;" |
| | Appendix 3<br>Section 2.2<br>Applicability | Paragraph 6 | Reversals are defined, monitored, and accounted for differently in jurisdictional approaches than in project approaches. For example, there is no distinction between avoidable and unavoidable reversals for jurisdictional activities. As such, the applicability of Option 2 (Appendix 3) should be limited to project scale interventions, similar to the applicability listed for Option 1 (Appendix 1). | We encourage that a separate standard be created for reversal risk management for jurisdictional or sectoral approaches, recognising their differing elements from project scale activities. |

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| **Item** | **Section no.** (as indicated in the document) | **Paragraph/Table/Figure no.** | **Comment** (including justification for change) | **Proposed change** (including proposed text) |
| | | Cover note, paragraph 34(b) | Appendix 3 suggests: "The proposed amendment is to include unavoidable reversals only within the risk rating as is normal practice. It proposes to deal with the more common avoidable reversal in the normal manner applied by crediting mechanisms that restricts credit issuance to increases in the long-term 'average' carbon stocks only. Further in calculating the risk rating it has been proposed to include an 'insolvency' category. This allows estimation of the likelihood of failure by activity participants to remediate following avoidable reversals and includes this possibility in the assigned risk rating, in effect 'backstopping' all reversals via the risk buffer pool"<br><br>We support the proposed amendment in Appendix 3 to include only unavoidable reversals within the risk rating, aligning with established practices across other crediting mechanisms. Managing avoidable reversals through standard approaches—such as restricting credit issuance to increases in long-term average carbon stocks—is both practical and consistent with market norms. Furthermore, the inclusion of an insolvency category in the risk rating is beneficial, enabling a more accurate estimation of the likelihood that activity participants may fail to remediate avoidable reversals | We support the current proposal in Appendix 3. |

## ABOUT IETA

IETA is a non-profit association with over 300 members representing leading organisations operating in compliance and voluntary carbon markets. Since its founding in 1999, IETA has been known as the leading private sector group for market-based solutions to climate change.

We represent a trusted voice in supporting governments seeking to develop market-based policies and regulatory frameworks to cost-effectively reduce greenhouse gases, increase climate ambition, and build a secure path to Net Zero. We also advocate for trading systems for emissions reduction and elimination that are environmentally robust, fair, open, efficient, accountable, and coherent across national borders. We pride ourselves on participating in and influencing policymaking, providing thought leadership, global training, best practices, and knowledge transfer. For more information, visit www.ieta.org/