	CALL FOR INPUT
Name of submitter	Mariela Perrone
Affiliated organization of submitter	Conservation International
Email of submitter	mperrone@conservation.org
Date of submission	23/07/2026

Document reference number and title: (Recommendation from the MEP to SBM020) Draft Methodological tool: Reversal risk assessment				
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	-	Cross-cutting comments	Cross-cutting comments: The Draft Reversal Risk Assessment Tool proposal for activities that reduce non-renewable biomass has two fundamental issues: (1) Reversal risk assessment should not be applied to activities that reduce non-renewable biomass, as the credits generated are ordinary flow-based emission reductions with no need for permanence provisions. For example, the CDM (AMS-II.G), Verra/VCS, and Gold Standard have never required a buffer pool, reversal-risk rating, or permanence liability for clean cooking activities. As designed, this tool is not a risk-of-reversal tool; rather, it is a tool to calculate an emissions discount applied to these activities (disguised as a buffer contribution), even though no monitoring nor remediation is required. The design and application of this tool for activities that reduce non-renewable biomass risks setting an inappropriate precedent, both for other flow-based credits like renewable energy or fuel switching (which logically could also become subject to permanence requirements), and for activities where permanence requirements do matter, as the assumptions and architecture of the tool are not fit for this purpose. (2) The scientific and evidentiary basis of the Draft Tool is insufficiently robust and should not be adopted in its current form as a general risk assessment framework. The primary issue is that it is based only on one model that cannot be used to determine absolute risk. The current approach elevates a narrow set of modeled defaults into regulatory risk factors, provides inadequate treatment of uncertainty and correlation, assumes zero natural-risk mitigation by default, and leaves human-induced and governance risk underdeveloped. This creates an asymmetric framework in which nature-based risks are standardized, extended over 100 years, and potentially used for exclusion, while risk-reduction tools such as governance, adaptive management, fire-risk reduction, insurance, reserves, and portfolio diversification are not comparably recognized. A scientifically credible Article 6.4 framework should follow a probabilistic and portfolio-based risk architecture: estimate expected and tail losses, disclose uncertainty, and recognize verified risk	-

Document reference number and title: (Recommendation from the MEP to SBM020) **Draft Methodological tool: Reversal risk assessment**				
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)
			mitigation. If the MEP continues to develop this Tool with a narrow application to activities that reduce the consumption of non-renewable biomass, that adoption should be accompanied by an explicit non-precedent clause to clarify the tool will not be used as a template for the reversal risk assessment of nature-based activities without substantial revision to ensure its design is more scientifically robust and better oriented toward the Agriculture, Forestry and Other Land Uses -AFOLU-sector context. In short, because its application to activities that reduce non-renewable biomass is inappropriate, the architecture designed for it cannot be migrated to AFOLU-sector activities. Despite these fundamental concerns to the Draft Tool as presented, Conservation International is also providing detailed comments to support the MEP in designing future versions of the Tool that can build a robust and high-integrity Article 6.4 framework for assessing and addressing risks of reversal.	

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
2	5. Reversal risk assessment	Paragraphs 17, 19 to 21 (plus Cover Note paragraphs 13, 16, 25 and 37)	The tool applies a fixed geographic default, assumes natural-risk mitigation is zero, and provides no ex-post calibration mechanism. The Article 6.4 buffer becomes a flat levy rather than a risk-management instrument suited to the context of the activity in question. In addition, it is widely recognized that even high-quality global-scale datasets (e.g., Global Forest Watch) are not appropriate for estimating risk at the scale of projects, which is a deep flaw in the current tool. For GFW, the creators of the dataset recognize this, noting the variability in accuracy as influenced by geographic, climatic, and ecological factors [GFW Blog], which show especially poor performance of forest loss detection in subtropical forests and sub-Saharan Africa. In practical terms, two activities in the same subnational unit (one with fire-management brigades, fuel breaks, diversified species, and secure tenure, and the other with none) receive identical buffer contributions. By not providing mitigation-adjustments to the risk buffer, this approach disincentivizes responsible practices that would enhance durability, because projects incur costs but do not receive any reward. This is the opposite of the incentive structure that would increase durability and, in addition, contradicts the approach that carbon markets have spent 20 years building. If such rules are set now, they will be inherited by the additional activity types to be supported by this tool in future work (forestry, biochar, and geologic storage, as stated in paragraphs 21 and 55 of the cover note).	Before finalizing this tool, the MEP should undertake and publish a structured comparison against established non-permanence risk instruments and explain each deliberate divergence. Where the MEP departs from established practice, it should state the scientific or policy justification. There is an imperative and a responsibility to design rules that are based in scientific evidence and robust evidence, as per guidance provided by the CMA at COP301, and reflect the real risk in a way that is appropriate at the scale and within the boundaries of all activities to which this tool will apply. A decision to exclude risk mitigation should be based on a literature review that looks at the effectiveness of mitigation measures at the relevant scale. In particular, the tool should adopt or explore the adoption of a core design principle that the reversal risk rating is reducible by verified risk-mitigation measures across all risk types, so that buffer contributions reward durability rather than merely taxing projects based on their geography.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
3	Cover note	Paragraphs 15 and 16	The tool recognizes "reversal risk mitigation factors," but the actual architecture gives meaningful mitigation treatment mainly to human-induced risks, while treating natural risk mitigation as zero by default. This ignores the fact that durable governance and adaptive management are part of permanence design, not ancillary safeguards. Land tenure, rights, benefit sharing, enforcement, community participation, long-term finance, and institutional continuity are central determinants of the risk of anthropogenic reversal.	Methodological guidance should enable evaluation of governance quality alongside biophysical exposure and should recognize that some of the strongest durability mechanisms may be institutional rather than purely ecological. Governance, management, and finance should be incorporated as potential risk mitigation factors to reduce both anthropogenic and natural risk where they demonstrably change exposure, likelihood, severity, response, or recovery. Therefore, the draft should be updated to include mitigations for all types of risks where reasonably possible, drawing on expertise from other markets (e.g. the insurance industry and bond rating agencies).
4	Appendix 2. Methods used for deriving…	Paragraphs 30 to 32 (plus Cover Note paragraphs 26 and 27)	This document notes that the MEP has yet to define the confidence objective, and we suggest this should be done first to inform the emissions scenarios used. The selection of the "medium-medium" tr55bt716 disturbance scenario and SSP2-4.5 is presented as reasonable because there is "no clear reason" to adopt the high-high case and "no sufficient justification" for the low-low case. That is a weak basis for a regulatory default. The appropriate scenario should be tied to the confidence objective – once defined - and depends on the policy question of global emissions pathways.	Request the SBM to determine the level of confidence it seeks to establish in deciding that the assets of the reversal risk buffer pool account are sufficient to cover its liabilities before developing the tools to guide the determination of reversal risk ratings. Do not use a single central scenario to determine eligibility or negligible risk; instead, use an ensemble (e.g., emission scenarios, GCMs, and DGVMs).

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
5	5. Reversal risk assessment	Paragraphs 20, footnote 16 (plus Cover Note paragraphs 26 to 28 and 36)	The MEP argues that uncertainty in the disturbance and climate scenario selection "does not have any implications for the solvency of the reversal risk buffer pool account," because A6.4ERs contributed to the pool for this activity type are expected to be cancelled immediately and no post-crediting monitoring or remediation is required. This reasoning is logically inverted. If the contributed A6.4ERs are cancelled immediately, the contribution is not a buffer at all; it is a permanent, irreversible discount applied to issuance. A buffer pool is an insurance instrument: it holds assets against contingent liabilities, and its calibration matters because it can be drawn down. A cancellation is a deduction: it can never be recovered, never returned, and never reconciled against observed outcomes.	Substantially revise and consider that immediate cancellation raises the required standard of accuracy because it removes any possibility of ex-post correction. On that basis: (a) require that default values be accompanied by published uncertainty ranges; (b) require that the MEP establish a periodic reconciliation exercise comparing modelled reversal risk against observed forest disturbance in the credited jurisdictions, with adjustment of defaults where systematic divergence is found; and (c) where cancellation (rather than buffer retention) is applied, it requires the use of a central estimate accompanied by explicit disclosure of the uncertainty range, rather than a single point value presented as settled.
6	Appendix 2. Methods used for deriving…	Paragraphs 7 to 24 (plus Cover Note paragraph 32)	The method used in the Appendix 2 projects historical disturbance into future risk to reduce credit issuance or increase buffer requirements. However, this approach risks a mismatch if historical trends are rejected or constrained for use within the baseline. In short, the framework becomes asymmetric: historical trends can be used to penalize permanence, but not to recognize counterfactual loss or the value of avoided loss.	Methods used to assess risk should be consistent with those used for baseline setting.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
7	Appendix 2. Methods used for deriving…	Paragraphs 7 to 32 (plus Cover Note paragraphs 32 to 36)	The draft tool claims the approach used reflects "best available science" and "robust evidence," but the natural-risk defaults are built from a narrow modeling pathway: the Wu et al. absolute-reversal method, a global extension, selected disturbance scenarios, and a central SSP2-4.5 case. A single modeling framework is not enough to define global reversal-risk defaults for activities that reduce non-renewable biomass consumption, especially where disturbance, mortality, regrowth, and climate sensitivity are highly uncertain. If approved, this approach could also become a template for nature-based activities, which would be similarly inappropriate to define global reversal risk defaults.	Require a scientific consensus including formal evidence review, multi-model comparison, including the consideration of other SSPs and taking into account recent findings on climate scenarios (Van Vuuren et al 2026), transparent uncertainty ranges, sensitivity analysis, and independent expert review before defaults are used to determine the eligibility, buffer contributions, or negligible risk of activities that reduce non-renewable biomass consumption. The MEP should also ensure that the suggestion for a more robust approach informs the development of future tools, including those designed for nature-based activities.
8	Appendix 2. Methods used for deriving…	Whole Appendix 2 (plus Cover Note paragraphs 34 and 35)	The peer-reviewed Wu et al. Nature paper is important, but it is primarily a CONUS forest-carbon risk analysis. The global analysis referenced in Appendix 2 appears newer and is listed as a bioRxiv source. That may be useful science, but it should not be treated as a settled global regulatory basis without broader peer review and comparison. The Nature paper itself reports large uncertainty ranges around buffer adequacy, which supports only using it as a warning signal or resource to understand relative risk, not as a deterministic global default used to calculate buffer pool contributions or other absolute risk determinations.	Treat Wu et al. and related work as one input into a broader risk framework, not as the default architecture. Require robust review of model uncertainty and alternative accepted models.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
9	2. Definitions	Paragraphs 6 (f), including footnote 7, and paragraph 21 (plus Cover Note paragraph 37)	The draft defines reversal risk mitigation as interventions that reduce or eliminate risk and even gives tree thinning as an example of wildfire risk reduction. But then it sets natural reversal risk-reduction factors to zero by assumption because the MEP was unable to identify jurisdiction-wide natural risk mitigation measures. This is internally inconsistent and unsuitable for activities reducing non-renewable biomass. If used in other tools, it could exclude nature-based activities. This approach ignores cross-scale impacts and non-linear thresholds, such as those observed in forest and fire ecology, where mitigation measures need not be uniformly applied across a jurisdiction to have an impact at that scale. Strategic intervention in key patches (e.g., targeted thinning, fuel breaks, containment zones, connectivity corridors) can alter the landscape-scale spread of risks such as fire, pests, and disease. In addition, precedent does not equal potential. Historical lack of jurisdiction-wide risk mitigation frameworks can be expected given that jurisdictional climate change mitigation programs are nascent and emerging. This does not mean they are impossible or ineffective.	Allow project, landscape, or jurisdiction-scale natural-risk mitigation factors. Eligible measures should include fuel treatments, prescribed fire, fire breaks, hydrological restoration, species/site selection, pest & disease monitoring, integrated pest management, community fire management, enforcement, and adaptive management plans. Given there's a logical basis for this type of mitigation, develop a mechanism that reflects this reality and is flexible enough to be adjusted based on actual risk mitigation performance.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
10	5. Reversal risk assessment	Paragraph 21 (plus Cover Note paragraph 37)	The requirement implied by paragraph 37 of the Cover Note is the wrong scale, thus excluding many mitigation measures. Activity risk reduction is often project-scale rather than jurisdiction-wide. By recognizing only jurisdictional-scale defaults, the tool effectively makes risk mitigation invisible for many well-managed activities, which could become exclusionary for activities that reduce non-renewable biomass and, if this approach is applied to other tools, would also be exclusionary for nature-based activities. Paragraph 21 sets natural-risk reduction factors to zero because the MEP found no jurisdiction-wide mitigation measures (footnote 17). This conflates two questions: does the measure reduce risk? And is it administered at the jurisdictional scale? Only the first bears on whether carbon is lost. The second is an artifact of the geographic-default architecture, elevated into an eligibility criterion without justification. The result is internally inconsistent: footnote 7 cites tree thinning as reducing wildfire risk; paragraph 21 assigns it a factor of zero. The scale test is also unsupported, as fire and forest-health literature shows that targeted interventions in strategic locations alter landscape-scale probability and severity without uniform jurisdictional application.	Avoid relying solely on jurisdiction-wide mitigation measures to lower natural risk ratings. Instead, allow for independently verified site-specific and landscape-specific mitigation measures. Consider replacing the scale-based test with an effect-based test. A reversal risk mitigation measure shall be eligible for a reduction factor where it is evidenced, sustained and monitored over the relevant monitoring period, verified and tabulated (assigned a fixed reduction value by the mechanism, by measure type, rather than self-asserted by the activity participant) irrespective of the administrative scale at which it is implemented.
11	5. Reversal risk assessment	Paragraph 22 (plus Cover Note paragraphs 39 to 41)	Human-induced risk is central to activities that reduce non-renewable biomass, but the draft essentially punts it to stakeholders because the MEP could not identify a clear empirical or peer-reviewed basis for doing so. This is not good practice, since there is a large body of expertise in insurance, country risk analysis, political risk analysis, land tenure assessment, project finance, governance, and natural resource management that should inform these defaults.	Convene risk specialists, actuaries, forest governance experts, and practitioners of activities that reduce non-renewable biomass to design human-induced risk factors. Use indicators for tenure security, enforcement, benefit-sharing, finance continuity, political risk, conflict, land-use pressure, and project governance.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
12	5. Reversal risk assessment	Paragraphs 17, 19 to 21 (plus Cover Note paragraphs 42 to 44)	In Equation 1, the parameter Fbuffer is calculated as the sum of the natural and human-induced risk ratings. The MEP acknowledges that this is appropriate only if the terms are statistically independent and from compatible distributions. Later, in Equation 2, the reversal risk rating for natural reversal risks (Rating, natural) is calculated by adding the reversal risk factors for wildfire and other natural reversal risks. The same principle must apply for both Equations to simply add these terms together, i.e., that the terms must be statistically independent and from compatible distributions. However, that condition is unlikely to hold for the terms in either Equation for the risks considered within this tool related to activities that reduce non-renewable biomass and would not be true if this approach were applied to tools related to nature-based activities. This implies separability and, in practice, independence. But none of these terms are independent from each other: human-induced risks influence natural risks, and natural risks interact with each other. Wildfire, drought, insects, disease, windthrow, and human management are often correlated or causally linked. Drought can drive both mortality and fire severity; governance affects ignitions, suppression, and recovery.	Replace simple addition in both Equations with a joint risk framework that accounts for covariance and tail dependence. At a minimum, require a correlation adjustment. Other possible ideas include using expected-loss distributions and Monte Carlo- or scenario-based aggregation. Project-level risk scores should feed a portfolio solvency model rather than simply being added as point estimates.
13	5. Reversal risk assessment	Paragraph 18 (plus Cover Note paragraphs 45 to 47)	The MEP seeks input from stakeholders on whether upper limits are appropriate. The draft tool does not recommend an upper risk limit for clean cooking but leaves open the possibility for other activity types. An upper risk limit for nature-based activities would be especially problematic because it could exclude high-risk geographies where carbon finance is most needed and where active management could reduce risk.	Upper limits should be avoided unless additional changes to the tool are made to enable recognition of verified natural-risk mitigation measures and enable activity proponents to demonstrate that risks are manageable. For manageable risks, require higher contributions with stacked insurance, reserves, step-up requirements, or shorter duration claims rather than exclusion. Upper limits could be considered where risks are demonstrably unmanageable (for example, where future projections of Dynamic Global Vegetation Models predict that a forest is completely unviable).

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
14	Cover note	Paragraphs 48 to 51	The treatment of "negligible risk" remains a potential deterministic bottleneck. The draft Tool notes that methodologies may define negligible risk using the tool, and A6.4ERs may be tagged accordingly. For activities that reduce non-renewable biomass, a single 100-year percentage threshold could become a de facto exclusion screen, even where risks can be priced and remediated.	Define negligible risk probabilistically and narrowly. More importantly, clarify that failure to meet the "negligible risk" standard does not result in exclusion where monitoring and remediation mechanisms are in place.
15	4. Applicability	Paragraphs 12 to 15 (plus Cover Note paragraphs 55 to 57)	The draft tool is formally limited to activities reducing non-renewable biomass consumption, but it is already positioned as the foundation for future forestry, geologic storage, and biochar modules. The clean-cooking/fNRB structure is not transferable to project-level forestry or blue carbon without major redesign.	Include a clear reference that future nature-based activities modules will undergo separate scientific review and will not inherit defaults, aggregation logic, negligible-risk thresholds, or zero-mitigation assumptions from this first clean-cooking application.
16	1. Introduction	Paragraphs 3 and 4 (plus Appendix 2 paragraphs 36 to 39)	The tool is stated to be valid for 5 years (paragraph 4), unless revised, with a recommended reassessment every 2 to 3 years (Appendix 2, paragraph 37). However, neither the tool nor the Cover Note establishes any mechanism for testing the adequacy of the reversal risk ratings against observed outcomes. There is no requirement to compare modelled disturbance rates with observed disturbance, no requirement to compare buffer pool inflows with reversal events, and no trigger for revision when systematic divergence is detected. This is a material gap relative to established practice. The value of a non-permanence risk instrument lies not in the sophistication of its underlying model, but in its demonstrated capacity to keep the pool solvent without over-charging. Established programs recalibrate against observed pool performance. The academic literature cited by the MEP itself (Anderegg et al. 2025; Haya et al. 2023; Wu et al. 2026) is precisely a body of ex-post work assessing whether buffer pools were correctly sized.	Substantially review and consider that, at intervals of no more than three years, a reconciliation of the reversal risk factors set out in Appendix 1 against observed forest disturbance data for the applicable jurisdictions should be conducted. Where systematic divergence between modelled and observed disturbance is identified, the reversal risk factors shall be revised accordingly, irrespective of the five-year validity period. As suggestion for the review, a system to routinely update the tool as improvements occur (e.g., AI models could be used to assess risk using new training data) could be done when data becomes available to improve tools, while balancing the need for certainty/stability in the system with the need to avoid changes that occur too frequently or unexpectedly.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
17	4. Applicability	Paragraph 15 (plus Appendix 2 paragraphs 33 to 35)	Paragraph 15(b) of the draft tool requires the mechanism methodology to identify "a geographic area or region, rather than a specific parcel or plantation" as the source of non-renewable biomass. Appendix 2, paragraph 35, then applies the modelled forest-disturbance reversal risk of that entire region to the credited carbon. This creates a fundamental attribution problem. A clean-cooking activity doesn't own, manage, monitor, or control the forest reservoir that determines its buffer contribution risks. It is charged for the reversal risk of a reservoir it cannot see, mitigate, or remediate. Most voluntary carbon standards apply the buffer to the entity managing the carbon stock. It has three practical consequences: (i) the tool cannot recognize mitigation because the activity has no lever to pull, which is why it sets natural-risk mitigation to zero and rationalizes it as an absence of measures; (ii) the modeled disturbance risk applies to the entire forest, while the activity avoids only a small part of extraction, overestimating exposure; and (iii) it sets a precedent by attributing the whole-landscape disturbance risk to an activity with no control, which could be harmful if inherited by future modules.	Add to the Cover Note and in the tool that the geographic-default approach adopted for activities reducing non-renewable biomass consumption is a consequence of the absence of a controllable, project-level reservoir in this specific activity type, and is therefore not transferable to activity types in which the activity participant holds, manages, and monitors the reservoir.
18	Appendix 1. Default values...	Tables 1 to 3	The default values can become punitive and prohibitive for activities that reduce non-renewable biomass. For example, the multi-national natural risk defaults sum to roughly 26.7% for Asia and 32.0% for Latin America before any human-induced risk is added; country values are also high in several tropical forest countries. Without uncertainty ranges, site-specific alternatives, or mitigation factors, these values can make activities that reduce non-renewable biomass uneconomical or make “negligible risk” unattainable.	Provide confidence intervals, allow replacement of defaults with verified site-specific assessments, and make clear that high default values trigger risk pricing/remediation, not categorical exclusion.

Document reference number and title: (Recommendation from the MEP to SBM020) **Draft Methodological tool: Reversal risk assessment**				
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)
19	Appendix 2. Methods used for deriving…	Paragraph 24	Appendix 2 acknowledges that the historical component excludes losses below a 10% threshold, and that the forward-looking component includes only stand-clearing disturbances. This means the modeled risk does not fully match the "Standard: Addressing Non-Permanence and Reversal" broader reversal definition. There also appears to be an issue with the methods, given the coarse resolution of the data used to estimate any project disturbance and the possibility of recovery post-disturbance. The historic disturbance method can end up erroneously detecting 100% loss in a pixel when, in reality, there was only partial loss. This would tend to overestimate risk, especially in areas with lower-severity fire regimes. This problem is only exacerbated when shifting to a very coarse grid for the future disturbance projection. By choosing to use global datasets that lack the resolution to capture partial loss and recovery and instead assume catastrophic loss, the tool effectively treats areas actually at risk of partial, low-severity disturbances as being at risk of catastrophic loss. It ignores the reality of how disturbances work, including the influence of fire tolerance and forest structure. This particularly penalizes projects in ecosystems with low-severity disturbance by assigning them unfairly high default risk ratings. On the other hand, the risk for some projects may be underestimated, especially when they are subject to slower disturbance processes, since the projection would end up assigning near-zero risk due to a flawed methodology. Furthermore, the tool does not appear to point to any precedent in the scientific literature that would support implementing this approach.	Do not use this partial metric as a comprehensive definition of reversal risk. Clarify that it estimates a narrow subset of natural disturbance risk (the most extreme disturbances) and requires methods for low- and medium-severity degradation, partial biomass loss, and recovery dynamics. Incorporate methods that account for different disturbance regimes, which have a range of severity and frequency, so that the model actually reflects the reality of disturbance risk based on scientific evidence.

Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

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)
20	5. Reversal risk assessment	Paragraph 18 - Question 01	In Equation 1, the parameter Fbuffer is calculated as the sum of the natural and human-induced risk ratings. The MEP acknowledges that this is appropriate only if the terms are statistically independent and from compatible distributions. Later, in Equation 2, the reversal risk rating for natural reversal risks (Rating, natural) is calculated by adding the reversal risk factors for wildfire and other natural reversal risks. The same principle must apply for both Equations to simply add these terms together, i.e., that the terms must be statistically independent and from compatible distributions. However, that condition is unlikely to hold for the terms in either Equation for the risks considered within this tool related to activities that reduce non-renewable biomass and would not be true if this approach were applied to tools related to nature-based activities. This implies separability and, in practice, independence. But none of these terms are independent from each other: human-induced risks influence natural risks, and natural risks interact with each other. Wildfire, drought, insects, disease, windthrow, and human management are often correlated or causally linked. Drought can drive both mortality and fire severity; governance affects ignitions, suppression, and recovery.	Replace simple addition in both Equations with a joint risk framework that accounts for covariance and tail dependence. At a minimum, require a correlation adjustment. Other possible ideas include using expected-loss distributions and Monte Carlo- or scenario-based aggregation. Project-level risk scores should feed a portfolio solvency model rather than simply being added as point estimates.
21	5. Reversal risk assessment	Paragraph 22 - Questions 2 and 3	Human-induced risk is central to activities that reduce non-renewable biomass, but the draft essentially punts it to stakeholders because the MEP could not identify a clear empirical or peer-reviewed basis for doing so. This is not good practice, since there is a large body of expertise in insurance, country risk analysis, political risk analysis, land tenure assessment, project finance, governance, and natural resource management that should inform these defaults.	Convene risk specialists, actuaries, forest governance experts, and practitioners of activities that reduce non-renewable biomass to design human-induced risk factors. Use indicators for tenure security, enforcement, benefit-sharing, finance continuity, political risk, conflict, land-use pressure, and project governance.