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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	-	-	Funga supports the MEP's proposal not to impose a maximum reversal-risk rating for activities reducing non-renewable biomass consumption and recommends that this principle also guide future applications of the tool, including forestry. A reversal-risk rating should determine the magnitude and form of the risk-management obligation, not act as an arbitrary eligibility threshold. An activity with comparatively high reversal risk can still generate environmentally robust outcomes where that risk is scientifically quantified and fully addressed through proportionate contributions to a buffer pool, insurance, a monetary permanence reserve, a third-party guarantee, or another approved mechanism. Conversely, a low nominal risk rating does not itself ensure integrity if the underlying assumptions, monitoring, or remediation mechanism are inadequate. A fixed maximum could unnecessarily exclude beneficial activities in regions exposed to wildfire, drought, storms, or other climate-amplified risks, including activities that may improve ecosystem resilience. This would penalize projects for the conditions in which they operate rather than assessing whether the resulting liability is adequately managed. Activities should be excluded only where reversal risk cannot be credibly quantified or where sufficient and enforceable coverage cannot be demonstrated. The tool should also provide clear, common guidance for determining "negligible risk." That guidance should specify the applicable probability or confidence level, the time horizon, the treatment of correlated and climate-amplified risks, and the frequency with which the determination must be updated. Without these elements, different methodologies may adopt inconsistent definitions that make A6.4ERs difficult to compare.	Revise paragraph 46 and add a new paragraph 51 bis as follows: 46. No general upper limit shall apply to an overall reversal-risk rating or to an individual reversal-risk factor. An Article 6.4 activity shall remain eligible where: (a) its material reversal risks can be quantified using the best available science and appropriately conservative assumptions; (b) applicable risk-reduction measures required by the mechanism methodology have been implemented; and (c) an approved reversal-risk management mechanism provides coverage calibrated to the assessed risk and sufficient to remediate reversals at the level of confidence established by the Supervisory Body. A mechanism methodology may establish an upper limit only where robust evidence demonstrates that risks above that limit cannot be credibly quantified, managed, or covered. Approved risk-management mechanisms may include the Reversal Risk Buffer Pool Account, insurance, comparable guarantees, third-party guarantees, monetary permanence reserves, or combinations of these mechanisms. 51 bis. Guidance for identifying a negligible risk of reversal shall specify: (a) a quantitative threshold and associated confidence level; (b) the applicable assessment period, including the required 100-year timeframe; (c) the treatment of statistical dependence, correlated risks, and climate-driven changes in risk; and (d) the required frequency for reassessment using updated data and the best available science. These elements shall be applied consistently across mechanism methodologies unless a methodology provides a scientifically justified reason for a different approach. The draft currently interprets an upper limit as an eligibility prohibition, proposes no upper limit for its first application, and leaves additional guidance on negligible risk for future work. It also confirms that forestry is one of the next applications being developed.