Carbon Market Watch inputs to the Article 6.4 Supervisory Body ahead of its 8th meeting: removals

Brussels, 26 October 2023

Dear Members and Alternate Members of the Article 6.4 Supervisory Body,

Carbon Market Watch welcomes the opportunity to provide inputs to the Supervisory Body on "A6.4-SB008-AA-A15 - Draft recommendation: Activities involving removals under the Article 6.4 mechanism". We have proposed overall comments and specific text edits to version 03.0 of the document, which you can find below.

Overall comments

We would first highlight a few missing elements in the current draft recommendation:

- The text should include a provision so that any A6.4ERs issued from removal activities shall be distinctly and publicly tagged on the Article 6.4 registry, such that it is clear whether each A6.4ER is issued from an activity involving removals or emission reductions;
- The text should include a provision requiring public tags on the Article 6.4 registry of the expected durability of the removals associated with each activity, as well as the reversal risk that has been attributed to the activity;
- The text should provide a hook to "Section 7 Non-permanence and reversals" in version 8.0 of the methodological requirements text so that it is clear that emission reduction activities that face reversal risks are also required to address reversals and conduct monitoring in accordance with this text;
- The text should include a provision indicating the SB will develop further procedures to define a minimum default risk rating, potentially differentiated by activity type, which serve as a floor, on top of which activity-level risk assessments are conducted. This is already practiced on the VCM, as we note in our comment to paragraph 31.

In addition, the recommendations on reversals of removals (section 3.5), particularly subsection "3.5.3 Addressing reversal risk and reversals", are unclear, ambiguous, and at times appear internally inconsistent. Aside from the specific text edits we have proposed in the tables below, we think section 3.5.3 in particular needs to be restructured. Many concepts employed are not defined, where different interpretations of these concepts could lead to different outcomes. To highlight a few points:

- Reversals due to unforeseen circumstances need to be better distinguished from reversals that could have been prevented. 'Planned' versus 'unplanned' reversals does not provide a sufficient terminology in this regard. For example, the following reversals are both 'unplanned': a reversal due to negligence on the part of the project proponent, or a reversal that is due to a natural disaster that no amount of precaution could have prevented. The consequences of these two events should not fall under the same category. We therefore strongly recommend replacing this terminology. Regardless of the exact terminology of different types of reversals, the difference between types should be clearly defined, and the recommendations should clearly indicate whether the provisions concern either type of reversals.
    - An example from the voluntary market: VCS distinguishes between 'avoidable' and 'unavoidable' reversals in their Program Definitions, where 'avoidable reversals' are defined as: "A reversal over which the project proponent has influence or control. Examples include poor project management, removal of a portion of the project area from participation, harvesting/over-harvesting, or tillage events."
- A timeframe for addressing reversals must be added to the text. Clear provisions to address reversals within a reasonable timeframe, as well as consequences for non-compliance, are essential for environmental integrity. The Gold Standard, for example, sets a timeframe of 120 days[1].
- "Direct replacement" must be clearly defined and requirements for its use must be indicated. We do not believe that direct replacement of 6.4ERs should be proposed as an alternative to use of the buffer pool for reversals. If direct replacement is to have any role in addressing reversals, there must be a requirement for a continuous obligation for direct replacement of 6.4ERs for posterity. This is necessary, as the direct replacement ERs themselves also face reversal risks that must in turn be addressed. For example: credit A has been retired but is reversed; rather than resorting to the buffer pool, it is replaced by retiring credit B, which also faces a

[1] "4.5.4 | The Project developer shall, at its expense, compensate the lost GSVERs within 4 months (120 days) of the receipt of action plan from Gold standard Secretariat, unless additional time is agreed and granted by GS Secretariat. 4.5.5 | Project developer shall compensate for the full amount of all issued GSVERs to the project under scenario 3. 4.5.6 | If the Project developer does not compensate the lost GSVERs within 4 months (120 days) of the receipt of action plan from Gold standard Secretariat, Gold Standard Secretariat retains the right to freeze the project registry account and use any existing GSVERs available in project account to compensate for the Reversal and/or shortfall." (Gold Standard Performance Shortfall Guidelines, V2.0)

reversal risk; credit B is reversed, and thus must be replaced by credit C, which also faces a reversal risk; the cycle continues. Liability for direct replacement must thus extend for posterity if it is considered an additional method to address reversals. Moreover, more work from the SB is needed to explore implications of this continuous obligation, especially for equity if the host Party assumes liability.

- As noted in our response to the SB's consultation on removals in August, in the event of any reversal, the corresponding amount of ERs must always be drawn from the buffer pool. The manner in which the buffer pool is replenished depends on whether the reversal was *avoidable* or *unavoidable*: for *unavoidable* reversals, the project proponent must replenish the buffer pool equivalent to any reversals in excess of the share of ERs that the activity initially contributed to the buffer pool; for *avoidable* reversals, the project proponent must fully replenish the buffer pool equivalent to all reversals, including by acquiring ERs (at the proponent's own expense) from other activities if necessary.

- A provision should be added to the text to allow the SB to permanently ban a project proponent from engaging in the Article 6.4 mechanism and take other corrective actions, for example in cases where a proponent violates human rights and the rights of Indigenous Peoples or repeatedly causes both intentional and avoidable reversals. Additional corrective actions for such cases could include cancelling any unused credits of the proponent, including from any other activities they are involved in.

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Specific text edits on removals (v 03.0)

Section 2. Context of removals under this guidance

Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
6a	"Removals are the outcomes of processes to remove [greenhouse gases] [carbon dioxide] from the atmosphere through anthropogenic activities and durably store [or destroy] them; and"	"Removals are the outcomes of processes to remove ~~[greenhouse gases] [~~carbon dioxide~~]~~ from the atmosphere through anthropogenic activities and durably store ~~[or destroy]~~ them; and" Whether or not it is acceptable to simply say "durably" without providing any guardrails or timeframes partially depends on the obligations that will be decided when it comes to monitoring and remediating reversals, which are far from being clearly defined in the current draft (also see comments in cells below). It is therefore not yet clear if this language will be acceptable.
6b	"Activities involving removals meet the requirements in Section 4. Any examples in this guidance referring to specific activity types or categories are purely illustrative and do not give effect to decisions by the Supervisory Body regarding their use under the Article 6.4 mechanism."	"Activities involving removals meet the requirements in Section 3. Any examples in this guidance referring to specific activity types or categories are purely illustrative and do not give effect to decisions by the Supervisory Body regarding their use under the Article 6.4 mechanism."

Section 3.1. Monitoring (Requirements)

Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
12	"Calculation of removals may employ conservative default values that appropriately address uncertainty, to allow flexibility in monitoring."	"Calculation of removals may employ conservative default values that appropriately address uncertainty, to allow flexibility in monitoring, in accordance with provisions to be developed by the Supervisory Body."

14	"Methodologies contain provisions that require appropriate quality assurance and quality control measures, such as cross-checking the monitoring results with other sources of data."	"Methodologies shall contain provisions that require appropriate quality assurance and quality control measures, such as cross-checking the monitoring results with other sources of data."
15	"Methodologies shall contain provisions that require activity participants to submit a monitoring plan at the registration of the activity and review and update the monitoring plan at the start of each crediting period, as well as in any of the following circumstances:"	"Methodologies shall contain provisions that require activity participants to submit a monitoring plan at the registration of the activity and review and update the monitoring plan every five years, at the start of each crediting period, as well as in any of the following circumstances:"
16	"Monitoring shall also be conducted after the end of the last active crediting period of the activity for a period of time that is commensurate with the degree and nature of the residual reversal risk based on the results of the reversal risk assessment, the remediation measures applied, and any specifications and arrangements voluntarily provided by the host Party for post-crediting period monitoring of removals attributed to the activity and remediation of reversals of removals in accordance with this guidance. The Supervisory Body will develop further guidance in this regard."	"Monitoring shall also be conducted after the end of the last active crediting period of the activity for a minimum of 100 years, followed by a period of time that is commensurate with the degree and nature of the residual reversal risk based on the results of an additional ~~the~~ reversal risk assessment conducted within 3 years of the end of the 100-year monitoring period.~~, the remediation measures applied, and any specifications and arrangements voluntarily provided by the host Party for post-crediting period monitoring of removals attributed to the activity and remediation of reversals of removals in accordance with this guidance.~~ The Supervisory Body will develop further requirements ~~guidance~~ in this regard."
17	"[Monitoring may be stopped only when the risk of reversal of removals for which 6.4ERs have been issued is eliminated or deemed negligible. In this regard, evidence is provided that the removals will be stored with negligible to no reversal risk [or that the volume of potential future reversals of removals for which 6.4ERs have been issued has been remediated by taking measures specified in this guidance. The Supervisory	**Paragraph 17 should be deleted.** In case paragraph 17 is retained, then the following edits are needed at the minimum: "[Monitoring may be stopped only when the risk of reversal of removals for which 6.4ERs have been issued is eliminated~~ or deemed negligible~~. In this regard, ~~evidence is~~ peer-reviewed science and a verification review and report conducted by a

	Body will develop further guidance in this regard.]"	designated operational entity are provided as evidence that the removals will be stored with ~~negligible to~~ no reversal risk ~~[or that the volume of potential future reversals of removals for which 6.4ERs have been issued has been remediated by taking measures specified in this guidance~~. The Supervisory Body will develop further requirements~~guidance~~ in this regard.]"
18	"[Post crediting period monitoring may be substituted with appropriate domestic monitoring arrangements under instances where the host Party has voluntarily authorised the transfer of responsibility from the activity Participant to the host Party to remediate reversals by taking measures as specified in this guidance. The Supervisory Body will develop further guidance in this regard.]"	In case paragraph 18 is retained, the following edits are needed: "[Post crediting period monitoring may be substituted with appropriate domestic monitoring arrangements, where these are robust and granular enough at an activity level and aligned with further requirements to be developed by the Supervisory Body, under instances where the host Party has voluntarily authorised the transfer of responsibility from the activity Participant to the host Party to remediate reversals by taking measures as specified in this guidance. The Supervisory Body will develop further requirements~~guidance~~ in this regard.]"

Section 3.2. Reporting (Requirements)

Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
22	"Methodologies shall contain provisions to specify the minimum frequency of monitoring report submission, which shall be commensurate with the degree and nature of the risk of reversals determined through a risk assessment undertaken by the activity participants as per 4.5.1. Reversal risk assessment. Based on the results of the risk assessment referred to above, the frequency may range from one to five years	"Methodologies shall contain provisions to specify the minimum frequency of monitoring report submission, which shall be commensurate with the degree and nature of the risk of reversals determined through a risk assessment undertaken by the activity participants as per 3.5.1. ~~4.5.1.~~ Reversal risk assessment. Based on the results of the risk assessment referred to above, the frequency shall ~~may~~ range from

	from the submission date of the first monitoring report. Activity participants may choose a shorter period for monitoring than the specified minimum frequency. A reversal event may also trigger the preparation of a monitoring report as described in 4.5.2 Post reversal actions."	one to five years from the submission date of the first monitoring report. Activity participants may choose a shorter period for monitoring than the specified minimum frequency. A reversal event shall ~~may~~ also trigger the preparation of a monitoring report as described in 3.5.2. ~~4.5.2.~~ Post reversal actions."
23	"Methodologies shall contain provisions to specify the maximum duration allowed to submit the first monitoring report from the start date of the first crediting period. Based on the results of the risk assessment referred to in section 4.5.1. Reversal risk assessment, the duration may range from one to five years from the start date of the first crediting period. Methodologies shall contain provisions to require submission of subsequent monitoring reports at least every two years for activities with high reversal risk or at least every five years for those with low reversal risk."	"Methodologies shall contain provisions to specify the maximum duration allowed to submit the first monitoring report from the start date of the first crediting period. Based on the results of the risk assessment referred to in section 3.5.1. ~~4.5.1.~~ Reversal risk assessment, the duration may range from one to five years from the start date of the first crediting period. Methodologies shall contain provisions to require submission of subsequent monitoring reports at least every two years for activities with high reversal risk or at least every five years for those with low reversal risk. Methodologies shall contain provisions to require submission of monitoring reports before the end of the NDC implementation period in which the ERs covered by that monitoring report were achieved."
24	"The Supervisory Body will develop guidance on options for responding to late, incomplete, or missing monitoring report submissions or where monitoring is completely stopped."	"The Supervisory Body will develop requirements ~~guidance~~ on options for responding to late, incomplete, or missing monitoring report submissions or where monitoring is completely stopped."

Section 3.3. Accounting for removals (Requirements)

Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
27	"If an activity involving removals also results in emission reductions, relevant guidance shall be applied through a relevant	"If an activity involving removals also results in emission reductions, relevant guidance shall be applied through a relevant

	methodology or a combination of methodologies applicable to the activity in accordance with the provisions to be developed by the Supervisory Body."	methodology or a combination of methodologies applicable to the activity that shall ensure no emission reductions are defined, characterised, or calculated as removals, in accordance with the provisions to be developed by the Supervisory Body."
31	"Activity participants shall conduct a risk assessment at the activity level using robust methods to identify and assess the reversal risks, including to quantify and score, for instance the nature, scale, likelihood, and duration of the risks and of potential reversals. Risk assessments shall be conducted in advance of the project's registration and be included in the project design document and the monitoring plan."	"The Supervisory Body will develop further procedures that shall define a minimum default risk rating, potentially differentiated by activity type. Activity participants shall also conduct a risk assessment at the activity level using robust methods to identify and assess the reversal risks, including to quantify and score, for instance the nature, scale, likelihood, and duration of the risks and of potential reversals. Activity level risk assessments shall not lead to a reduction of the minimum default risk rating defined by the Supervisory Body, but may lead to an increase in the overall risk rating. Activity level r~~R~~isk assessments shall be conducted in advance of the project's registration and be included in the project design document and the monitoring plan." **Setting a minimum default risk rating is practiced on the market**. For example, the Gold Standard requires a flat-rate contribution of 20% of issued credits to its buffer for all LUF projects, while Verra requires a minimum contribution of 10% of issued credits to its buffer for all AFOLU projects (the risk rating can increase to 60%).[2] **The SB should also include provisions where an activity's risk rating (and corresponding buffer contributions) is increased depending on reversals, as in**

[2] Gold Standard, "Terms and Conditions", Section 11; Verra, "AFOLU non-permanence risk tool (v4.0)", Sections 2.5.2-2.5.4.

		other crediting contexts: e.g., ART TREES requires project participants to increase their risk rating and corresponding buffer contribution by 5% for a period of 5 years, following each reversal.[3]
33	"Activity participants shall review and revise the risk assessment every five years from the start of the first crediting period, as well as in any of the circumstances specified in paragraph 15 (a)–(c) [and any extreme weather event, such as fire activity, drought or typhoon within the activity boundary]."	"Activity participants shall review and revise the risk assessment every five years from the start of the first crediting period, as well as in any of the circumstances specified in paragraph 15 (a)–(c) ~~[~~and any extreme weather event, such as fire activity, drought or typhoon within the activity boundary~~]~~."

Section 3.5. Addressing reversals (requirements)

3.5.2. Post reversal actions		
3.5.2.1. Reversal notification		
Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
35a	"A first or preliminary notification shall be provided, within [30][60] days of the observed event that could potentially lead to the reversal, including, at a minimum, the date, the location and a short description of the event. It may be provided digitally;"	"A first or preliminary notification shall be provided, within ~~[~~30~~][60]~~ days of the observed event that could potentially lead to the reversal, including, at a minimum, the date, the location and a short description of the event. It may be provided digitally;" A preliminary notification, as opposed to a full monitoring report, can and must be given as soon as possible for the transparency of all parties involved. This is in line with current practice on the voluntary

[3] "After each reversal is reported, a Participant must increase its buffer contribution for a period of five calendar years by 5%, added to the buffer contribution assessment scoring for those years. Further, if the number of credits retired for the reversal exceeds the number of credits contributed to the buffer to date by the Participant, this deficit must be replenished by the Participant. If the Participant does not have sufficient credits already issued into its account, future credits issued to the Participant will be placed into the buffer until the excess amount is replenished" (ART TREES Standard v2.0, section 7.1.3, page 43).

		market, e.g. Gold Standard[4].
35b	"A reversal notification as a full monitoring report shall be provided by the earlier of the next deadline for monitoring report submission or within [90][120] [180] [360] days of the observed event, which includes, for instance, estimates of the reversals that occurred and information on how the reversals occurred, whether they were planned or unplanned, and whether they were or will be addressed including through corrective actions referred to in an accompanying updated reversal risk assessment;"	"A reversal notification as a full monitoring report shall be provided by the earlier of the next deadline for monitoring report submission or within ~~[~~90~~][120] [180] [360]~~ days of the observed event, which includes, for instance, estimates of the reversals that occurred and information on how the reversals occurred, whether they were planned or unplanned, and whether they were or will be addressed including through corrective actions referred to in an accompanying updated reversal risk assessment;" The option for 90 days is current practice on the voluntary market, e.g. by Gold Standard.[5]
35c	"In case the reversal event is still ongoing, the activity participant should continue to submit follow-up monitoring reports every [90][x] days until the reversal ceases, at which point, a final monitoring report should be submitted;"	"In case the reversal event is still ongoing, the activity participant shall ~~should~~ continue to submit follow-up monitoring reports every ~~[~~90~~][x]~~ days until the reversal event ceases, at which point, a final monitoring report shall ~~should~~ be submitted;"
35d	"The observation of an event that could potentially lead to a reversal during the verification/certification process shall temporarily suspend the processes until the reversal event is adequately assessed and corrective actions are taken where necessary."	"The observation of an event that could potentially lead to a reversal during the verification/certification process shall result in a reversal notification immediately, and shall temporarily suspend the processes until the reversal event is adequately assessed and corrective actions are taken where necessary."

[4] "In a reversal event or performance shortfall, the Project Developer shall notify Gold Standard Secretariat (standards@goldstandard.org) no more than 30 calendar days after the discovery of the reversal event. If the performance shortfall is identified during the certification process, the project developer and VVB shall notify Gold Standard Secretariat (standards@goldstandard.org) immediately upon discovery." (Gold Standard Performance Shortfall Guidelines, V2.0, 4.2.1)

[5] "The Project Developer shall submit a detailed assessment report within three months of initial notification date. In the case shortfall is identified during the certification process, the VVB shall include its opinion on assessment report in the verification report." (Gold Standard Performance Shortfall Guidelines, V2.0, 4.3.1)

3.5.3. Addressing reversal risk and reversals		
3.5.3.1. Buffer pool and its operation		
Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
38	"Activity participants shall remediate reversals of removals [for which 6.4 ERs have been issued] by taking measures based on the results of the reversal risk assessment referred to in Section 4.5.1. Reversal risk assessment."	Section 4.5.1. appears to be a typo and should read 3.5.1.
39, 40, 43, 44, 50	"39. Measures to remediate reversals may include use of the Reversal Risk Buffer Pool, as well as direct replacement of 6.4 ERs [in some circumstances accompanied by replenishment of removals] if applicable" 40. The above measures may be used on a standalone basis or in combination, according to [the relevant methodology] [the results of the risk assessment] this guidance." "43. [The activity participant may directly replace [issued] 6.4 ERs [for which potential reversals cannot be remediated by measures previously taken] [with ERs for which the risk of reversal is negligible or absent]. 44. Activity participants that choose direct replacement of ERs as a stand-alone measure to remediate reversals shall demonstrate that they have obtained and continually maintain sufficient coverage under an insurance policy or comparable guarantee.]" "50. Activity participants shall remediate planned reversals through [direct replacement of 6.4 ERs] [by cancelling for this purpose 6.4 ERs from another 6.4 activity equal to the amount of reversals requiring remediation]. The use of the Reversal Risk Buffer Pool shall not be permitted in such cases."	These paragraphs (and most of this subsection) are confusingly phrased, occasionally appear at odds with one another, and use undefined terms. It's not possible to provide smooth text edits, and so instead general points are underscored: i) "Direct replacement of 6.4ERs" is undefined in this section. It needs to be clearly defined, or else there is ambiguity. ii) Direct replacement of 6.4ERs should not be proposed as an alternative to use of the buffer pool for reversals. If direct replacement is to have a role in addressing reversals, there must be a requirement for a continuous obligation for direct replacement of 6.4ERs for posterity. This is because direct replacement ERs also face reversal risks that must in turn be addressed (see example we provided at the top of this document). iii) As we noted in our response to the SB's consultation on removals in August, in the event of any reversal, the corresponding amount of ERs must always be drawn from the buffer pool. The manner in which the buffer pool is replenished depends on whether the reversal was *avoidable* or *unavoidable*: for *unavoidable* reversals, the project proponent must replenish the buffer pool equivalent to any reversals in excess of the share of ERs that the activity initially contributed to the buffer pool; for *avoidable* reversals, the project proponent must fully replenish the buffer pool

		equivalent to all reversals, including by acquiring ERs (at the proponent's own expense) from other activities if necessary.
41	"In [some] circumstances [where activity participants wish to stop monitoring post-crediting period but cannot provide evidence that the reversal risk is eliminated or deemed negligible], the host Party may provide, on a voluntary basis, a sovereign guarantee."	Paragraph 41 should be deleted in its current formulation since it is ambiguous and many questions arise from how it might be implemented.
42	"Sovereign guarantee may be, for example for the direct replacement of 6.4 ERs or for counting the reversals as additional emissions."	Paragraph 42 should be deleted in its current formulation. While including a provision for a sovereign guarantee may be warranted if framed in the correct manner, Paragraph 42 (and 43) does not provide enough clarity on how it would be implemented or could even be enforced. It is not immediately obvious how reversals in Article 6.4 would be counted as additional emissions under the overall framework of the Paris Agreement, and if the SB would be able to enforce such a provision. In addition, a sovereign guarantee risks putting all the liability on host Parties, rather than on project proponents and any potential buyers of the ERs, who must bear liability. In addition, direct replacement of 6.4ERs has not been defined, introducing ambiguity, as previously flagged.
48	"The Article 6.4 mechanism registry shall perform the electronic operations and transparency functions of the buffer. Buffer 6.4 ER contributions represent the quantified (percent-based) risk of reversal as calculated by the activity participant through the risk assessment tool. Upon issuance, an amount of 6.4 ERs proportionate to that risk rating are forwarded to the buffer pool account. Buffer 6.4 ERs shall only be accessed by the Article 6.4 mechanism registry	Please see comment made about paragraph 31.

	administrator."	
51	"The reversal risk buffer pool shall be stress-tested at least every three years to assess, inter alia, the pool's resilience for a range of plausible reversal risk scenarios affecting the activities linked to the buffer pool. In addition to regular stress-testing, the composition of the buffer pool, including the share of credits by vintage, region and country, activity type, crediting methodology, and specific activity, should be published annually."	"The reversal risk buffer pool shall be stress-tested at least every three years to assess, inter alia, the pool's resilience for a range of plausible reversal risk scenarios affecting the activities linked to the buffer pool. In addition to regular stress-testing, the composition of the buffer pool, including the share of credits by vintage, region and country, activity type, crediting methodology, and specific activity, shall ~~should~~ be published annually and shall be publicly accessible."
3.5.3.1.1. Planned versus unplanned reversals		
Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
53	"[Where a full monitoring report indicates that a planned reversal has occurred, the mechanism registry account of the activity proponent may be frozen such that all issuances / transfers / retirements of any ERs from the [activity] [participant] [, including those from other projects and previously issued ERs, are halted until the reversals are remediated as specified in this guidance and further guidance the Supervisory Body will develop in this regard.]"	"~~[~~Where a full monitoring report indicates that a planned reversal has occurred, the mechanism registry account of the activity proponent shall ~~may~~ be frozen such that all issuances,~~/~~ transfers,~~/~~ retirements of any ERs from the ~~[~~activity~~]~~ ~~[~~participant~~]~~ ~~[~~, including those from other projects and previously issued ERs, are halted until the reversals are remediated as specified in this guidance and further requirements~~guidance~~ the Supervisory Body will develop in this regard.~~]~~" **These measures are already practiced on the market**, for example under VCS[6] and

[6] "2) Where the reversal is an avoidable reversal (see the VCS Program Definitions for the definition of avoidable reversal), the following applies: a) GHG credits shall be deposited in the AFOLU pooled buffer account in an amount equivalent to the full reversal. *No further VCUs will be issued to the project or any other VCS project solely with the same project proponent, or combination of project proponents, until the deficit is remedied*. b) Where further GHG credits are available for VCU issuance after replenishing the AFOLU pooled buffer account, additional buffer credits shall be deposited in the AFOLU pooled buffer account in accordance with Section 5.2" (emphasis added) (Verra, Registration and Issuance process, V4.4, 5.3.5).

		the Gold Standard.[7]
54	"[Where a full monitoring report indicates that an unplanned reversal has occurred and if an activity incurs a reversal that requires the cancellation of Buffer ERs in excess of the activity's total contributions to date, the participant may be required to contribute all subsequently issued ERs to the Buffer until such contributions equal the excess amount cancelled.]]."	"~~[~~Where a full monitoring report indicates that an unplanned reversal has occurred and if an activity incurs a reversal that requires the cancellation of Buffer ERs in excess of the activity's total contributions to date, the participant shall ~~may~~ be required to contribute all subsequently issued ERs to the Buffer until such contributions equal the excess amount cancelled.~~]]~~."
3.5.3.1.2. Treatment of uncancelled/unused buffers		
Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
55.	"Option 1: Uncancelled removals should not be automatically cancelled {Note: for Incentivising performance}. (a) Based on the performance of the activity and a risk assessment completed at the end of the crediting period, the amount of credits that need to be maintained in the buffer pool should be reassessed, with some portion of credits returned to the activity proponent depending on the reversal risk at that point in the project lifetime; or (b) They should be entirely returned to the activity proponent to incentivize good performance; or (c) They should be kept in a buffer pool to continue to ensure protection against reversal events beyond the project crediting lifetime. Option 2: They should be automatically cancelled. {Note: Addressing liability for default}. Option 3: Removals are neither cancelled nor returned to the proponent under normal circumstances. If most projects do not suffer from reversal, the buffer pool grows over time. {Note: The credits contributed into the buffer	"~~Option 1: Uncancelled removals should not be automatically cancelled {Note: for Incentivising performance}.~~ ~~(a) Based on the performance of the activity and a risk assessment completed at the end of the crediting period, the amount of credits that need to be maintained in the buffer pool should be reassessed, with some portion of credits returned to the activity proponent depending on the reversal risk at that point in the project lifetime; or~~ ~~(b) They should be entirely returned to the activity proponent to incentivize good performance; or~~ ~~(c) They should be kept in a buffer pool to continue to ensure protection against reversal events beyond the project crediting lifetime.~~ ~~Option 2: They should~~ Uncancelled buffer ERs shall be automatically cancelled at the end of the monitoring period. {Note: Addressing liability for default}. ~~Option 3: Removals are neither cancelled nor returned to the proponent under normal circumstances. If most projects do not suffer~~

[7] "Upon receiving the notification, Gold Standard shall freeze the project Registry account that is affected with the reversal event. No activity including issuance, transfer, assignment, or retirement of PERs and/or GSVERs from the project registry account shall be allowed until a decision or action plan is finalised by GS Secretariat. In case the project developer has multiple projects under the same Registry account, Gold Standard shall work with the project developer to prevent transfer of assignment of GSVERs or PERs from the affected project." (Gold Standard, Performance Shortfall Guidelines, V2.0, 4.2.2)

	pool are not returned to the contributors just as the insurance premium collected is not refunded by insurance companies. Coverage of risk is a service that is already delivered to the contributors. The rate of contribution in the future may be reduced for the entities with good track record of avoiding reversals, just as insurance premium does.}]"	~~from reversal, the buffer pool grows over time. {Note: The credits contributed into the buffer pool are not returned to the contributors just as the insurance premium collected is not refunded by insurance companies. Coverage of risk is a service that is already delivered to the contributors. The rate of contribution in the future may be reduced for the entities with good track record of avoiding reversals, just as insurance premium does.}]~~"

Section 3.7. Avoidance of other negative environmental and social impacts

Para	Current text (version 03.0)	Proposed changes in red and ~~strikethrough~~
57	"Activity participants shall apply robust social and environmental safeguards to minimize and, where possible, avoid negative environmental and social impacts of the activity: (a) In accordance with requirements contained in "Article 6.4 mechanism activity standard"[3], including the application of the Article 6.4 mechanism sustainable development tool[4], guidance on local and global stakeholder consultation and where applicable, the Appeals and Grievance Procedure[5]; and (b) Any other applicable provisions developed by the Supervisory Body to avoid negative environmental and social impacts of an activity involving removals. "	"Activity participants shall apply robust social and environmental safeguards not only to ~~minimize and, where possible,~~ avoid negative environmental and social impacts of the activity but also to demonstrate positive outcomes of the activity for biodiversity, ecosystem restoration, and local communities and Indigenous Peoples where relevant for the activity: (a) In accordance with requirements contained in "Article 6.4 mechanism activity standard"[3], including the application of the Article 6.4 mechanism sustainable development tool[4], guidance on local and global stakeholder consultation and where applicable, the Appeals and Grievance Procedure[5]; and (b) Any other applicable provisions developed by the Supervisory Body to avoid negative environmental and social impacts of an activity involving removals~~.~~; (c) For an activity involving the use of land or biomass, activity participants shall demonstrate that the activity does no harm to the environment and generates a positive outcome for biodiversity and ecosystem restoration, in accordance with provisions to be developed by the Supervisory Body."

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