

We support ART's mission to protect and restore forests through carbon finance. We believe that the draft version of TREES 3.0 advances this goal by providing clearer guidance and improved structure to help ensure the integrity of programs and the resulting TREES credits. We also believe that there could be additional modifications to further improve outcomes for programs and users of the credits.

- **Permanence:** While the standard intends for TREES credits to be permanent, there is no definition of permanence and there are no defined processes for monitoring after the program's crediting period ends. With renewable crediting periods of five years and no monitoring required post-crediting, it is unclear how durable TREES credits are.
- **Leakage:** TREES currently uses a standardized deduction for all types of leakage for subnational jurisdictions. This approach could lead to conservative or appropriate leakage deductions for some programs, but may be insufficient in other jurisdictions, leading to over-crediting. A more thorough approach requiring programs to consider potential sources of market leakage and activity shifting leakage could lead to higher integrity outcomes. Additionally, this type of analysis would encourage programs to mitigate leakage risk where possible, something not currently required by TREES.
- **Additionality:** The additionality test for the HFLD Crediting Level is a positive list, which considers forest cover and historical deforestation. Similar to concerns expressed above about leakage, this may be insufficient to ensure additionality for all jurisdictions that meet these criteria. Further tests of additionality could be implemented that would ensure that emissions reductions are a direct result of carbon financing.