

**International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction  
Scheme for International Aviation (CORSA)**

**Program Application Form, Appendix A**

***Supplementary Information for Assessment of Emissions Unit Programs***

**1. About the Assessment Process and Supplementary Information**

Following the agreement at the 39th Assembly of the International Civil Aviation Organization (ICAO), governments and the aviation industry are getting ready to implement the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). Together with other mitigation measures, CORSA will help achieve international aviation's aspirational goal of carbon neutral growth from year 2020.

Aeroplane Operators will meet their offsetting requirements under CORSA by purchasing and cancelling CORSA eligible emissions units, which will be determined by the ICAO Council upon recommendations by its Technical Advisory Body (TAB), according to paragraph 20 d) of ICAO Assembly Resolution A39-3.

As an initial step, in November 2017, the ICAO Council provisionally approved *CORSA Emissions Unit Eligibility Criteria (EUC)*. Application of the EUC will serve as the basis for the Council's decisions on CORSA-eligible emissions units.

To make further progress on the application of the EUC, the ICAO Council requested its Committee on Aviation Environmental Protection (CAEP) to informally test emissions unit programs against the EUC. The results and recommendations of the informal testing were provided to the Council, including the recommendation for the EUC to be used by the TAB in this assessment process.

Subsequently, in March 2019, the ICAO Council unanimously approved the EUC for use by the TAB in undertaking its tasks. At the same time, the ICAO Council also approved the 19 members of the TAB and its Terms of Reference (TOR).

ICAO has invited emissions unit programs to apply for the assessment, which will involve collecting information from each program through this program application form.

Through this assessment, the TAB will develop recommendations on the list of eligible emissions unit programs (and potentially project types) for use under the CORSA, which will then be considered by the ICAO Council to make its decision on CORSA eligible emissions units. This Appendix A to the Program Application Form contains the Council-approved EUC. Some of these EUC are accompanied by *Guidelines for Criteria Interpretation*. These EUC and *Guidelines* are provided to inform programs' completion of the application form.

## 2. CORSIA Emissions Unit Eligibility Criteria

Program Design Elements. At the program level, ICAO should ensure that eligible offset credit programs meet the following design elements:

- 2.1. Clear Methodologies and Protocols, and their Development Process—Programs should have qualification and quantification methodologies and protocols in place and available for use as well as a process for developing further methodologies and protocols. The existing methodologies and protocols as well as the process for developing further methodologies and protocols should be publicly disclosed.
- 2.2. Scope Considerations—Programs should define and publicly disclose the level at which activities are allowed under the program (e.g., project based, program of activities, etc.) as well as the eligibility criteria for each type of offset activity (e.g., which sectors, project types, or geographic locations are covered).
- 2.3. Offset Credit Issuance and Retirement Procedures—Programs should have in place procedures for how offset credits are: (a) issued; (b) retired or cancelled; (c) subject to any discounting; and, (d) the length of the crediting period and whether that period is renewable. These procedures should be publicly disclosed.
- 2.4. Identification and Tracking—Programs should have in place procedures that ensure that: (a) units are tracked; (b) units are individually identified through serial numbers; (c) the registry is secure (i.e., robust security provisions are in place); and (d) units have clearly identified owners or holders (e.g., identification requirements of a registry). The program should also stipulate (e) to which, if any, other registries it is linked; and, (f) whether and which international data exchange standards the registry conforms with. All of the above should be publicly disclosed information.
  - 2.4.1. Guidelines for interpretation of the “Identification and Tracking” criterion
  - 2.4.2. *Registry use*: The program should utilize an electronic registry (or registries) in order to comply with the criterion for emissions unit identification and tracking.
  - 2.4.3. *Unit identification*: The program registry (or registries) should be capable of transparently identifying emissions units that are deemed ICAO-eligible, in all account types.
  - 2.4.4. *Unit transfer and tracking*: The program registry (or registries) should facilitate the transfer of unit ownership and/or holding; and transparently identify unit status, including issuance, cancellation, and issuance status (see also paragraph 3.3.5: *Identification of units issued ex ante*).
  - 2.4.5. *Unique serialization*: The program should have policies<sup>1</sup> in place requiring the program registry (or registries) to assign to each emissions unit a unique serial number; identify units’ country and sector of origin, vintage, and original (and, if relevant, revised) project registration date.

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<sup>1</sup> E.g., Program registry requirements for internal or third-party registry administration.

- 2.4.6. *Registry administrator conflicts of interest*: Programs should avoid administrator conflicts of interest and should have policies in place that prevent program registry administrators from having financial, commercial or fiduciary conflicts of interest in the governance or provision of registry services.<sup>2</sup> Where such conflicts arise, and are appropriately declared, programs should have robust procedures in place to address and isolate the conflict.
- 2.4.7. *Registry account screening*: The program should have provisions in place ensuring the screening of requests for registry accounts; and restricting program registry (or registries) accounts to registered businesses and individuals.
- 2.4.8. *Registry security review*: The program should have provisions in place ensuring the periodic audit or evaluation of registry compliance with security provisions.
- 2.5. Legal Nature and Transfer of Units—The program should define and ensure the underlying attributes and property aspects of a unit, and publicly disclose the process by which it does so.
- 2.6. Validation and Verification procedures—Programs should have in place validation and verification standards and procedures, as well as requirements and procedures for the accreditation of validators and verifiers. All of the above-mentioned standards, procedures, and requirements should be publicly disclosed.
- 2.7. Program Governance—Programs should publicly disclose who is responsible for administration of the program and how decisions are made.
- 2.7.1. Guidelines for interpretation of the “Program Governance” criterion
- 2.7.2. *Program longevity*: The program should demonstrate that it has been continuously governed and operational for at least the last two years; and that it has in place a plan for the long-term administration of multi-decadal program elements which includes possible responses to the dissolution of the program in its current form;
- 2.7.3. *Program administrator and staff conflicts of interest*: Programs should avoid administrator and staff conflicts of interest and should have policies in place that prevent program staff, board members, and management from having financial, commercial or fiduciary conflicts of interest in the governance or provision of program services. Where such conflicts arise, and are appropriately declared, programs should have procedures in place to address and isolate the conflict.
- 2.7.4. *Liability coverage*: If the program is not directly and currently administered by a public agency, the independent administrator should demonstrate up-to-date professional liability insurance coverage of at least USD\$5M.
- 2.8. Transparency and Public Participation Provisions—Programs should publicly disclose (a) what information is captured and made available to different stakeholders; and (b) its local stakeholder consultation requirements (if applicable) and (c) its public comments provisions and requirements, and how they are considered (if applicable). Conduct

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<sup>2</sup> Fees-for-service (e.g., account administration fees) do not constitute a conflict of interest.

public comment periods and transparently disclose all approved quantification methodologies.

- 2.9. Safeguards System—Programs should have in place safeguards to address environmental and social risks. These safeguards should be publicly disclosed.
- 2.10. Sustainable Development Criteria—Programs should publicly disclose the sustainable development criteria used, for example, how this contributes to achieving a country’s stated sustainable development priorities, and any provisions for monitoring, reporting and verification.
- 2.11. Avoidance of Double Counting, Issuance and Claiming—Programs should provide information on how they address double counting, issuance and claiming in the context of evolving national and international regimes for carbon markets and emissions trading.

### 3. Carbon Offset Credit Integrity Assessment Criteria

There are a number of generally agreed principles that have been broadly applied across both regulatory and voluntary offset credit programs to address environmental and social integrity. These principles hold that offset credit programs should deliver credits that represent emissions reductions, avoidance, or sequestration that:

- Are additional.
- Are based on a realistic and credible baseline.
- Are quantified, monitored, reported, and verified.
- Have a clear and transparent chain of custody.
- Represent permanent emissions reductions.
- Assess and mitigate against potential increase in emissions elsewhere.
- Are only counted once towards a mitigation obligation.
- Do no net harm.

Eligibility criteria should apply at the program level, as the expertise and resources needed to develop and implement ICAO emissions criteria at a methodology and project level is likely to be considerable.

3.1. *Eligibility Criterion: Carbon offset programs must generate units that represent emissions reductions, avoidance, or removals that are additional*—Additionality means that the carbon offset credits represent greenhouse gas emissions reductions or carbon sequestration or removals that exceed any greenhouse gas reduction or removals required by law, regulation, or legally binding mandate, and that exceed any greenhouse gas reductions or removals that would otherwise occur in a conservative, business-as-usual scenario. Eligible offset credit programs should clearly demonstrate that the program has procedures in place to assess/test for additionality and that those procedures provide a reasonable assurance that the emissions reductions would not have occurred in the absence of the offset program. If programs pre-define certain activities as automatically additional (e.g., through a “positive list” of eligible project types), then they have to provide clear evidence on how the activity was determined to be additional. The criteria for such positive lists should be publicly disclosed and conservative. If programs do not use positive lists, then project’s additionality and baseline setting should be assessed by an accredited and independent third-party verification entity and reviewed by the program.

#### 3.1.1. Guidelines for interpretation of the “Additionality” criterion

3.1.2. *Additionality analyses/tests:* The program should have procedures in place to ensure — and to support activities to analyze and demonstrate — that credited mitigation is additional, on the basis of one or more of the following methods, which can be applied at the project- and/or program- level : (A) Barrier analysis; (B) Common practice / market penetration analysis; (C) Investment, cost, or other

financial analysis; (D) Performance standards / benchmarks; (E) Legal or regulatory additionality analysis as defined in paragraph 3.1.

3.1.3. *Non-traditional or new analyses/tests*: If program procedures provide for the use of method(s) not listed above, the GMTF, or other appropriate technical expert body, should evaluate and make a recommendation regarding the sufficiency of the approach prior to any final determination of the program's eligibility.

3.2. *Eligibility Criterion: Carbon offset credits must be based on a realistic and credible baseline*—Carbon offset credits should be issued against a realistic, defensible, and conservative baseline estimation of emissions. The baseline is the level of emissions that would have occurred assuming a conservative “business as usual” emissions trajectory i.e., emissions without the emissions reduction activity or offset project. Baselines and underlying assumptions must be publicly disclosed.

3.2.1. Guidelines for interpretation of the “Realistic and credible baselines” criterion

3.2.2. *Conservative baseline estimation*: The program should have procedures in place to ensure that methods of developing baselines, including modeling, benchmarking or the use of historical data, use assumptions, methodologies, and values that do not over-estimate mitigation from an activity.

3.2.3. *Baseline revision*: The program should have procedures in place for the activities it supports to respond, as appropriate, to changing baseline conditions that were not expected at the time of registration.

3.3. *Eligibility Criterion: Carbon offset credits must be quantified, monitored, reported, and verified*—Emissions reductions should be calculated in a manner that is conservative and transparent. Offset credits should be based on accurate measurements and quantification methods/protocols. Monitoring, measuring, and reporting of both the emissions reduction activity and the actual emissions reduction from the project should, at a minimum, be conducted at specified intervals throughout the duration of the crediting period. Emissions reductions should be measured and verified by an accredited and independent third-party verification entity. *Ex-post* verification of the project's emissions must be required in advance of issuance of offset credits; Programs that conduct *ex-ante* issuance (e.g., issuance of offset units before the emissions reductions and/or carbon sequestration have occurred and been third-party verified) should not be eligible. Transparent measurement and reporting is essential, and units from offsetting programs/projects eligible in a global MBM should only come from those that require independent, *ex-post* verification.

3.3.1. Guidelines for interpretation of the “Quantified, monitored, reported and verified” criterion

3.3.2. *Validation provisions*: The program should have provisions in place requiring validation, prior to or in tandem with verification, to assess and publicly document the likely result of the mitigation from proposed activities supported by the program.

- 3.3.3. *Auditor conflicts of interest*: Programs should have provisions in place to manage and/or prevent conflicts of interest between accredited third-party(ies) performing the validation and/or verification procedures, and the program and the activities it supports.<sup>3</sup> The provisions should require such accredited third parties to disclose whether they or any of their family members are dealing in, promoting, or otherwise have a fiduciary relationship with anyone promoting or dealing in, the offset credits being evaluated. The program should have provisions in place to address and isolate such a conflict should it be identified.
- 3.3.4. *Re-evaluation of assumptions*: The program should have procedures in place requiring that the renewal of any activity at the end of its crediting period includes a reevaluation of its baselines, and procedures and assumptions for quantifying, monitoring, and verifying mitigation, including the baseline scenario; the same procedures should apply to activities that wish to undergo verification but have not done so within the program's allowable number of years between verification events.
- 3.3.5. *Identification of units issued ex ante*: Programs that support both the *ex ante* and *ex post* issuance of emissions units should have procedures in place to transparently identify units which are issued *ex ante* and thus ineligible for use in the CORSIA.
- 3.4. *Eligibility Criterion: Carbon offset credits must have a clear and transparent chain of custody within the offset program*—Offset credits should be assigned an identification number that can be tracked from when the unit is issued through to its transfer or use (cancellation or retirement) via a registry system(s).
- 3.5. *Eligibility Criterion: Permanence*—Carbon offset credits must represent emissions reductions, avoidance, or carbon sequestration that are permanent. If there is risk of reductions or removals being reversed, then either (a) such credits are not eligible or (b) mitigation measures are in place to monitor, mitigate, and compensate any material incidence of non-permanence.
- 3.5.1. Guidelines for interpretation of the “Permanence” criterion
- 3.5.2. *Risk assessment*: The program should have provisions in place to require and support activities operating within any sectors/activity types that present a potential risk of reversal to undertake a risk assessment that accounts for, inter alia, any potential causes, relative scale, and relative likelihood of reversals.
- 3.5.3. *Reversal risk monitoring and mitigation*: The program should have provisions in place to require and support activities operating within any sectors/activity types that present a potential risk of reversal to (A) monitor identified risks of reversals; and (B) mitigate identified risks of reversals.
- 3.5.4. *Extent of compensation provisions*: The program should have provisions in place to ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA.

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<sup>3</sup> Fees-for-service (e.g., account administration fees) do not constitute a conflict of interest.

- 3.5.5. *Reversal notification and liability*: The program should have provisions in place which confer liability to the activity proponent to monitor, mitigate, and respond to reversals in a manner mandated in program procedures; require activity proponents, upon being made aware of a material reversal event, to notify the program within a specified number of days; and confer responsibility to the program to, upon such notification, ensure and confirm that such reversals are fully compensated in a manner mandated in program procedures.
- 3.5.6. *Replacement unit eligibility*: The program should have the capability to ensure that any emissions units which compensate for the material reversal of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA are fully eligible for use under the CORSIA.
- 3.5.7. *Review of compensation measure performance*: In the case that ICAO designates the program as eligible, including activity type(s) supported by the program which require that a compensation measure is in place, the program should be willing and able to demonstrate to ICAO that the measure can fully compensate for the reversal of mitigation issued as emissions units and used under the CORSIA as of the date of review.
- 3.6. *Eligibility Criterion: A system must have measures in place to assess and mitigate incidences of material leakage*—Offset credits should be generated from projects that do not cause emissions to materially increase elsewhere (this concept is also known as leakage). Offset credit programs should have an established process for assessing and mitigating leakage of emissions that may result from the implementation of an offset project or program.
- 3.6.1. *Guidelines for interpretation of the “Assess and mitigate material leakage” criterion*
- 3.6.2. *Scope and leakage prevention*: Programs should have provisions in place requiring that activities that pose a risk of leakage when implemented at the project-level should be implemented at a national level, or on an interim basis on a subnational level, in order to mitigate the risk of leakage.
- 3.6.3. *Leakage monitoring*: The program should have procedures in place requiring and supporting activities to monitor identified leakage.
- 3.6.4. *Leakage compensation*: The program should have procedures in place for the activities it supports to deduct from their accounting emissions from any identified leakage that reduces the mitigation benefits of the activities.
- 3.7. *Eligibility Criterion: Are only counted once towards a mitigation obligation*—Measures must be in place to avoid:
- 3.7.1. *Double issuance* (which occurs if more than one unit is issued for the same emissions or emissions reduction).
- 3.7.2. *Double use* (which occurs when the same issued unit is used twice, for example, if a unit is duplicated in registries).

- 3.7.3. *Double claiming* (which occurs if the same emissions reduction is counted twice by both the buyer and the seller (i.e., counted towards the climate change mitigation effort of both an airline and the host country of the emissions reduction activity)). In order to prevent double claiming, eligible programs should require and demonstrate that host countries of emissions reduction activities agree to account for any offset units issued as a result of those activities such that double claiming does not occur between the airline and the host country of the emissions reduction activity.
- 3.7.4. Guidelines for interpretation of the “Only counted once towards a mitigation obligation” criterion
- 3.7.5. *Double-issuance*: The program should have procedures in place for program and/or registry administrator monitoring of program registry(ies) to ensure the transparent transfer of units between registries; and that only one unit is issued for one tonne of mitigation.
- 3.7.6. *Double-use*: The program should have procedures in place for program and/or registry administrator monitoring of program registry(ies) to ensure that one unit is issued or transferred to, or owned or cancelled by, only one entity at any given time.
- 3.7.7. *Double-selling*: Programs should have procedures in place to discourage and prohibit the double-selling of units. Double selling occurs when one or more entities sell the same unit more than once.
- 3.7.8. *Host country attestation to the avoidance of double-claiming*: Only emissions units originating in countries that have attested to their intention to properly account for the use of the units toward offsetting obligations under the CORSIA, as specified in paragraph (and sub-paragraphs of) 3.7.9, should be eligible for use in the CORSIA. The program should obtain, or require activity proponents to obtain and provide to the program, written attestation from the host country’s national focal point or focal point’s designee.<sup>4</sup> The attestation should specify, and describe any steps taken, to prevent mitigation associated with units used by operators under CORSIA from also being claimed toward a host country’s national mitigation target(s) / pledge(s). Host country attestations should be obtained and made publicly available prior to the use of units from the host country in the CORSIA.
- 3.7.9. *Double-claiming procedures*: The program should have procedures in place requiring that activities take approach(es) described in these sub-paragraphs to prevent double-claiming, which attestations should confirm:
- 3.7.9.1. Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments.
- 3.7.9.2. Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of

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<sup>4</sup> Agency responsible for a host country’s national emissions inventory reporting (“National Focal Point”); including under the Paris Agreement.

its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions.

- 3.7.9.3. If program procedures provide for the use of method(s) to avoid double-claiming which are not listed above, the GMTF, or other appropriate technical expert body, should evaluate and make a recommendation regarding the sufficiency of the approach prior to any final determination of the program's eligibility.
- 3.7.10. *Transparent communications*: The program should make publicly available any national government decisions related to accounting for units used in ICAO, including the contents of host country attestations described in paragraph 3.7.8; and update information pertaining to host country attestation as often as necessary to avoid double-claiming.
- 3.7.11. *Comparing unit use against national reporting*: The program should have procedures in place to compare countries' accounting for emissions units in national emissions reports against the volumes of eligible units issued by the program and used under the CORSIA which the host country's national reporting focal point or designee otherwise attested to its intention to not double-claim.
- 3.7.12. *Program reporting on performance*: The program should be prepared to report to ICAO's relevant bodies, as requested, performance information related to, inter alia, any material instances of and program responses to country-level double-claiming; the nature of, and any changes to, the number, scale, and/or scope of host country attestations; any relevant changes to related program measures.
- 3.7.13. *Reconciliation of double-claimed mitigation*: The program should have procedures in place for the program, or proponents of the activities it supports, to compensate for, replace, or otherwise reconcile double-claimed mitigation associated with units used under the CORSIA which the host country's national accounting focal point or designee otherwise attested to its intention to not double-claim.
- 3.8. *Eligibility Criterion*: Carbon offset credits must represent emissions reductions, avoidance, or carbon sequestration from projects that do no net harm—Offset projects should not violate local, State/provincial, national or international regulations or obligations. Offset programs should show how they comply with social and environmental safeguards and should publicly disclose which institutions, processes, and procedures are used to implement, monitor, and enforce safeguards to identify, assess and manage environmental and social risks.