Clarifications of TAB’s Criteria Interpretations Contained in TAB Reports

Version: December 2023

This document consolidates TAB’s further interpretations of the CORSIA Emissions Units Eligibility Criteria[1] and associated *Guidelines for Criteria Interpretation[2],* including specific approaches taken to apply criteria and guidelines during the TAB’s assessments, which form the basis of TAB’s recommendations to the ICAO Council on eligible emissions units. Where TAB finds it necessary to clarify its interpretations, these clarifications are conveyed in TAB Reports to the ICAO Council and compiled in this document for transparency and ease of access.

The purpose of this document is to complement the information contained in the 1) *ICAO document “CORSIA Emissions Unit Eligibility Criteria”,* and 2) the *Guidelines for Criteria Interpretation*, with a view to helping potential applicants and the public understand how TAB discussed, agreed, interpreted, and applied specific criteria and/or guidelines in its assessments.

Each criterion and any relevant guideline(s) are listed in the order they appear in *Application Form, Appendix A - Supplementary Information* and cited according to the paragraph number in that document. The clarifications by TAB are then ordered and dated according to when they were conveyed to the ICAO Council and cited according their location in the relevant TAB Report.

Criteria: Clear methodologies and protocols, and their development process; (*paragraph 2.1*)[2]

Section 4 in TAB Report - September 2023

4.4.3 TAB noted that several emissions unit programmes incorporate activity methodologies, requirements, and/or tools developed under the Clean Development Mechanism (CDM), and/or draw on approaches from the CDM to develop their own distinct programme elements. The degree of reliance varies widely by programme or applicant organization: while some have little or no reference to the CDM in their standards and procedures, others have incorporated some or all CDM methodologies and tools and have used them in some or all their registered activities.

4.4.4 TAB recalled the outcomes of the Glasgow Climate Conference (UNFCCC COP 26 / CMP 16 / CMA 3) and subsequent work under the Paris Agreement regarding the transition of CDM activities and methodologies for use in the Article 6.4 mechanism. These outcomes state that CDM activities may continue to apply their current approved CDM methodologies until the earlier of the end of their current crediting periods or 31 December 2025, following which they must apply an approved methodology from the Article 6.4 mechanism.[3] CMA 3 also requested the Article 6.4 Supervisory Body to, among other things, review existing CDM methodologies, accreditation standards and tools with a view to applying them with revisions, as appropriate, and/or developing similar tools under the new mechanism.[4] At a future session, the CMP will determine a timeline for the end of

[1] Further information of the CORSIA Emissions Unit Eligibility Criteria can be found in the ICAO document “CORSIA Emissions Unit Eligibility Criteria”, available here.
[2] Guidelines for Criteria Interpretation is available in the Application Form, Appendix A - Supplementary Information on the TAB Website.
[3] UNFCCC Decision 3/CMA.3, Annex para. 73(a).
[4] UNFCCC Decision 3/CMA.3, para. 5.

the operation of the processes under the CDM and its institutions, with a view to avoiding a gap before the operationalization of the corresponding processes under the Article 6.4 mechanism.[5]

4.4.5 TAB discussed the possibility that some emissions unit programmes might continue to rely on CDM programme elements that will no longer be maintained under the UNFCCC process. This could affect those programmes' ability to demonstrate technical consistency with some or all the following criteria: <u>Validation and verification procedures;</u> <u>Carbon offset credits must be quantified, monitored, reported, and verified;</u> <u>Clear methodologies and protocols, and their development process;</u> <u>Additionality;</u> <u>Realistic and credible baselines;</u> and <u>Leakage.</u>

4.4.6 Reflecting on this possibility, TAB noted that programmes using CDM elements should (1) periodically monitor formal developments related to any CDM methodologies, processes and institutions, requirements, and/or tools that are incorporated into the programme or referenced in its programme documents, (2) respond to substantive updates, revisions, or other changes to those CDM contents, as appropriate, to maintain the programme's coherence and effectiveness, and (3) publicly report any actions or decisions taken thereon. TAB also noted that programmes that rely on CDM methodologies, processes and institutions, requirements, and/or tools should have procedures in place on items (1) to (3) above prior to becoming eligible to generate emissions units for the CORSIA first phase (2024-2026 compliance period).

<u>Criterion: Identification and Tracking</u> (*paragraph 2.4, including 2.4.6*)[2]

Section 4.3.3 in TAB Report - October 2020

4.3.3.6 Under the Governance criterion's guideline for Programme administrator and staff conflicts of interest, TAB identified that some programmes are staffed by government officials and employees who are subject to domestic laws and regulations governing conflicts of interest—but these laws or regulations are not explicitly attributed or specific to the programme itself (*i.e.* "Programme… procedures"). In such cases, TAB confirmed and assessed programmes according to the expectation that, if a programme is and will continue to be exclusively staffed by individuals who are subject to public service laws prohibiting conflicts of interests, the laws are assessed as if they are "programme procedures". The same approach was taken to the guidelines for Registry administrator conflicts of interest where a programme registry is administered solely by public servants.

Section 4.3.4 in TAB Report - October 2020

4.3.4.1 Under this criterion, several requirements pertain to programme registry linkages and data exchange standards. Here, TAB identified that few programme registry systems are technically linked to any other registry (ies) or equivalent tracking systems that are relevant to the programme or its CORSIA eligibility. Some requirements under this criterion are only applicable to programmes that have such registry linkages. Where no relevant registry linkages are present, and unless a programme is found to have demonstrated consistency with the related requirements in any case, TAB confirmed and assessed programmes with understanding that the following requirements are not applicable to the programme:

- For the programme to stipulate (and disclose) to which, if any, other registries it is linked;

[5] UNFCCC Decision 2/CMP.17, paras. 6 and 13.

- For the programme to stipulate (and disclose) whether and which international data exchange standards the registry conforms with.

Criterion: Governance (*paragraph 2.7, including 2.7.2, 2.7.3*)[2]

Section 4.3.3 in TAB Report - October 2020

4.3.3.1 Under the Governance criterion's guideline for Programme longevity requiring a programme to be "continuously governed and operational for at least the last two years", TAB identified the need for a clear minimum indicator that a programme is "operational". In light of the experience from its first assessment cycle, TAB confirmed and assessed programmes according to these expectations:

4.3.3.2 The programme must provide evidence that methodologies are in place and available for use (i.e. finalized rather than draft form), as the minimum indicator of "operational".

4.3.3.3 Such methodologies are not expected to have been in place and available for use for at least the last two years.

4.3.3.4 A programme is expected to have been continuously governed for at least the last two years.

4.3.3.5 TAB also gave further consideration to the same guideline for Programme longevity, in respect of the expectation for programmes to have "…a plan for… possible responses to the dissolution of the programme in its current form". TAB noted the importance of assessing programmes administered by for-profit or non-governmental organizations to confirm that such plans are indeed in place and reflect consideration of how the programme will discharge its responsibilities, obligations, and relevant programme and private assets under such a scenario. TAB acknowledged, however, that government agency-administered programmes—particularly those administered by sovereign national governments—are likely to have sufficient resources and public obligations to judiciously manage eventualities of this kind. Thus, TAB confirmed that the guideline's sub-requirement for programmes to have "a plan for… possible responses to the dissolution of the programme in its current form" is not applicable to government agency-administered programmes, particularly those administered by sovereign national governments.

4.3.3.6 Under the Governance criterion's guideline for Programme administrator and staff conflicts of interest, TAB identified that some programmes are staffed by government officials and employees who are subject to domestic laws and regulations governing conflicts of interest—but these laws or regulations are not explicitly attributed or specific to the programme itself (i.e. "Programme… procedures"). In such cases, TAB confirmed and assessed programmes according to the expectation that, if a programme is and will continue to be exclusively staffed by individuals who are subject to public service laws prohibiting conflicts of interests, the laws are assessed as if they are "programme procedures". The same approach was taken to the guidelines for Registry administrator conflicts of interest where a programme registry is administered solely by public servants.

Criterion: Safeguards System (*paragraph 2.9*)[2]

Section 6 in TAB Report - September 2022

6.5.1 TAB noted that there are linkages between the Article 6.2 Guidance[6] and the criteria Safeguards System, Sustainable development criteria and Do no net harm. These criteria state, among other things, that programmes should have in place and publicly disclose safeguards to address environmental and social risks, sustainable development criteria used and any provisions for monitoring, reporting and verification; not violate any applicable laws or regulations; and publicly disclose which institutions, processes and procedures are used to implement, monitor and enforce such safeguards.

6.5.2 The Article 6.2 Guidance requires countries to "[d]escribe how each cooperative approach will … minimize and, where possible, avoid negative environmental impacts; reflect the eleventh preambular paragraph of the Paris Agreement (e.g., various rights, Indigenous peoples, people in vulnerable situations, gender equality, etc.); [b]e consistent with the sustainable development objectives of the Party, noting national prerogatives; and apply any safeguards and limits…"[7] The Article 6.4 RMP also include various references safeguards, tools, requirements, processes and actions relating to these matters, many of which will require further development and implementation by the Supervisory Body in the years to come (see Section 6.3.7 of TAB report September 2022).

6.5.3 TAB noted that the novel language in the Article 6 outcomes on these matters is of similar stringency to the EUC; it could be interpreted as more stringent in some areas and less stringent in other areas. TAB also noted that some emissions unit programmes already have detailed procedures in place relating to these matters, which have been assessed by the TAB to meet or exceed the EUC, and some programmes are also considering possible updates in light of the COP26 outcomes. TAB resolved to continue to apply the EUC in the manner described in its Criteria interpretations, to further clarify these interpretations where appropriate, and to monitor these ongoing developments, including in the Article 6 context.

Criterion: Sustainable Development Criteria (*paragraph 2.10*)[2]

Section 4.3.4 in TAB Report - January 2020

4.3.4.1 In regard to the public disclosure of Sustainable Development criteria used, TAB's interpretation of the EUC criterion, which it applied, is that the programme should clearly point to, or list, the criteria they use (e.g. alignment with SDGs), in line with the interpretation already applied by PTG. This includes that such use should not only be applied on a voluntary basis by activities that wish to supply emissions units to CORSIA, though this does not have to be required by the programme on a programme-wide basis.

4.3.4.2 Some of the programmes recommended as eligible do not define the Sustainable Development criteria at the programme level, but rather encourage such reporting or rely on the host country priorities on sustainable development (CDM). In most of these cases, further actions were recommended to update programme procedures, as reflected in the recommendations in Section 4.2.

Section 6 in TAB Report - September 2022

6.5.1 TAB noted that there are linkages between the Article 6.2 Guidance and the criteria Safeguards System, Sustainable development criteria and Do no net harm. These criteria state, among other

[6] Decision 2/CMA.3, Annex, paras. 18(h)(ii) and 22(b)(ii)
[7] Decision 2/CMA.3, Annex, paras. 18(i)(i–iv) and 22(f–i)

things, that programmes should have in place and publicly disclose safeguards to address environmental and social risks, sustainable development criteria used and any provisions for monitoring, reporting and verification; not violate any applicable laws or regulations; and publicly disclose which institutions, processes and procedures are used to implement, monitor and enforce such safeguards.

6.5.2 The Article 6.2 Guidance requires countries to "[d]escribe how each cooperative approach will … minimize and, where possible, avoid negative environmental impacts; reflect the eleventh preambular paragraph of the Paris Agreement (e.g., various rights, Indigenous peoples, people in vulnerable situations, gender equality, etc.); [b]e consistent with the sustainable development objectives of the Party, noting national prerogatives; and apply any safeguards and limits…" The Article 6.4 RMP also include various references safeguards, tools, requirements, processes and actions relating to these matters, many of which will require further development and implementation by the Supervisory Body in the years to come (see Section 6.3.7).

6.5.3 TAB noted that the novel language in the Article 6 outcomes on these matters is of similar stringency to the EUC; it could be interpreted as more stringent in some areas and less stringent in other areas. TAB also noted that some emissions unit programmes already have detailed procedures in place relating to these matters, which have been assessed by the TAB to meet or exceed the EUC, and some programmes are also considering possible updates in light of the COP26 outcomes. TAB resolved to continue to apply the EUC in the manner described in its Criteria interpretations, to further clarify these interpretations where appropriate, and to monitor these ongoing developments, including in the Article 6 context.

<u>**Criterion: Avoidance of Double Counting, Issuance and Claiming**</u> (*paragraph 2.11*)[2]

Section 4.3.7 in TAB Report - October 2020

4.3.6.1 TAB interpreted and applied this criterion to assess whether a Programme "*provide[s] information on how*" it addresses double-counting, -issuance, -claiming, with a focus on the transparency of these procedures. TAB assessed the substantive contents of these procedures under the more elaborated contents and guidelines of the criterion <u>Are only counted once towards a mitigation obligation</u>.

<u>**Criterion: Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional**</u> (*paragraphs 3.1, including 3.1.2*)[2]

Section 4.3.3 in TAB Report - January 2020

4.3.3.1 The EUC require that "Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional", including that they "exceed any greenhouse gas reduction or removals required by law, regulation, or legally binding mandate." This is sometimes referred to as regulatory additionality.

4.3.3.2 In its assessment, TAB found that some programmes have procedures in place that demonstrate this criterion. TAB further noted that some other programmes only partially demonstrate consistency with the criterion's reference to this concept; for example, by waiving the requirement in circumstances where environmental laws and regulations are not widely observed and/or enforced.

4.3.3.3 TAB discussed that the latter approach is common to programmes modelled after the Clean Development Mechanism, which provides accounting for and crediting of "regulatory surplus". This is particularly applied in geographic contexts where enforcement levels are low for a variety of reasons.

4.3.3.4 TAB agreed that, given that the EUC were only finalized in 2019, programmes and their stakeholders would benefit from more time to familiarize themselves with the criterion and its implications. Thus, TAB agreed that such programmes should nevertheless be deemed eligible during the pilot phase, in order to allow time for these further considerations, as applicable.

Section 4.3.6 in TAB Report - October 2020

4.3.7.1 In applying this criterion, TAB noted that programmes that support jurisdiction-scale emissions reductions activities typically do not utilize traditional, project-based "tests" to assess the additionality of given activities. In such cases, TAB assessed their consistency with this criterion based on the use of these project-level additionality tests only in cases where the programme itself described and substantiated its procedures as equivalent to a performance benchmark approach. In most cases, requirements pertaining to these tests were assessed as "not applicable" to the programme. Instead, TAB assessed such programmes according to the alternative guideline for assessing programmes' "Non-traditional or new analyses/tests".

Section 6 in TAB Report - September 2022

6.5.8 TAB noted that there are linkages between the Article 6.2 Guidance and the criterion <u>Carbon offset programmes must generate units that represent emissions reductions, avoidance or removals that are additional</u>, including the requirement that eligible emissions units must "exceed GHG reduction or removals required by law, regulation, or legally binding mandate." This is referred to as 'legal additionality' or 'regulatory additionality'.

6.5.9 In first Report to Council (January 2020), TAB found that some programmes have procedures in place that demonstrate consistency with this criterion. TAB further noted that some other programmes only partially demonstrate consistency with the criterion's reference to this concept. TAB discussed that the latter approach is common to programmes modelled after the Clean Development Mechanism, which provides accounting for and crediting of "regulatory surplus" – e.g., where there mitigation is required by a law or regulation that is relatively new and/or systematically unenforced. TAB agreed that, given that the EUC were only finalized in 2019, programmes and their stakeholders would benefit from more time to familiarize themselves with this criterion and its implications. TAB recommended that such programmes should therefore be deemed eligible during the pilot phase, in order to allow time for these further considerations, as applicable. [8]

6.5.10 The Article 6.2 Guidance requires countries to "[d]escribe how each cooperative approach in which they participate ensures environmental integrity, including … baselines set in a conservative way … (including by taking into account all existing policies…)."[9] In this context, the Article 6.4 RMP require new activities to apply new methodologies that demonstrate additionality "representing mitigation that exceeds any mitigation that is required by law or regulation." [10] However, the RMP also allow ongoing CDM activities that transition to the Article 6.4 mechanism to continue applying

[8] Para 4.3.3.4 of first TAB report. TAB Recommendation available at https://www.icao.int/environmental-protection/CORSIA/Documents/TAB/TAB%202020/TAB_JANUARY_2020_REPORT_EXCERPT_SECTION_4.EN.pdf
[9] Decision 2/CMA.3, Annex, paras. 18(h)(ii) and 22(b)(ii). Omitted text is discussed in section 6.5.14 below.
[10] Decision 3/CMA.3, Annex, para. 38.

their current CDM methodologies “until the earlier of the end of its current crediting period or 31 December 2025.” [11]

6.5.11 TAB noted that programmes and their stakeholders have now had more than three years to familiarize themselves with EUC (March 2019), including the criterion that requires procedures for ensuring legal additionality. TAB further noted that neither the Article 6.2 Guidance nor the Article 6.4 RMP provide a basis to extend the temporary exemption from the EUC described in section 6.5.8 (TAB Report September 2022).

6.5.12 In light of these considerations, TAB will fully apply the EUC relating to legal additionality for Eligible Emissions Units beyond the pilot phase (2021-2023), including in its ongoing re-assessment of CORSIA eligible emissions unit programmes that will inform TAB’s recommendations to the 228th ICAO Council.

Section 4 in TAB Report - September 2023

4.4.3 TAB noted that several emissions unit programmes incorporate activity methodologies, requirements, and/or tools developed under the Clean Development Mechanism (CDM), and/or draw on approaches from the CDM to develop their own distinct programme elements. The degree of reliance varies widely by programme or applicant organization: while some have little or no reference to the CDM in their standards and procedures, others have incorporated some or all CDM methodologies and tools and have used them in some or all their registered activities.

4.4.4 TAB recalled the outcomes of the Glasgow Climate Conference (UNFCCC COP 26 / CMP 16 / CMA 3) and subsequent work under the Paris Agreement regarding the transition of CDM activities and methodologies for use in the Article 6.4 mechanism. These outcomes state that CDM activities may continue to apply their current approved CDM methodologies until the earlier of the end of their current crediting periods or 31 December 2025, following which they must apply an approved methodology from the Article 6.4 mechanism.[12] CMA 3 also requested the Article 6.4 Supervisory Body to, among other things, review existing CDM methodologies, accreditation standards and tools with a view to applying them with revisions, as appropriate, and/or developing similar tools under the new mechanism.[13] At a future session, the CMP will determine a timeline for the end of the operation of the processes under the CDM and its institutions, with a view to avoiding a gap before the operationalization of the corresponding processes under the Article 6.4 mechanism.[14]

4.4.5 TAB discussed the possibility that some emissions unit programmes might continue to rely on CDM programme elements that will no longer be maintained under the UNFCCC process. This could affect those programmes’ ability to demonstrate technical consistency with some or all the following criteria: <u>Validation and verification procedures;</u> <u>Carbon offset credits must be quantified, monitored, reported, and verified;</u> <u>Clear methodologies and protocols, and their development process;</u> <u>Additionality;</u> <u>Realistic and credible baselines;</u> and <u>Leakage.</u>

4.4.6 Reflecting on this possibility, TAB noted that programmes using CDM elements should (1) periodically monitor formal developments related to any CDM methodologies, processes and institutions, requirements, and/or tools that are incorporated into the programme or referenced in its programme documents, (2) respond to substantive updates, revisions, or other changes to those

[11] Decision 3/CMA.3, Annex, para. 73(d)
[12] UNFCCC Decision 3/CMA.3, Annex para. 73(a).
[13] UNFCCC Decision 3/CMA.3, para. 5.
[14] UNFCCC Decision 2/CMP.17, paras. 6 and 13.

CDM contents, as appropriate, to maintain the programme's coherence and effectiveness, and (3) publicly report any actions or decisions taken thereon. TAB also noted that programmes that rely on CDM methodologies, processes and institutions, requirements, and/or tools should have procedures in place on items (1) to (3) above prior to becoming eligible to generate emissions units for the CORSIA first phase (2024-2026 compliance period).

Criterion: Carbon offset credits must be based on a realistic and credible baseline (*paragraph 3.2*)[2]

Section 6 in TAB Report - September 2022

6.5.13 TAB noted that there are linkages between the Article 6.2 Guidance and the criterion Carbon offset credits must be based on a realistic and credible baseline, which states, among other things, that "[t]he baseline is the level of emissions that would have occurred assuming a conservative 'business as usual' emissions trajectory…"[15]

6.5.14 The Article 6.2 Guidance requires countries to "[d]escribe how each cooperative approach in which they participate ensures environmental integrity, including: [t]hat there is no net increase in global emissions within and between NDC implementation periods… through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections…"[16] The Article 6.4 RMP also makes reference to "below 'business as usual'" for new methodologies and requires that these methodologies "recognize suppressed demand". [17]

6.5.15 Methodologies that recognize suppressed demand, including some methodologies in use in CORSIA eligible emissions units programmes, typically set baselines slightly above a conservative 'business as usual' projection in contexts where emissions are historically low due to underdevelopment, e.g., by using optimistic growth assumptions and/or 'minimum service levels' in emissions models. At COP27 (November 2022), Parties to the Paris Agreement will consider recommendations relating to the Article 6.2 guidance on the special circumstances of least developed countries and small island developing states; these may or may not provide further clarity on how to interpret the new baseline provisions in contexts of suppressed demand.

6.5.16 TAB noted that the novel language on baselines in the Article 6 outcomes (e.g., "below business as usual") is of a similar stringency to the EUC (e.g., "conservative business as usual"). TAB also noted that the Article 6 language could also be interpreted as more stringent than the EUC, or perhaps less stringent in contexts of suppressed demand.

6.5.17 In light of the considerations described in in this section, TAB resolved to continue to apply the EUC in the manner described in its Criteria interpretations, to further clarify these interpretations where appropriate, and to monitor ongoing developments, including in the Article 6 context. In this regard, in respect of procedures for baseline emissions estimations involving business-as-usual emissions, TAB will interpret this criterion's reference to "conservative" to mean that procedures should provide for baselines that are set "in a conservative way and below the business-as-usual emissions projections", as referenced in the reporting requirements in the Article 6.2 Guidance. [18] TAB will also continue to monitor developments under Article 6.4 pertaining to the elaboration and / or implementation of the principles for conservative baselines referred to in that decision. [19] TAB will apply these interpretations for Eligible Emissions Units *beyond the pilot phase* (*2021-*

[15] Decision 2/CMA.3, Annex, paras. 18(h)(ii) and 22(b)(ii)
[16] Decision 2/CMA.3, Annex, paras. 18(h)(i–ii) and 22(b)(i–ii)
[17] Decision 3/CMA.3, Annex, para. 38.
[18] Decision 2/CMA3, Annex, para 18 (h) (ii)
[19] Decision 3/CMA3, Annex, para 33

2023), including in its ongoing re-assessment of CORSIA eligible emissions unit programmes that will inform TAB's recommendations to the 228th ICAO Council.

Section 4 in TAB Report - January 2023

4.4.3 This criterion states, among other things, that "[t]he baseline is the level of emissions that would have occurred assuming a conservative 'business as usual' emissions trajectory". An associated Guideline states that programmes should have procedures in place to "ensure that methods of developing baselines… use assumptions, methodologies, and values that do not over-estimate mitigation from an activity."

4.4.4 As part of TAB's considerations and recommendations relating to Article 6 of the Paris Agreement, section 6.5.17 of TAB's September 2022 Report states that, in respect of procedures for baseline emissions estimations involving business-as-usual emissions, TAB will interpret this criterion's reference to "conservative" to mean that procedures should provide for baselines that are set "in a conservative way and below the business-as-usual emissions projections". In this regard, TAB noted that programmes that use non-traditional methods for baseline-setting should have procedures in place that deliver outcomes equivalent to this interpretation, in order to avoid over-estimating mitigation from an activity, per this criterion's Guideline on Conservative baseline estimation.

4.4.5 In its assessing Emissions Unit Programmes for eligibility toward the first phase (2024-2024 compliance period), TAB noted that some programmes have incorporated the new language 'below business-as-usual' from the COP26 outcomes (December 2021) into their procedures, while others have not. TAB also noted that it remains to be seen what effect this new language might have on programmes' approaches and best practices for baseline-setting. In light of this, TAB requested all programmes to, at the earliest opportunity, but no later than TAB's re-assessment of programmes for eligibility toward the 2027-2029 compliance period, demonstrate that procedures provide for baselines that are set in a conservative way and below the business-as-usual emissions projections, noting that non-traditional methods for baseline-setting should deliver equivalent outcomes

4.4.6 Noting that the term 'below business-as-usual' was adopted under the Paris Agreement only in December 2021 and first included in TAB's Report in September 2022, TAB agreed that programmes and their stakeholders would benefit from more time to familiarize themselves with this interpretation the EUC. TAB therefore agreed to allow time for these further considerations, as applicable. TAB resolved to assess the implementation of this interpretation as soon as feasible, and no later than when it re-assesses programmes for eligibility toward the 2027-2029 compliance period.

Section 4 in TAB Report - September 2023

4.4.3 TAB noted that several emissions unit programmes incorporate activity methodologies, requirements, and/or tools developed under the Clean Development Mechanism (CDM), and/or draw on approaches from the CDM to develop their own distinct programme elements. The degree of reliance varies widely by programme or applicant organization: while some have little or no reference to the CDM in their standards and procedures, others have incorporated some or all CDM methodologies and tools and have used them in some or all their registered activities.

4.4.4 TAB recalled the outcomes of the Glasgow Climate Conference (UNFCCC COP 26 / CMP 16 / CMA 3) and subsequent work under the Paris Agreement regarding the transition of CDM activities and methodologies for use in the Article 6.4 mechanism. These outcomes state that CDM activities may continue to apply their current approved CDM methodologies until the earlier of the end of their current crediting periods or 31 December 2025, following which they must apply an approved methodology from the Article 6.4 mechanism.[20] CMA 3 also requested the Article 6.4 Supervisory Body to, among other things, review existing CDM methodologies, accreditation standards and tools with a view to applying them with revisions, as appropriate, and/or developing similar tools under the new mechanism.[21] At a future session, the CMP will determine a timeline for the end of the operation of the processes under the CDM and its institutions, with a view to avoiding a gap before the operationalization of the corresponding processes under the Article 6.4 mechanism.[22]

4.4.5 TAB discussed the possibility that some emissions unit programmes might continue to rely on CDM programme elements that will no longer be maintained under the UNFCCC process. This could affect those programmes' ability to demonstrate technical consistency with some or all the following criteria: Validation and verification procedures; Carbon offset credits must be quantified, monitored, reported, and verified; Clear methodologies and protocols, and their development process; Additionality; Realistic and credible baselines; and Leakage.

4.4.6 Reflecting on this possibility, TAB noted that programmes using CDM elements should (1) periodically monitor formal developments related to any CDM methodologies, processes and institutions, requirements, and/or tools that are incorporated into the programme or referenced in its programme documents, (2) respond to substantive updates, revisions, or other changes to those CDM contents, as appropriate, to maintain the programme's coherence and effectiveness, and (3) publicly report any actions or decisions taken thereon. TAB also noted that programmes that rely on CDM methodologies, processes and institutions, requirements, and/or tools should have procedures in place on items (1) to (3) above prior to becoming eligible to generate emissions units for the CORSIA first phase (2024-2026 compliance period).

Criterion: Carbon offset credits must be quantified, monitored, reported, and verified (*paragraph 3.3*)[2]

Section 4.3.5 in TAB Report - October 2020

4.3.7.1 TAB identified that the criteria "Validation and Verification procedures" (paragraph 2.6[2]) and "Carbon offset credits must be quantified, monitored, reported, and verified" (paragraph 3.3[2]), in combination, only contain comprehensive requirements for *verification* to be undertaken by accredited, independent third parties, and for the accreditation, qualification, and oversight of those verifiers. The same requirements do not in all cases extend to entities performing *validation* services. Nevertheless, TAB assessed programmes' consistency with the criterion Carbon offset credits must be quantified, monitored, reported, and verified as requiring that a programme has procedures in place requiring that *validation* is undertaken by an entity that is a) accredited, b) independent, and c) a third party. TAB agreed this interpretation based on various references that establish the equivalence of validation and verification bodies (i.e. the Validation and Verification procedures criterion) and their functions (i.e. the *Guideline* for *Auditor conflicts of interest*, which refers to "accredited third-party(ies) performing the validation and/or verification procedures").

[20] UNFCCC Decision 3/CMA.3, Annex para. 73(a).
[21] UNFCCC Decision 3/CMA.3, para. 5.
[22] UNFCCC Decision 2/CMP.17, paras. 6 and 13.

Section 6 in TAB Report - September 2022

6.5.4 TAB noted that there are linkages between the Article 6.2 Guidance and the criterion <u>Carbon offset credits must be quantified, monitored, reported, and verified</u>. This criterion states, among other things, that "[o]ffset credits should be based on accurate measurements and quantification methods/protocols." TAB also noted that measurement and quantification is linked to the criterion <u>Only counted once towards a mitigation obligation</u>.

6.5.5 The Article 6.2 Guidance requires, where mitigation outcomes are measured and transferred in tonnes of carbon dioxide equivalent (tCO_{2eq}), "measurement of mitigation outcomes in accordance with the methodologies and metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the CMA." [23] The CMA earlier decided that Parties to the Paris Agreement must report on their greenhouse gas emissions using 100-year time-horizon global warming potential (GWP) values from the IPCC Fifth Assessment Report (AR5), or 100-year time-horizon GWP values from a subsequent IPCC assessment report as agreed upon by the CMA. [24] This requirement takes effect for national reports that are due at the latest by 31 December 2024. [25]

6.5.6 TAB noted that, to meet the EUC and guidelines on quantification and double-issuance, the quantification of emissions units should be consistent with the quantification of the national emissions reporting of the host country, such that only one unit is issued for one tonne of mitigation. In this regard, TAB noted that some emissions unit programmes have already transitioned to 100-year GWP values from AR5 and that others programmes are planning to do so in the near future. TAB also noted that consistent GWP values are only relevant for units representing mitigation of greenhouse gases other than CO_2 because the GWP value of CO_2 is always, by definition, 1 tCO_{2eq}.

6.5.7 In light of these provisions of the Article 6.2 Guidance, TAB interprets the EUC as requiring all programmes that issue emissions units for the mitigation of non-CO_2 gases to have procedures in place for the quantification of emissions units using 100-year time-horizon global warming potential (GWP) values from the IPCC Fifth Assessment Report (AR5), or 100-year time-horizon GWP values from a subsequent IPCC assessment report as agreed upon by the CMA. These programmes should apply these procedures to all units issued for mitigation that occurred from 1 January 2021 onward. TAB will apply this interpretation for its recommendations regarding emissions units that should be eligible for use under CORSIA in years beyond its pilot phase (2021-2023), including in its ongoing re-assessment of Eligible Emissions Unit Programmes, which will inform TAB's recommendations to the 228th ICAO Council.

Section 4 in TAB Report - September 2023

4.4.3 TAB noted that several emissions unit programmes incorporate activity methodologies, requirements, and/or tools developed under the Clean Development Mechanism (CDM), and/or draw on approaches from the CDM to develop their own distinct programme elements. The degree of reliance varies widely by programme or applicant organization: while some have little or no reference to the CDM in their standards and procedures, others have incorporated some or all CDM methodologies and tools and have used them in some or all their registered activities.

4.4.5 TAB recalled the outcomes of the Glasgow Climate Conference (UNFCCC COP 26 / CMP 16 / CMA 3) and subsequent work under the Paris Agreement regarding the transition of CDM activities and methodologies for use in the Article 6.4 mechanism. These outcomes state that CDM activities

[23] Decision 2/CMA.3, Annex, para. 22(c).
[24] Decision 18/CMA.1, Annex, para. 37.
[25] Decision 18/CMA.1, para. 3.

may continue to apply their current approved CDM methodologies until the earlier of the end of their current crediting periods or 31 December 2025, following which they must apply an approved methodology from the Article 6.4 mechanism.[26] CMA 3 also requested the Article 6.4 Supervisory Body to, among other things, review existing CDM methodologies, accreditation standards and tools with a view to applying them with revisions, as appropriate, and/or developing similar tools under the new mechanism.[27] At a future session, the CMP will determine a timeline for the end of the operation of the processes under the CDM and its institutions, with a view to avoiding a gap before the operationalization of the corresponding processes under the Article 6.4 mechanism.[28]

4.4.5 TAB discussed the possibility that some emissions unit programmes might continue to rely on CDM programme elements that will no longer be maintained under the UNFCCC process. This could affect those programmes' ability to demonstrate technical consistency with some or all the following criteria: Validation and verification procedures; Carbon offset credits must be quantified, monitored, reported, and verified; Clear methodologies and protocols, and their development process; Additionality; Realistic and credible baselines; and Leakage.

4.4.6 Reflecting on this possibility, TAB noted that programmes using CDM elements should (1) periodically monitor formal developments related to any CDM methodologies, processes and institutions, requirements, and/or tools that are incorporated into the programme or referenced in its programme documents, (2) respond to substantive updates, revisions, or other changes to those CDM contents, as appropriate, to maintain the programme's coherence and effectiveness, and (3) publicly report any actions or decisions taken thereon. TAB also noted that programmes that rely on CDM methodologies, processes and institutions, requirements, and/or tools should have procedures in place on items (1) to (3) above prior to becoming eligible to generate emissions units for the CORSIA first phase (2024-2026 compliance period).

Criterion: Permanence (*paragraph 3.5, including 3.5.4*)[2]

Section 4.3.2 in TAB Report - January 2020

4.3.2.1 TAB's Sub-group 4, which focused on the criteria Permanence and A system must have measures in place to assess and mitigate incidences of material leakage, assessed relevant programmes as those supporting activities that incur a risk of reversals. This included activities: a) in the forestry and land use sectors; and b) those generally categorized as "carbon capture and storage". The Permanence criterion states that "*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.*"

4.3.2.2 Sub-group 4 experts referred to CAEPs' guidelines for interpretation, the PTG outcome, and their own expertise, to interpret "mitigation measures" as provisions in place and administered by the programme to require the activities they support to monitor for and mitigate the risk of emissions reductions that are reversed, and to "compensate" for emissions units associated with any such reversals (through, e.g., buffer or insurance mechanisms). For all relevant programmes, the sub-group experts assessed the consistency of their measures with the criterion, taking into account

[26] UNFCCC Decision 3/CMA.3, Annex para. 73(a).
[27] UNFCCC Decision 3/CMA.3, para. 5.
[28] UNFCCC Decision 2/CMP.17, paras. 6 and 13.

discussions with the programmes and the sub-group's technical analysis of the information provided.

4.3.2.3 With the exception of one programme’s procedures, which TAB identified as being incompatible with the use of the units under CORSIA and recommended they be excluded, other programmes’ procedures were assessed as demonstrating consistency with the criterion.

4.3.2.4 TAB identified that the criterion and guidelines only define permanence by *function*, which was considered reasonable given the challenges of agreeing to a specific period of time that could be appropriately applied to all programmes, given their unique attributes. Here, they noted that the programmes assessed take multi-pronged approaches to mitigating reversal risks, many of which are captured in the *guidelines*, and should be assessed as a package.

4.3.2.5 While noting that the programmes assessed do have all procedures in place that are called for in the criteria and guidelines, in a few cases the timeframe for which activities are required to monitor and compensate for reversals was seen as too limited (e.g., five or ten years). After considering several options to address this issue, TAB recommended that these programmes should revise their procedures to provide for monitoring and compensation for a period of time that at the very least exceeds the period of time between when the programmes were assessed (2019) and the end of CORSIA’s implementation period (2037).

4.3.2.6 A few experts expressed the view that permanence CO_2 generally stays in the atmosphere for more than 100 years, most of it much longer, and noted that only one programme assessed requires measures that provide for permanence over such a timeframe. They identified that timelines utilized by some of the programmes assessed fall short of this and are in some cases too short to provide equivalence to the CO_2 emissions that are offset and to avert the risk of reversal of removals, and are of the view that such programmes should not be considered eligible at this stage.

Criterion: A system must have measures in place to assess and mitigate incidences of material leakage (*paragraph 3.6, including 3.6.2*)[2]

Section 4.3.8 in TAB Report – October 2020

4.3.8.1 This criterion’s guideline for *Scope and Leakage Prevention* requires 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.” TAB noted that this guideline is specifically applicable to REDD+ activities and for TAB’s use in assessing programmes that support REDD+ activities as defined in the UNFCCC’s Warsaw Framework and related decisions. TAB acknowledged that several programmes it has assessed support REDD+ activities at a variety of implementation scales (i.e. project-level, sub-national, national, and combinations thereof). TAB applied this guideline to programmes that support REDD+ and/or AFOLU activities. It was regarded as “not applicable” to all other programmes. Programmes that only support REDD+ to be implemented “at a national level, or on an interim basis on a subnational level” were assessed as demonstrating consistency with the contents of this guideline. TAB gave the following considerations to Programmes supporting stand-alone project-level REDD+ and/or AFOLU activities.

4.3.8.2 ***Consideration 1 — Activity type***: TAB noted that several of the programmes assessed support REDD+ activities, as well as other interventions involving agriculture, forestry, and land use *that exclude REDD+*. As a first step, TAB identified categories of activities that are *not* categorized as

REDD+ under commonly accepted definitions[29]. Sections 4.2.4 – 4.2.7 of this report identify these categories of activities by their respective methodologies (or methodology categories) as "allowable exceptions" that can be implemented at any scale. These exceptions avoid inadvertently applying this guideline's "scale requirement" to AFOLU activities (excluding REDD+) to which it is clearly not applicable.

4.3.8.3 ***Consideration 2 — Geographic context***: TAB noted that some programmes support AFOLU activities to be implemented in countries where REDD+ decisions are applicable (i.e. "REDD+ countries"[30]). As a second step, TAB assessed whether the activities supported by the programme, or under a programme's methodology or protocol in question, could be implemented in *any* country with forest cover that is pursuing elements of REDD+ outlined by the UNFCCC Warsaw Framework and/or REDD+ international standards. Where the answer was "yes" for a given project-level methodology, Sections 4.2.4 – 4.2.7 of this report recommend that the resulting emissions units should be eligible where issued to projects that either a) are integrated (i.e. "nested") into the programme's CORSIA-eligible jurisdiction-scale REDD+ activities, or b) fall below the project size threshold described below.

4.3.8.4 ***Consideration 3 — Project size and materiality***: TAB identified REDD+ and AFOLU projects that are expected to generate fewer than 7,000 emissions units/annum, individually or grouped, as allowable exceptions to all other exclusions set out in Sections 4.2.4 – 4.2.7 of this report. This recommendation takes into account the criterion's emphasis on *material* leakage risk, and the comparably low risk that projects implemented at this *de minimis* scale would undermine incentives for countries to expand the scale of their REDD+ implementation strategies over time.

4.3.8.5 ***Other considerations***: Where TAB assessed this guideline as not applying to a programme or some specific project scenarios described in this section, TAB nevertheless assessed their consistency with all other relevant criteria, including to confirm that procedures are in place to assess, monitor, mitigate, and account for material project-level leakage, and alignment with the *Permanence* criterion and guidelines.

4.3.8.6 TAB sought to apply this guideline at a level that would allow for the broadest eligibility scope while ensuring that the units are consistent with the contents of the EUC. TAB ultimately assessed and identified the exceptions described above at the level of methodological categories (i.e. activity types) or at the methodological level if a programme's and TAB's categorizations did not align.

4.3.8.7 In its geographic considerations (above), TAB also noted that some programmes support AFOLU and REDD+ projects in countries that are pursuing *some but not all* elements of REDD+ and that may or may not expand on these activities over time. TAB discussed whether project-level AFOLU activities could be exempt from this guideline if the host country itself does not classify the activity type as "REDD+" in its strategy. On this issue, TAB erred on the side of caution in terms of the feasibility and acceptability of the assessment. TAB confirmed that it prefers to avoid assessing whether each of these activities are included in each particular *REDD+ country's* strategy[31] (and thus subject to this guideline's scale requirement), including in light of limited time and information available to TAB, as well as to avoid discouraging countries from broadening their REDD+ national strategies over time. In this light, TAB confirmed that the approach described in this section does not assess the design and sufficiency of any given country's REDD+ strategy or implementation.

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[29] "REDD+" commonly refers to Reducing Emissions from Deforestation and Forest Degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.
[30] See footnote 21
[31] For one programme that supports AFOLU activities in only one REDD+ country, TAB made an exception to this approach due to the programme's relevance to the TAB Procedure for the "Assessment of government-vetted programmes." (https://www.icao.int/environmental-protection/CORSIA/Documents/TAB/TAB%202020/TAB%20Procedures_April%202020_Final.pdf)

Section 4 in TAB Report - September 2023

4.4.3 TAB noted that several emissions unit programmes incorporate activity methodologies, requirements, and/or tools developed under the Clean Development Mechanism (CDM), and/or draw on approaches from the CDM to develop their own distinct programme elements. The degree of reliance varies widely by programme or applicant organization: while some have little or no reference to the CDM in their standards and procedures, others have incorporated some or all CDM methodologies and tools and have used them in some or all their registered activities.

4.4.6 TAB recalled the outcomes of the Glasgow Climate Conference (UNFCCC COP 26 / CMP 16 / CMA 3) and subsequent work under the Paris Agreement regarding the transition of CDM activities and methodologies for use in the Article 6.4 mechanism. These outcomes state that CDM activities may continue to apply their current approved CDM methodologies until the earlier of the end of their current crediting periods or 31 December 2025, following which they must apply an approved methodology from the Article 6.4 mechanism.[32] CMA 3 also requested the Article 6.4 Supervisory Body to, among other things, review existing CDM methodologies, accreditation standards and tools with a view to applying them with revisions, as appropriate, and/or developing similar tools under the new mechanism.[33] At a future session, the CMP will determine a timeline for the end of the operation of the processes under the CDM and its institutions, with a view to avoiding a gap before the operationalization of the corresponding processes under the Article 6.4 mechanism.[34]

4.4.5 TAB discussed the possibility that some emissions unit programmes might continue to rely on CDM programme elements that will no longer be maintained under the UNFCCC process. This could affect those programmes' ability to demonstrate technical consistency with some or all the following criteria: <u>Validation and verification procedures;</u> <u>Carbon offset credits must be quantified, monitored, reported, and verified;</u> <u>Clear methodologies and protocols, and their development process;</u> <u>Additionality;</u> <u>Realistic and credible baselines;</u> and <u>Leakage.</u>

4.4.6 Reflecting on this possibility, TAB noted that programmes using CDM elements should (1) periodically monitor formal developments related to any CDM methodologies, processes and institutions, requirements, and/or tools that are incorporated into the programme or referenced in its programme documents, (2) respond to substantive updates, revisions, or other changes to those CDM contents, as appropriate, to maintain the programme's coherence and effectiveness, and (3) publicly report any actions or decisions taken thereon. TAB also noted that programmes that rely on CDM methodologies, processes and institutions, requirements, and/or tools should have procedures in place on items (1) to (3) above prior to becoming eligible to generate emissions units for the CORSIA first phase (2024-2026 compliance period).

<u>Criterion: Are only counted once towards a mitigation obligation</u> (*paragraph 3.7, including 3.7.3, 3.7.8 – 3.7.13*)[2]

Section 4.3.5 in TAB Report - January 2020

4.3.5.1 As part of its assessment, TAB found that most programmes have not yet put in place procedures, provisions or measures to obtain and make publicly available attestations from national governments' designated agency contact which recognize and confirm that the units can be used

[32] UNFCCC Decision 3/CMA.3, Annex para. 73(a).
[33] UNFCCC Decision 3/CMA.3, para. 5.
[34] UNFCCC Decision 2/CMP.17, paras. 6 and 13.

under CORSIA, and in relation to accounting for the mitigation from the activities that supply these units.

4.3.5.2 TAB noted that most programmes were not originally designed to support activities in national contexts that would necessitate such an attestation or any form of acknowledgement by a national government, or to have in place procedures that are consistent with the criterion Are only counted once towards a mitigation obligation. Experts discussed that such attestations, which national governments may choose to provide to the programme and/or the activities it supports, have become significantly more relevant, given the risk of double-claiming in the contexts referred to in the criterion.

4.3.5.3 During the assessment process, most programmes expressed their willingness to put in place measures (if they were not already "in place"), as described and interpreted under the criterion, for making publicly available any national government decisions related to accounting for the underlying mitigation associated with units used in ICAO, including the content of host country attestations; for updating information pertaining to host country attestations; for monitoring for double-claiming by relevant government agencies; and for reporting to ICAO's relevant bodies any performance information related to double claiming.

4.3.5.4 TAB's assessment reflected the extent to which each programme has already, or has expressed its willingness to, put in place procedures to provide for its consistency with the criterion, recognizing that some programmes' efforts to do so were well-advanced, and in some cases administered directly by the relevant national government agency.

Section 4.4 in TAB Report - January 2021

TAB assessment findings

4.4.2. TAB's first assessment (June – December 2019) found that no emissions unit programmes assessed had all of the necessary procedures in place to demonstrate consistency with the criterion "Are only counted once towards a mitigation obligation" and its guidelines. Thus, TAB recommended six programmes for immediate eligibility to supply emissions units for CORSIA's pilot phase (2021-2023), but also to limit their eligibility to emissions reductions created prior to 2021. This *end date* for unit eligibility was a stopgap measure to prevent double-counting in spite of the incompleteness of procedures for avoiding this risk—both at the programme-level in relation to the EUC, and at the global level in respect of the Paris Agreement's Article 6. It also allowed TAB to conclude its assessment and make recommendations rather than waiting for programmes to finalize the needed procedures. TAB nevertheless assessed the procedures each programme had in place at the time, noting that some of these were well-advanced. After Council accepted TAB recommendations, "*Further actions…*" were requested of eligible programmes, including to *"update, or finalize updates to, programme procedures related to the guidelines for host country attestation, for TAB to assess in respect of future recommendations on the extension of the eligibility dates referred to in Section 4.1."*[35]

4.4.3. Three programmes participating in the TAB's second assessment of material changes (MCA/2) submitted updated procedures for avoiding double-counting. TAB found that in the time since its first assessment, the programmes had taken meaningful strides toward finalizing these procedures—including one programme that demonstrated consistency with all elements of the criterion and its guidelines (paragraph 4.1.7).

[35] See footnote 9 of this report – Link to first TAB Report (January 2020)

TAB discussions regarding eligibility date extensions

4.4.4. Following this assessment, TAB discussed whether to recommend extending the *Eligibility Timeframe* (i.e., under which CORSIA cycles / phases units are eligible for use) and/or *Unit Eligibility Date* (i.e., the vintages, or years when emissions reductions occur, that are eligible for use) for this programme. TAB recalled that at its sixth meeting, members decided to consider timeframes involving eligibility for use beyond the pilot phase when re-assessing all eligible programmes throughout 2022. Given this, experts agreed to focus on the question of whether to recommend extending the programme's *Unit Eligibility Date*.

4.4.5. Key topics that underpinned TAB's discussions about extending the programme's *Unit Eligibility Date* included (1) whether such recommendations should be made on a programme-by-programme basis *or instead* after all programmes are re-assessed under a single process (i.e., late 2022); and (2) uncertainties related to the novelties of these procedures, and negotiations under the UNFCCC and Paris Agreement that have not yet concluded and are relevant to some procedures in question. On the first topic, a TAB member raised concerns related to the alignment of a programme-by-programme approach to assessing and making recommendations in light of plans for the 2022 reassessment. TAB members noted that a programme-by-programme approach is reinforced in existing procedures and documents; is consistent with the technical nature of TAB's work; and clearly derives from TAB's findings. They considered that such an extension could unfairly elevate these procedures relative to others that are still in development, though members also noted that this was not uncommon for these programmes or for carbon markets generally. Regarding (2), TAB emphasized that these uncertainties (in particular related to the programme's compensation measures and risk indexing) merited regular attention, not only initially but throughout the programme's *Eligibility Timeframe*, including during the 2022 re-assessment. Other considerations pertaining to the UNFCCC and Paris Agreement are referred to in "*Considerations given in TAB assessments*" below.

Considerations given in TAB assessments

4.4.6. Regarding the **specific commitments, actions, and information** that the criterion and its guidelines call for in programme procedures, TAB analyzes whether programmes clearly define the following (*ordered by approximate stage of completion in programme procedures, from commonly "demonstrated" to "under consideration / development" over the course of MCA/2 and in prior assessments*):

- <u>*who* implements them</u> (responsibilities of, e.g., the programme, project developer, offset supplier, and/or host country)
- <u>*where* they are implemented and evidenced</u> (e.g., programme registry and website; host country attestations and national emissions reports; publicly accessible tracking system / database)
- <u>*when* they are implemented</u> (sequencing and timing for obtaining, reviewing, publishing host country attestations and any updates; for labeling eligible units; for evidencing approaches in national reporting; for identifying and compensating for instances of double-claiming)
- <u>*how* they are implemented</u> (clarity on country approaches that the programme will credit; specific information expected in host country attestations and evidenced in national emissions reports; steps required for identifying and compensating for instances of double-claiming, and the sufficiency of compensation mechanisms; programme processes for monitoring performance and implementation of procedures, including for reporting results to ICAO upon request).

4.4.7. TAB's assessment of these procedures and recommendation in paragraph 4.1.7 and 4.1.8 also reflects some **general considerations**:

- Thoroughness: Whether procedures translate all elements of the criterion and its guidelines into commitments and actions that are specific, clearly assigned, and traceable.
- Specificity: Whether *specific* requirements, procedures, and assignments of responsibilities in the criterion and guidelines are reflected in corresponding programme procedures.
- Course correction: Whether procedures and discussions with programme administrators reflect contingency planning, such that the programme's administrative procedures include monitoring the implementation of these procedures and expeditiously correcting any underperformance.
- Future-proofing: Where programme procedures refer to guidance, rules, tools, and mechanisms under the UNFCCC and the Paris Agreement, taking sufficient account of the following:
    - *timing* for, e.g., the implementation, availability, periodicity of those elements;
    - *Foreseeable scenarios* for the contents of those elements that are referred to in programme procedures but are not yet finalized or are subject to near-term review, where considerations include, for example, the approximate likelihood that the programme procedures would be compatible with any foreseeable scenarios.

Section 6.4 in TAB Report - September 2022

Host country attestation and transparent communications

6.4.3 The EUC state that "eligible programmes 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". A related EUC Guideline states that "[t]he programme should obtain … *written attestation* from the host country's national focal point or focal point's designee…" (Emphases added.) This Guideline further states that each programme should "make publicly available any national government decisions related to accounting for units used in ICAO, including the contents of host country attestations … and update [this] information … as often as necessary to avoid double-claiming."

6.4.4 The Article 6.2 Guidance requires that, whenever a host country "*authorizes*" the use of mitigation outcomes for international mitigation purposes, it "shall apply a corresponding adjustment for the first transfer of such mitigation outcomes consistently with this guidance". The Guidance also requires host countries to have "arrangements in place for *authorizing* the use of ITMOs"; to provide "a copy of the *authorization*" for each cooperative approach; and to regularly report "information on authorization(s) of ITMOs", including authorizations for use toward international mitigation purposes.[36]

6.4.5 TAB noted that NDCs are "national target(s) / pledge(s) / mitigation contributions / mitigation commitments" communicated by each Party to the Paris Agreement. TAB also noted that the terms "agree to account for" and "written / host country attestation" in the EUC and Guidelines, respectively, have the same meaning as the terms "authorize" and "a copy of the authorization" in the Paris Agreement and the Article 6.2 Guidance. TAB also noted that the information on host country attestations that programmes make available (per the EUC Guidelines) should therefore be consistent with the information on authorizations that host countries report (per the Article 6.2 Guidance). TAB further noted that these linkages are consistent with TAB's approach to assessing

[36] Decision 2/CMA.3, Annex, para. 16, 18(g), 20(a), 21(c)

this criterion during previous assessment cycles. TAB's recommendations from this assessment cycle, conveyed in Section 4 (September 2022), continue to reflect these linkages.

Double-claiming procedures

6.4.6 The EUC Guidelines state that written attestations from the host country (see Section 6.4.3 TAB Report September 2022) 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)." To that end, the Guidelines present three approaches for avoiding double-claiming:

- ***Approach 1***: Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments.
- ***Approach 2***: Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions.
- ***Approach 3***: If programme 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 programme's eligibility.

6.4.7 The Article 6.2 Guidance states that ITMOs are "generated in respect of or representing mitigation from 2021 onward". [37] It requires the host country to apply 'corresponding adjustments' consistently with the guidance for all ITMOs, whether or not the mitigation outcomes were generated from sectors and GHGs (and/or categories, in some cases[38]) that covered by the host country's NDC. [39] Corresponding adjustments are additions and subtractions that a country applies to the annual level of the indicator it uses to track progress and achievement of its NDC, *e.g.*, the country's annual GHG emissions level.

6.4.8 TAB noted that the application of corresponding adjustments consistent with the Article 6.2 guidance is required to prevent the same mitigation from being claimed toward both the host country's NDC achievement and the airline's CORSIA obligations. In this regard, TAB noted the following linkages between the Article 6.2 Guidance and the three approaches to avoiding double-claiming in the EUC Guidelines (Section 6.4.6 TAB report September 2022):

6.4.9 TAB noted that **Approach 1** cannot prevent double-claiming for emissions units with vintage years from 2021 onward, due to the Article 6.2 provisions described in para. 6.4.7 (TAB Report September 2022). TAB further noted that **Approach 1** remains valid for emissions units with vintage years through 2020, because the Article 6.2 Guidance does not apply to such units. [40]

6.4.10 TAB noted that the Article 6.2 Guidance effectively requires the use of **Approach 2** for emissions units with vintage years from 2021 onward. TAB also noted that this Guidance contains "relevant and applicable international provisions" in line with Approach 2. TAB therefore noted that such emissions units must be "appropriately accounted for" consistent with the Article 6.2 Guidance, including through the host country's application of corresponding adjustments.

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[37] Decision 2/CMA.3, Annex, para. 1(e).
[38] Decision 2/CMA.3, Annex, para. 11.
[39] Decision 2/CMA.3, Annex, para. 13-14.
[40] Section 6.6.7 of TAB Report September 2022 discusses the eligibility of pre-2021 unit vintages beyond the CORSIA pilot phase.

6.4.11 Regarding **Approach 3**, TAB noted that the Article 6.2 Guidance does not provide for alternative methods for avoiding double-claiming against NDCs under the Paris Agreement. TAB therefore noted that this provision could potentially accommodate other accounting approaches that might be developed in the future, including in the Article 6 context.

6.4.12 TAB also noted that these linkages described above are consistent with TAB's approach to assessing this criterion during previous assessment cycles, which are described in Criteria interpretations conveyed to Council in TAB's reports of January 2020 and January 2021.[41] TAB's recommendations from this assessment cycle, conveyed in Sections 4 (TAB Report September 2022), continue to reflect these linkages.

Comparing unit use against national reporting

6.4.13 The EUC Guidelines state that "[t]he programme 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 programme 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."

6.4.14 Section IV of the Article 6.2 Guidance sets out the reporting requirements for countries' accounting for ITMOs, including mitigation outcomes authorized for international mitigation purposes such as CORSIA (see section 6.3.1 TAB Report September 2022). The Guidance requires countries to provide copies of its authorizations in its Initial Report, which must be submitted no later than the country's next due Biennial Transparency Report (BTR) and by the end of 2024.[42] The Guidance also requires countries to regularly submit quantitative information on the ITMOs they have first transferred, both in the 'structured summary' section of their BTR, as well as on an annual basis for recording in the Article 6 database.[43] These obligations are triggered upon the "first transfer" of a mitigation outcome authorized for international mitigation purposes, which the host country may specify as either (1) the authorization, (2) the issuance or (3) the use or cancellation of the mitigation outcome.[44] On these matters, Decision 2/CMA.3 also mandates further work in the UNFCCC process relating to the Article 6.2 Guidance, for which outcomes are expected at COP27, including formats, infrastructure and procedures for tracking, reporting and review.

6.4.15 TAB recalled its previous Criteria interpretations for the criterion Are only counted once towards a mitigation obligation, which it conveyed to Council in its reports of January 2020 and January 2021, including need for *thoroughness* and *specificity* in programme procedures.[45] TAB noted that these Criteria interpretations remain valid and relevant to comparing unit use against national reporting. Following the COP26 outcomes, TAB will interpret the EUC as indicating that programmes issuing CORSIA Eligible Emissions Units for mitigation that occurred from 2021 onward should incorporate more *thorough* and *specific* references to the Article 6.2 Guidance in future revisions to their procedures . In particular, programmes should have procedures in place to:

1. Specify the relevant "national emissions reports" that contain countries accounting for emissions units, including each report submitted by the host country in accordance with Section IV of the Article 6.2 Guidance;

2. Address the relevant provisions of the Article 6.2 Guidance relating to the trigger and manner of application of corresponding adjustments[46]; and,

[41] See January 2020 TAB Report, sections 4.3.5; and January 2021 TAB Report, section 4.4.
[42] Decision 2/CMA.3, Annex, para. 18 and 18(g)
[43] Decision 2/CMA.3, Annex, para. 20 and 23
[44] Decision 2/CMA.3, Annex, para. 2(b)
[45] See January 2020 TAB Report, sections 4.3.5; and January 2021 TAB Report, section 4.4..
[46] Decision 2/CMA.3, Annex, paras. 2(b), 8 and 23(d)

3. Compare the information on authorizations in national reports with the information on host country attestations made public by the emissions unit programme.

6.4.16 TAB will apply this interpretation for its recommendations regarding emissions units that should be eligible for use under CORSIA in years beyond its pilot phase (2021-2023), including in its ongoing re-assessment of Eligible Emissions Unit Programmes, which will inform TAB's recommendations to the 228th ICAO Council.

Programme reporting on performance and Reconciliation double-claimed mitigation

6.4.17 The EUC Guidelines state that "the programme should be prepared to report to ICAO's relevant bodies, as requested, *inter alia*, performance information relating to double claiming…" and "should have procedures in place for the programme, or proponents of the activities it supports, to compensate for, replace or otherwise reconcile double-claimed mitigation associated with units used under the CORSIA…". TAB noted that the COP26 outcomes do not directly implicate these two guidelines, but that they remain relevant for clarifying the roles, responsibilities and procedures needed to address instances of double-claiming in line with the EUC.

Criterion: Carbon offset credits must represent emissions reductions, avoidance, or carbon sequestration from projects that do no net harm (*paragraph 3.8*)[2]

Section 6 in TAB Report - September 2022

6.5.1 TAB noted that there are linkages between the Article 6.2 Guidance and the criteria Safeguards System, Sustainable development criteria and Do no net harm. These criteria state, among other things, that programmes should have in place and publicly disclose safeguards to address environmental and social risks, sustainable development criteria used and any provisions for monitoring, reporting and verification; not violate any applicable laws or regulations; and publicly disclose which institutions, processes and procedures are used to implement, monitor and enforce such safeguards.

6.5.2 The Article 6.2 Guidance requires countries to "[d]escribe how each cooperative approach will … minimize and, where possible, avoid negative environmental impacts; reflect the eleventh preambular paragraph of the Paris Agreement (e.g., various rights, Indigenous peoples, people in vulnerable situations, gender equality, etc.); [b]e consistent with the sustainable development objectives of the Party, noting national prerogatives; and apply any safeguards and limits…" The Article 6.4 RMP also include various references safeguards, tools, requirements, processes and actions relating to these matters, many of which will require further development and implementation by the Supervisory Body in the years to come (Section 6.3.7, TAB Report 2022).

6.5.3 TAB noted that the novel language in the Article 6 outcomes on these matters is of similar stringency to the EUC; it could be interpreted as more stringent in some areas and less stringent in other areas. TAB also noted that some emissions unit programmes already have detailed procedures in place relating to these matters, which have been assessed by the TAB to meet or exceed the EUC, and some programmes are also considering possible updates in light of the COP26 outcomes. TAB resolved to continue to apply the EUC in the manner described in its Criteria interpretations, to further clarify these interpretations where appropriate, and to monitor these ongoing developments, including in the Article 6 context.

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