

CORSIA Eligible Emissions Unit Programme Change Notification Form

PART A: ABOUT THIS FORM

Once an emissions unit programme is approved by the ICAO Council as eligible to supply CORSIA Eligible Emissions Units, the programme commits to notify the ICAO Secretariat of any “material changes” to its “Scope of Eligibility”, for further review by the Technical Advisory Body (TAB) that advises the ICAO Council on the eligibility of emissions units for use in CORSIA.

*TAB Procedures*¹ defines a “Material Change” as an update to a programme’s *Scope of Eligibility* that would alter the programme’s response(s) to any questions in its application form and further inquiries from the TAB over the course of the programme’s assessment (paragraph 8.4).

Tab Procedures defines a CORSIA Eligible Emissions Unit Programme’s “Scope of Eligibility” as “the extent and limits of a programme’s eligibility, which is defined, assessed, and granted on the basis of the programme-level governance structures, measures or mechanisms, and procedures that programmes have in place at the time of their initial submission of application materials to the ICAO Secretariat; and any updates to these procedures that are communicated to TAB during the course of its assessment; and as defined in the general or programme-specific eligibility parameters set out in TAB’s recommendations” (paragraph 4.5).

Annually, TAB will indicate deadlines for programmes to notify ICAO of any such material changes. These notifications should be submitted by the next deadline after the material change has occurred; the upcoming deadlines are indicated in the version of the *TAB Work Programme and Timeline* document that is currently effective. This document is available on the CORSIA website².

Material changes should be disclosed using this form. TAB will then consider the need for any further review, in line with *TAB Procedures*. If TAB identifies that the change is indeed material and should be further assessed, it will invite public comments on the consistency of the proposed revision with the Emissions Unit Criteria (EUC) and *Guidelines for Criteria Interpretation*. The ICAO Secretariat will inform the programme of TAB’s decision to more deeply assess the programme’s modification, or its confirmation that the modification is consistent with the CORSIA EUC. The programme will also be informed of the date by which the review will be completed. The length of the review should be determined by the severity and scale of the material change.

PART B: PROGRAM CHANGE NOTIFICATION(S)

The Programme is requested to provide the following information regarding any modification(s) to the programme’s *Scope of Eligibility* that could constitute a “material change” as described above. Report each change separately by duplicating (copying and pasting) the table below as needed.

Programme name: **Architecture for REDD+ Transactions (ART)**

CHANGE 1
a. Description of the change (e.g., the addition, modification, deletion undertaken): ART’s primary mailing address has changed to 2451 Crystal Drive, Suite 700, Arlington VA 22202, the Virginia address of Winrock International, which hosts the ART Secretariat.
b. Rationale for the change: Winrock relocated to a new office space in 2021.

¹ In *TAB Procedures*, paragraphs 4.5, 7.5, and 8.2 – 8.6 in particular pertain to the *Scope of Eligibility* and notification and assessment of material changes.

² The *TAB Work Programme and Timeline* and *TAB Procedures* documents are available here: <https://www.icao.int/environmental-protection/CORSIA/Pages/TAB.aspx>

c. Where the change is reflected in the Programme's documentation or other resource(s)³:

Winrock's new office address is noted on its website: www.winrock.org.

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ART's Program Application Form dated April 17, 2020 under Section III Program Application, Section A, the address of ART was provided as Winrock's former office address in Arlington VA.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ART intends this document to reference the updates to our application. We would be happy to answer any additional questions ICAO may have.

CHANGE 2

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ART recently completed a 60-day stakeholder consultation to update TREES to version 2.0, which is expected to be approved by the Board for publication in May 2021.

The material ICAO-relevant change, approved by Board resolutions in June and August 2020 and as reflected in published TREES ICAO Eligibility Guidance dated August 2020, is published in the TREES 2.0 consultation document *Annex B: ART's Requirements for Avoiding Double Counting with ICAO's CORSIA*, which details requirements for host country letters of authorization, reporting of corresponding adjustments to the UNFCCC and compensation for or replacement of units used under the CORSIA and also claimed by the Host Country towards meetings its NDC (the "compensation mechanism").

b. Rationale for the change:

These detailed requirements were added to TREES to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to specify a compensation mechanism(s) for the CORSIA.

c. Where the change is reflected in the Programme's documentation or other resource(s)⁴:

The ICAO CORSIA requirements are posted on the ART website. They include the following:

- **25 June 2020 ART Board Resolution: <https://www.artredd.org/art-board-meeting-minutes/>
Via the Resolution, the ART Board approved the "publication of official Guidance to require that ART REDD+ programs that wish to be CORSIA-eligible to monitor, report and verify under TREES for a minimum of four five-year crediting periods (20 years) (the "ICAO Eligibility Guidance")" <https://www.artredd.org/wp-content/uploads/2020/06/TREES-ICAO-Eligibility-Guidance-June-2020.pdf>.**

³ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

⁴ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

The Resolution further resolved that “such Guidance constitutes part of the Operative Documents, with which ART Participants are required to comply under the ART Terms of Use Agreement,” and that “such Guidance will be formally incorporated into TREES upon ICAO approval of ART to supply emissions units under the CORSIA.”

- **7 August 2020 ART Board Resolution:** <https://www.artredd.org/art-board-meeting-minutes/>

Via the Resolution, the ART Board approved “the publication of updated official ICAO Eligibility Guidance v2.0 addressing ART’s procedures and requirements for UNFCCC reporting and adjustments and a double claiming compensation mechanism.”

The Resolution further resolved that “such Guidance constitutes part of the Operative Documents, with which ART Participants are required to comply under the ART Terms of Use Agreement,” and that “such Guidance will be formally incorporated into TREES upon ICAO approval of ART to supply emissions units under the CORSIA.”

- **The published TREES ICAO Eligibility Guidance v2.0 August 2020:** <https://www.artredd.org/wp-content/uploads/2021/02/TREES-ICAO-Eligibility-Guidance-August-2020.pdf>
- **TREES 2.0 Consultation Version:** <https://www.artredd.org/wp-content/uploads/2021/01/TREES-2.0-Public-Consultation-Version-Feb-2021.pdf>. Annex B of TREES 2.0 formally incorporates and details requirements as approved by the ART Board in the Resolution and in the published ICAO Eligibility Guidance. Annex B is included as an attachment for ease of reference.
- **Section 1 of the ART Terms of Use Agreement incorporates by reference the Operative Documents as legally binding, which includes Board-approved published Guidance:** <https://www.artredd.org/wp-content/uploads/2020/06/ART-TOU-June-2020-.pdf>

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

TREES Annex B, ART’s Requirements for Avoiding Double Counting with ICAO’s CORSIA, details requirements for host country letters of authorization, reporting of corresponding adjustments to the UNFCCC and a compensation mechanism for replacement of units used under the CORSIA and also claimed by the Host Country towards meetings its NDC.

These requirements reflect the full implementation of the Board Resolutions of June 2020 and August 2020, the Board-approved and published TREES ICAO Eligibility Guidance, and information provided to ICAO by ART in its April 2020 application and responses to subsequent questions from the TAB, as detailed below.

ART’s requirements for avoiding double counting with ICAO’s CORSIA do not alter any information submitted to the TAB, rather reflect full implementation of requirements that ART indicated would be put in place.

In ART's April 2020 application, in response to questions in section "4.7 Are only counted once towards a mitigation obligation", we provided information on measures already in place in TREES Section 13 that details requirements for any transfers of issued emission reductions for use by another country or entity – including an airline towards its CORSIA obligation, for a Host Country letter of authorization from the national focal point. We stated that "the letter must explicitly authorize the use of the specific ERs by another Party and in that letter attest to report the transfer to the UNFCCC and make an accounting adjustment. The letter will be posted publicly on the ART Registry, and credits will not be designated as eligible for use towards the non-Party (airline) target or obligation and cannot be transferred to another ART registry account or retired on behalf of the buyer until such authorization letter is delivered."

Further we stated that:

"If approved by ICAO to supply emission reductions for the CORSIA, ART will include ICAO-specific requirements as an annex to TREES and in its legal Terms of Use Agreement."

"This will include a sample host country letter of assurance and authorization that will:

- Attest to the intention to properly report for and/or account (as applicable) for the export of the emissions reductions towards offsetting obligations under the CORSIA; and
- Describe steps that have been/will be taken to avoid double claiming the emissions reductions toward the host country's national mitigation target(s) in conformance with relevant and applicable international provisions."

"ART will update its registry functionality to ensure units that are ICAO-eligible are tagged, that Host Country letters of Authorization are posted and that ICAO-eligible units are tagged once an adjustment has been made."

ICAO-specific requirements will include ART oversight "to monitor relevant country reports to the UNFCCC or other means (e.g. a physical or electronic certificate from the Host Country indicating that the required adjustments have been applied within the relevant accounting system) to determine if required adjustments, as committed in the Host Country Letter of Assurance and Authorization, are made. Once adjustments have been made, the associated ART emission reduction credits will be tagged as such on the registry. In instances where adjustments are not made, ART will report details to ICAO and the UNFCCC and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA."

Further, the requirements will "include a mechanism to compensate for, replace or otherwise reconcile instances of units used under the CORSIA and also claimed by the Host Country towards meeting its NDC."

In addition to information provided in its April 2020 application, ART also detailed in ART's 29 July 2020 responses to ICAO questions (specifically 5.9, 5.10, 5.11):

"With regard to ICAO-specific requirements as an annex to TREES, the key elements that are not already included in TREES will be formally approved by the ART Board (in Board Resolutions) and published as officially adopted TREES Guidance."

"Those key elements are:

- 1) The requirement for long-term monitoring, reporting and verification and a commitment to four five-year crediting periods (twenty years) to be eligible to supply units for the CORSIA.

At the June 25, 2020 ART Board meeting, the Board voted by consensus on a Resolution to approve and publish *ICAO Eligibility Guidance* to require that ART REDD+ programs that wish to be CORSIA-eligible to monitor, report and verify under TREES for a minimum of four five-year crediting periods (20 years). The Guidance is published on the ART website: <https://www.artredd.org/wp-content/uploads/2020/06/TREES-ICAO-Eligibility-Guidance-June-2020.pdf>

The Resolution further confirms that the Guidance constitutes part of the Operative Documents, with which ART Participants are required to comply under the ART Terms of Use Agreement and that such Guidance will be formally incorporated into TREES upon ICAO approval of ART to supply emissions units under the CORSIA.

- 2) ART's procedures to ensure required Host Country reporting of emissions reductions units used for the CORSIA and application of required adjustments, including the applicable timeline.

ART will take action to obtain evidence of the host country reporting the use of the emission reduction units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. Such evidence could, for example, be in the country's biennial transparency reports to the UNFCCC or provided in the form of a letter or certificate (e.g., physical or electronic) from the Host Country indicating that the required adjustments have been applied within the relevant accounting system. Any evidence should clearly reference the offset credits (e.g., using unique identifiers or serial numbers) for which the country has applied the adjustments.

In the event that the adjustment has not been made or credible evidence cannot be obtained within a year after the adjustment was due to be reported to the UNFCCC by the Host Country, compensation is required. ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA.

These procedures will be approved by the ART Board in a Board Resolution and published as officially adopted "ICAO Eligibility Guidance v2.0." Such approval and publication is anticipated before the end of the assessment.

- 3) ART requirements to compensate for, replace or otherwise reconcile instances of units used under the CORSIA and also claimed by the Host Country towards meeting its NDC ("compensation mechanism").

Before qualifying units for CORSIA, ART also requires that the Participant present, in a form acceptable to ART, a mechanism to mitigate the risk of or compensate for double claims of emission reductions units between airlines for the CORSIA and host countries towards NDC achievement. Compensation is required in the event that the adjustment has not been made or credible evidence cannot be obtained by ART within a year after the adjustment was due to be reported to the UNFCCC by the Host Country.

Options include:

- 1) Evidence of the application of the adjustment, as detailed in the Host Country Letter of Assurance and Authorization, in country reports to the UNFCCC or other means (e.g. a physical or electronic certificate from the Host Country indicating that the required adjustments have been applied within the relevant accounting system), before the unit could be cancelled for use by an aeroplane operator for CORSIA.
- 2) A guarantee, in a form acceptable to ART, that any double-claimed units (those for which an adjustment has not been made) will be replaced with a volume of ICAO-eligible credits corresponding to the number of units that were double claimed by

the Host Country (“Replacement Contribution”). These units must be ART units (or comparable units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country’s double claim of emission reductions. This guarantee could be from a reputable third-party, an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an ART-approved insurance mechanism.

- 3) A guarantee, in a form acceptable to ART, that the guarantor will fully financially compensate ART for the procurement of a Replacement Contribution for the double-claimed units. The Replacement units must be ART units (or comparable ICAO-eligible units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country’s double claim of emission reductions. This guarantee could be from a reputable third-party, an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an ART-approved insurance mechanism.”

“These requirements will be approved by the ART Board in a Board Resolution and published as officially adopted “ICAO Eligibility Guidance v2.0.” Such approval and publication is anticipated before the end of the assessment.”

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application. We would be happy to answer any additional questions ICAO may have.

ANNEX B: REQUIREMENTS FOR AVOIDING DOUBLE COUNTING WITH ICAO'S CARBON OFFSETTING SCHEME FOR INTERNATIONAL AVIATION (CORSA)

PURPOSE

Greenhouse gas (GHG) emissions from international civil aviation are typically not included in countries' climate change mitigation targets under the United Nations Framework Convention on Climate Change (UNFCCC), its Kyoto Protocol and its Paris Agreement. Article 2.2 of the Kyoto Protocol mandated countries to work through the International Civil Aviation Organization (ICAO) to address these emissions.

In 2010, ICAO adopted an aspirational goal of carbon-neutral growth, meaning that global net carbon dioxide (CO₂) emissions from international aviation should be frozen at their 2020 levels. ICAO pursues a basket of measures to achieve this goal, including improved aircraft technologies, operational improvements, and sustainable aviation fuels. To address any remaining emissions above 2020 levels, in 2016 ICAO adopted an offsetting scheme – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA).

CORSA requires aeroplane operators to offset any increase of CO₂ emissions from international flights between participating countries above a 2020 baseline, through the purchase and cancellation of eligible emissions units.

For emissions units to be eligible under CORSA, they must comply with eligibility criteria, referred to as the CORSA Emissions Unit Eligibility Criteria (EUC), and, accordingly, carbon offset-crediting programs that wish to provide offset credits under CORSA must demonstrate that the offset credits meet the CORSA Emissions Unit Eligibility Criteria. Carbon offset-crediting programs that are approved by ICAO as eligible under CORSA will be included on a published list of CORSA Eligible Emissions Unit Programs. Likewise, emissions units approved by ICAO as eligible under CORSA are published list of [CORSA Eligible Emissions Units](#).

A key requirement under the CORSA Emissions Unit Eligibility Criteria is that carbon offset-crediting programs have in place rules and procedures to avoid the double counting of emission

reductions. The Paris Agreement likewise requires countries to avoid double counting. Avoiding double counting is essential for environmental integrity, because if double counting occurs, actual global GHG emissions will be higher than the sum of what individual countries or entities report their emissions to be.

This Appendix B to TREES details requirements to avoid double counting in the CORSIA.

B.1 CORSIA REQUIREMENTS FOR AVOIDING DOUBLE COUNTING

The CORSIA Emissions Unit Eligibility Criteria, as adopted by the ICAO Council in March 2019, requires programs to put measures in place to avoid all three forms of double counting: double issuance, double use, and double claiming.

Avoidance of Double Counting, Issuance and Claiming

Carbon offset credit integrity assessment criteria

Eligibility Criterion: Programs should deliver credits that represent emissions reductions, avoidance, or sequestration that are only counted once towards a mitigation obligation. Measures must be in place to avoid:

- a) Double issuance (which occurs if more than one unit is issued for the same emissions or emissions reduction).
- b) Double use (which occurs when the same issued unit is used twice, for example, if a unit is duplicated in registries).
- c) 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.

B.2 FUNCTIONALITY OF THE ART REGISTRY

A key element to avoid double counting in all of its forms is a robust and transparent registry platform, including a program database, that is publicly accessible, transparent and easily searchable, and provides relevant information needed to avoid double counting under CORSIA.

The robust registry and database platform must support program registration including providing a unique identifier for each program that can be cross-referenced with offset credits issued in a offset credit registry, so that program information can be identified for every offset credit issued within the registry. ART's registry platform is operational with all functionality and transparency needed to avoid double counting for CORSIA including:

1. Securely and transparently effectuating the issuance, transfer, retirement and cancellation of offset credits;
2. Serialization and labeling of issuances so that each offset credit is clearly associated with a specific REDD+ program, country, issuance block and vintage and so that information for avoiding double counting can be assigned to each offset credit. Program information includes:
 - a. A description of the REDD+ Program;
 - b. The emission sources, sinks, and greenhouse gases included in the calculation of the emission reductions or removals;
 - c. The Host Country and geographical location where the program is implemented;
 - d. The Host Country Program Proponent (Participant);
 - e. The year(s) in which the emission reduction or removal occurred (vintage);
 - f. Any other information needed for the program to be unambiguously identified, and distinguished from other programs that may occur in the same location;
 - g. A Letter of Assurance and Authorization from the Host Country, which will be posted on the registry once obtained;
 - h. Designation of the credits as Qualified for CORSIA once the Host Country Letter of Assurance and Authorization has been obtained; and
 - i. Notice that the Host Country has applied an adjustment, once evidence obtained.
3. Public, downloadable, sortable reports on all offset credits including programs, issuances, retirements and cancellations; and
4. Retirement and cancellation procedures that ensure the removal of the unit is clearly indicated, irreversible, and unambiguously designated for an intended purpose. For cancellations of units for the CORSIA, the cancellation information will specify the aeroplane operator for which the offset credits were cancelled and the calendar year for which an offsetting requirement is fulfilled through the cancellation.

B.3 ART REQUIREMENTS FOR AVOIDING DOUBLE COUNTING IN CORSIA

ART requirements for avoiding double counting in all of its forms are detailed in Chapter 13 of TREES. Procedures are in place to avoid double issuance, double use and double claims of credits issued under TREES. To avoid double claiming with progress towards mitigation targets pledged by countries in their Paris Agreement Nationally Determined Contributions (NDCs) and emission reduction and removal units used for the CORSIA, TREES requires in 13.3 II that countries authorize the use of offset credits by aeroplane operators under the CORSIA and provide a letter of assurance and authorization that they will report the use to the UNFCCC in the structured summary of its biennial transparency reports and make corresponding accounting adjustments.

ART will only qualify offset credits for CORSIA once such a letter is received, only to any limit established in the letter, and as long as all other ART and CORSIA requirements are met including the presentation of an ART-approved mechanism to mitigate the risk of or compensate for double claims for post 2020 units, as further described below.

1. **The Host Country Letter of Assurance and Authorization.** The letter will be obtained from the country's UNFCCC National Focal Point or designee to qualify post 2020 TREES Credits for CORSIA. ART will make all Letters of Assurance and Authorization publicly available by posting on the registry. A sample Letter of Assurance and Authorization is included as Exhibit 1 to this Annex B.

The Letter of Assurance and Authorization should explicitly:

- Identify the specific REDD+ activity to reduce emissions or enhance removals in the country;
- Acknowledge that ART has issued, or intends to issue, offset credits for [a stated volume in CO₂-e] emission reductions or removals that occur within the country¹;
- Authorize the use of the REDD+ emission reductions or removals, issued as TREES Credits, by aeroplane operators in order to meet offsetting requirements under CORSIA, including providing a limit for the maximum number of emission reductions or removals that the country authorizes for use, including any limits on the time period over which the country provides such authorization;
- Declare that the country will not use the associated REDD+ emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC and will account for their use by aeroplane operators under CORSIA by applying relevant

¹ To ensure consistency in UNFCCC reporting and assurance of adjustments for CORSIA units issued, if the Global Warming Potential (GWP) value used by a country in its NDC reporting (in particular in its first NDC report) is different than the value used by ART to calculate the volume of offset credits issued, ART will convert the offset credit volume to the volume that should be adjusted using the same GWP values the country uses in its NDC reporting and provide that number to the country.

adjustments in the structured summary of the country's biennial transparency reports, as referred to in paragraph 77, sub-paragraph (d), of the Annex to decision 18/CMA.1, and consistent with relevant future decisions by The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA); and

- Declare that the country will report on the authorization and use of the REDD+ emission reductions for the CORSIA [or by other countries] in a transparent manner in the country's biennial transparency report submitted under Article 13 of the Paris Agreement.

2. **ART Double Claiming Compensation Mechanism.** Before qualifying post 2020 units for CORSIA, ART also requires that the Participant present, in a form acceptable to ART, a mechanism to mitigate the risk of or compensate for double claims of emission reductions units between aeroplane operators for the CORSIA and host countries towards NDC achievement. Compensation is required in the event that the adjustment has not been made or credible evidence cannot be obtained by ART within a year after the adjustment was due to be reported to the UNFCCC by the Host Country.

Options include:

- i. Evidence of the application of the adjustment, as detailed in the Host Country Letter of Assurance and Authorization, in country reports to the UNFCCC, in the Article 6 database or by other means (e.g. an irrevocable electronic certificate) from the Host Country indicating that the required adjustments have been applied within the relevant accounting system), before the unit could be cancelled for use by an aeroplane operator for CORSIA. The option of allowing an irrevocable electronic certificate will apply only in cases in between UNFCCC reporting periods and only when a Host Country has a robust GHG accounting system with functionality, such as a distributed ledger registry technology, to enable reporting of this type of real-time, transparent, immutable, irrevocable transaction information. When adjustments are demonstrated by an entry in the Article 6 database or via an irrevocable electronic certificate, ART requires that the information on the adjustment also be recorded in country reports to the UNFCCC in the next reporting period.
- ii. A guarantee, in a form acceptable to ART², that any double-claimed units (those for which an adjustment has not been made) will be replaced with a volume of ICAO-eligible credits corresponding to the number of units that were double claimed by the Host Country ("Replacement Contribution"). These units must be ART units (or comparable units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. This guarantee could be from a reputable third-party, an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an ART approved insurance mechanism.

²Any guarantee must be legally secure and binding, offered by a highly reputable third-party (i.e. a sovereign or corporate with a high grade or prime rating by Moody's, S&P and/or Fitch) and include sufficient remedies to cover ART's costs for replacement units in the event of a default.

- iii. A guarantee, in a form acceptable to ART³, that the guarantor will fully financially compensate ART for the procurement of a Replacement Contribution for the double-claimed units. The Replacement units must be ART units (or comparable ICAO-eligible units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. This guarantee could be from a reputable third-party, an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an ART-approved insurance mechanism.
3. **ART Annual Reporting on the qualification and use of Units for CORSIA.** ART will publish annual reports that provide aggregated information related to the issuance, CORSIA qualification and cancellation of offset credits. ART will publish these reports within six months after the end of a calendar year and will transmit the reports to ICAO and to all countries in which the emission reductions or removals associated with issued and CORSIA qualified offset credits occurred. Reported information will include: (i) Quantity of CORSIA qualified offset credits issued by country, calendar year, cancelled for CORSIA and cancelled for other purposes. (ii) Quantity of CORSIA qualified offset credits cancelled by aeroplane operator for each CORSIA compliance period (iii) The maximum number of emission reductions or removals from ART programs authorized by countries for use by other countries or entities, by country and calendar year.
4. **Obtaining evidence of the application of adjustments.** ART will take action to obtain evidence of the host country reporting the use of the emission reduction / removal units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. Evidence could, for example, be in the country's biennial transparency reports to the UNFCCC or provided in the form of a letter or irrevocable electronic certificate from the Host Country indicating that the required adjustments have been applied within the relevant accounting system. Any evidence should clearly reference the offset credits (e.g., using unique identifiers or serial numbers) for which the country has applied the adjustments. Once evidence has been obtained, ART will post such evidence on the registry and indicate that the adjustment has been made.
5. **Remedy for CORSIA Double Claim.** In the event that the adjustment has not been made or credible evidence cannot be obtained within a year after the adjustment was due to be reported to the UNFCCC by the Host Country, compensation is required for the double claimed volume following its selected compensation mechanism. ART will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA.

³ Ibid.

EXHIBIT 1: EXAMPLE HOST COUNTRY LETTER OF ASSURANCE AND AUTHORIZATION

DATE:

TO: Architecture for REDD+ Transactions (ART), Secretariat at Winrock International

FROM: UNFCCC Focal Point, Government of Country X

RE: Letter of assurance and authorization related to REDD+ program X

With regard to REDD+ program X, as described in the documentation attached to this letter, we hereby acknowledge that the program may reduce greenhouse gas emissions and enhance removals in country Y and that the Architecture for REDD+ Transactions (ART) has issued, or intends to issue, offset credits for these emission reductions / removals.

We hereby authorize that the REDD+ program's emission reductions / removals, issued as offset credits by ART, may be used by aeroplane operators to meet offsetting requirements under CORSIA [optional: *or by other countries towards achieving their NDC,*] subject to the following restrictions:

- We authorize only the use of the program's emission reductions / removals, for which ART has issued or will issue offset credits, that occur in the period from [DATE] to [DATE]; and
- We authorize only the use of a maximum of [#] tCO₂e of the program's emission reductions / removals, issued as offset credits by ART, for each calendar year.

We hereby request ART to submit annual reports to us, no later than by 31 March of each year, on the use of the offset credit's associated emission reductions / removals by other countries or entities, including volumes canceled for use by each country and entity.

We hereby declare that country X will not use the programs's emission reductions to track progress towards, or for demonstrating achievement of, its NDC and that country X will account for the use of the program's GHG emission reductions by aeroplane operators under CORSIA or by other countries through adjustments in the structured summary of country X's biennial transparency reports, as referred to in paragraph 77, sub-paragraph (d), of the Annex to decision 18/CMA.1, and consistent with relevant future decisions by the CMA.

We hereby also declare that country Y will report on the authorization and use of the program's emission reductions / removals by other countries or entities in a transparent manner in the country's biennial transparency report submitted under Article 13 of the Paris Agreement.