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

Re-assessment Application Form for CORSIA-Eligible Emissions Unit Programmes

CONTENTS

SECTION I: ABOUT THIS RE-ASSESSMENT

Background

In March 2020, the ICAO Council requested TAB to monitor and review the continued eligibility of emissions unit programmes that the Council determined to be eligible under CORSIA. At present, all CORSIA-eligible Emissions Unit Programmes are eligible to supply CORSIA-eligible Emissions Units for the 2021-2023 compliance cycle only.

In view of the Council's request, and in line with TAB Procedures[1], TAB agreed to undertake a re-assessment of all CORSIA-eligible Emissions Unit Programmes in 2022, including to inform TAB's recommendations to ICAO Council regarding the possible extension of the current eligibility timeframe of the 2021-2023 compliance cycle.

ICAO invites all CORSIA-eligible Emissions Unit Programmes interested in continuing to be designated as CORSIA-eligible to apply for the re-assessment by TAB, providing updated information requested through this re-assessment application form and all requested supplementary materials and evidence.

This re-assessment will be conducted in line with TAB's 2022 annual assessment cycle and involve some of the same procedures and timing used in TAB's assessments of new applications and material changes to eligible programme procedures. In undertaking this work, TAB may also ask programmes to provide specific examples or case studies illustrating how programme procedures or systems perform in practice. TAB does not anticipate that this re-assessment will result in recommendations to revise or revoke the eligibility status of emissions units that the ICAO Council has approved for use during the CORSIA's pilot phase.

Focus of the 2022 re-assessment

TAB will pursue four key objectives in this re-assessment process:

(1) Sample criteria: To assess the continued consistency of programme procedures with these sample Emissions Unit Criteria (EUC) and the related *Guidelines for Criteria Interpretation*:

a. Realistic and credible baselines (SG3)

b. Additionality (SG3)

c. Permanence (SG4), in tandem with the *Guideline* under the *Governance* criterion for having in place long-term plans for the continued admin of multi-decadal elements, including for dissolution (SG1)

d. "Only counted once towards a mitigation obligation" (SG5)

e. Sustainable development criteria (SG1)

(2) Updates made to programme procedures: To review procedural changes and updates that programmes introduced ***between the dates of*** **(a)** their initial approval by ICAO Council and **(b)** 28 February 2022. Programmes are requested to summarize and provide evidence of any and all changes, including those that were previously submitted for TAB's review as potential material changes[2]. However, TAB's re-assessment

[1] Refer to TAB Procedures paragraph 7.4, 7.7, 7.8 ,7.22 and 7.23

[2] A "Material Change" is defined in TAB Procedures, paragraph 7.3. TAB's Procedures for reviewing potentially-material procedural changes are described in TAB Procedures, paragraphs 7.3, 8.4, 8.5 and 8.6.

will focus on procedural updates that were not previously submitted or assessed as potential material changes.

(3) Programme Registry Attestations: To review *Emissions Unit Programme Registry Attestations* and provide a summary for Council regarding the status of *Attestation* submission, form completeness, and fulfillment of requirements by each programme and its designated registry(ies).

(4) Up-to-date documentation: To obtain up-to-date application form and programme materials for record-keeping and versioning purposes.

Translation: As was done previously, if the programme documents and information are not published in English, the programme should fully describe in English (*rather than summarize*) this information in the fields provided in this form, and in response to any additional questions. Where this form requests *evidence of programme procedures*, programmes are strongly encouraged to provide these documents in English, to provide for accuracy and comprehension. Where this is not possible due to time constraints or document length, the programme may provide such documents in their original language in a readily translatable format (e.g., Microsoft Word). Those programmes that need to translate documents prior to submission may contact the ICAO Secretariat regarding accommodation.

Disclaimer: The information contained in the re-assessment application, and any supporting evidence or clarification provided by the programme including information designated as "business confidential" by the programme, will be provided to the members of the TAB to properly assess the programme and make recommendations to the ICAO Council. The application and such other evidence or clarification will be made publicly available on the ICAO CORSIA website for the public to provide comments, except for information which the applicant designates as "business confidential". The applicant shall bear all expenses related to the collection of information for the preparation of the application, preparation and submission of the application to the ICAO Secretariat and provision of any subsequent clarification sought by the Secretariat and/or the members of the TAB. Under no circumstances shall ICAO be responsible for the reimbursement of such or any other expenses borne by the applicant in this regard, or any loss or damages that the applicant may incur in relation to the re-assessment and outcome of this process.

SECTION II: INSTRUCTIONS

Submission and contacts

Programmes interested in continuing to be designated as a CORSIA-eligible Emissions Unit Programme are invited to complete and submit the form, along with accompanying evidence no later than close of business on **28 February 2022** via officeenv@icao.int. Within seven business days of receiving this form, the Secretariat will notify the programme that its form was received.

If the programme has questions regarding the completion of this form, please contact ICAO Secretariat.

Form basis and cross-references

Questions in this form align with the questions included in the application for TAB's annual assessment, and are derived from the CORSIA emissions unit eligibility criteria (EUC) and any *Guidelines for Criteria Interpretation*. Each question includes the paragraph number for its corresponding criterion or guideline that can be found in **Appendix A** "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Application Form completion

The programme is expected to respond to all questions in this application form at the time of application submission. TAB cannot initiate its assessment in which this information is not provided in full as requested in this section. Failure to provide complete information may result in delays to the re-assessment process.

A "complete" response involves three components: 1) a written summary response, 2) supporting evidence, 3) planned programme revisions, and 4) updates and changes to programme procedures since the initial application/approval.

1) Written summary responses: The programme is encouraged to construct written summary responses in a manner that provides for general comprehension of the given programme procedure, independent of supporting evidence. TAB will confirm each response in the supplementary evidence provided by the programme. Please note that written summary responses should be provided in all cases—supporting evidence (described in *c)* below) should not be considered as an alternative to a complete summary response.

2) Supporting evidence: Most questions in this form request *evidence of programme procedures or programme elements.* Such evidence may be found in programme standards, requirements, or guidance documents; templates; programme website or registry contents; or in some cases, in specific methodologies. To help manage file size, the programme should limit supporting documentation to that which directly substantiates the programme's statements in this form.

   Regarding such requests for evidence, programmes are expected to substantiate their responses in any of these ways (**in order of preference**):

   a) web links to supporting documentation included along with the written summary response to each given question; with instructions for finding the relevant information within the linked source (i.e. identifying the specific text, paragraph(s), or section(s) where TAB can find evidence of the programme procedure(s) in question);

b) copying/pasting information directly into this form (no character limits) along with the written summary response;
c) attaching supporting documentation to this form at the time of submission, with instructions for finding the relevant information within the attached document(s);

EXAMPLE of preferred approach to providing supporting evidence that could meet expectations for complete responses to a question:

> "The Programme ensures its consistency with this requirement by requiring / undertaking / etc. the following:
>
> [Paragraph(s) introducing and summarizing specific programme procedures relevant to question]
>
> The full contents of these procedures can be found in [Document title, page X, Section X, paragraphs X-X]. This document is publicly available at this weblink: [weblink]."

3) Planned programme revisions: Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, please provide the following information in response to any and all relevant form question(s):

a) Proposed revision(s);
b) Process and proposed timeline to develop and implement the proposed revision(s);
c) Process and timeline for external communication and implementation of the revision(s).

4) Updates and changes to programme procedures since the initial application/approval: Each question in this form provides discrete fields for the programme to include, and clearly distinguish between, two key pieces of information:

(1) the information provided by the programme in its initial application—which includes all written clarifications and explanations shared with TAB over the course of the programme's initial assessment;

and

(2) new information describing any and all procedural changes and updates that programmes introduced ***between the dates of*** **(a)** their initial approval by ICAO Council and **(b)** 28 February 2022. Here, Programmes are requested to summarize and provide evidence of any and all changes, including those that were previously submitted for TAB's review as potential material changes.

Scope of application and re-assessment

The programme may elect to revise the scope of activities supported by the programme and assessed by TAB, as compared to its current scope of eligibility. In such a case, the programme is requested to clearly identify, in the

following Appendices, the additional activities that it wishes to submit for, or exclude from, TAB's re-assessment:

In **Appendix B** "*Programme Re-assessment Scope*", the programme should clearly identify, at the "activity type" level (e.g., sector(s), sub-sector(s), and/or programme/project "type(s)"), elements that were previously assessed by TAB and **is currently eligible under the *Scope of Eligibility*[3], and additional elements that the programme is submitting for TAB's assessment**; as well as the specific methodologies, protocols, and/or framework(s) associated with these programme elements; which *are* described in this form.

In **Appendix C** "*Programme Exclusions Scope*", the programme should clearly identify, at the "activity type" level (e.g., sector(s), sub-sector(s), and/or programme/project "type(s)"), any elements that were excluded from TAB's previous assessments or are **currently outside of programme's *Scope of Eligibility,* and additional elements that the programme wishes to exclude from TAB's assessment**; as well as the specific methodologies, protocols, and/or framework(s) associated with these programme elements.

(NEW in 2022) In **Appendix D** "*Emissions Unit Programme Registry Attestation*", the programme should complete and submit the information outlined in the instructions below, based on the status of its *Registry Attestation*:

- Programme **has** previously completed and submitted a *Registry Attestation*: Respond only to new Question 7.3 in the *Emissions Unit Programme Registry Attestation* form **(**Appendix D**)**. ICAO will append this response to the programme's most recent *Registry Attestation* on file.
    - NOTE: These Programmes **are not** required to re-submit the *Registry Attestation*'s signature page or any other information in Questions 7.1, 7.2, 7.4–7.11 of Appendix D, but may use this opportunity to inform ICAO of any needed updates.
- Programme **has not** previously completed and submitted a *Registry Attestation*: Refer to the instructions for completing the attached *Emissions Unit Programme Registry Attestation*, including the signature page and accompanying information form **(**Appendix D**)**. Provide the completed materials along with this application form.

(NEW in 2022) Treatment of EUC-relevant programme procedures at the methodology level

Programmes that identify with the following explanations are encouraged to summarize and provide evidence of both their overarching *programme-level* procedure(s) and *methodology-level* procedure(s) wherever relevant:

The CORSIA EUC and TAB assessments typically apply to *programme-level* procedures rather than to individual methodologies or projects. Most programmes' overarching guidance documents contain a mix of *general/guiding* requirements and *technical* ones. However, some programmes set out general requirements in overarching guidance documents, while reflecting key technical procedures in programme methodologies[4]. **Such methodologies may be relevant to TAB's assessment**. This could be the case where, e.g., the methodologies are developed directly by the

[3] As defined in the latest *ICAO Document "CORSIA-Eligible Emissions Units"*, available via https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Emissions-Units.aspx

[4] Note that any applicant may use different terminology. For example, a programme may refer to a "methodology" as a protocol or framework.

programme (staff or contractors); the programme must refer to a methodology's requirements when describing its alignment with the EUC; the programme's general requirements alone are too high-level/non-specific for TAB to assess them as stand-alone procedures.

> EXAMPLE: Programme A's project standard contains its *programme-level* general requirements. The standard requires all activities to pass a programme-approved additionality test. However, Programme A sets out a unique list of approved tests in each of its methodologies—rather than providing a single list or menu in its programme-level standard. These lists vary across different activity types or category(ies). Thus, TAB may ultimately need to assess Programme A's programme- *and* methodology-level requirements in order to confirm its use of the specific additionality tests called for under the *Must be Additional* criterion.

"Linked" certification schemes

This application form should be completed and submitted exclusively on behalf of the programme that is described in Part I of this form.

Some programmes may supplement their standards by collaborating with other schemes that certify, e.g., the social or ecological "co-benefits" of mitigation. The programme can reflect a linked scheme's procedures in responses to this form, where this is seen as enhancing—i.e. going "above and beyond"—the programme's own procedures.

For example, the programme may describe how a linked scheme audits sustainable development outcomes; but is not expected to report the linked scheme's board members or staff persons.

Programmes should clearly identify any information provided in this form that pertains to a linked certification scheme and/or only applies when a linked certification scheme is used.

Disclosure of programme application forms and public comments

Applications, including information submitted in Appendices B, C, as well as other information submitted by applicants will be publicly available on the ICAO CORSIA website, except for materials which the applicants designate as business confidential.

The public will be invited to submit comments on the information submitted, including regarding consistency with the emissions unit criteria (EUC), through the ICAO CORSIA website, for consideration by the TAB in its re-assessment.

SECTION III: APPLICATION FORM

PART 1: General information

A. Programme Information

Programme name: American Carbon Registry

Administering Organization[5]: Environmental Resources Trust (doing business as American Carbon Registry), a wholly-owned nonprofit subsidiary of Winrock International

Official mailing address: 204 E 4th street, North Little Rock, AR 72114

Telephone #: +1 (703) 302-6500

Official web address: www.americancarbonregistry.org

B. Programme Administrator Information

Full name and title: Mary Grady, President and CEO

Employer / Company (*if not programme*): Click or tap here to enter text.

E-mail address: mgrady@winrock.org Telephone #: +1 (805) 252-1658

C. Programme Representative Information (if different from Programme Administrator)

Full name and title: SAME

Employer / Company (*if not Programme*): Click or tap here to enter text.

E-mail address: Click or tap here to enter text. Telephone #: Click or tap here to enter text.

D. Programme Senior Staff / Leadership (e.g., President / CEO, board members)

List the names and titles of programme's senior staff / leadership, including board members:

Board of Directors of Environmental Resources Trust (all also Winrock Board members)

Rodney Ferguson, President and CEO, Winrock International

William Bumpers, Winrock Honorary Director, (Retired) Baker Botts Law Firm

[5] Name of the business, government agency, organization, or other entity that administers the Emissions Unit Programme, *if different from "Programme Name"*.

Suzanne Siskel, Winrock Board Vice Chair, EVP & COO of The Asia Foundation
John Nees, The Getty Land Company

Officers of Environmental Resources Trust

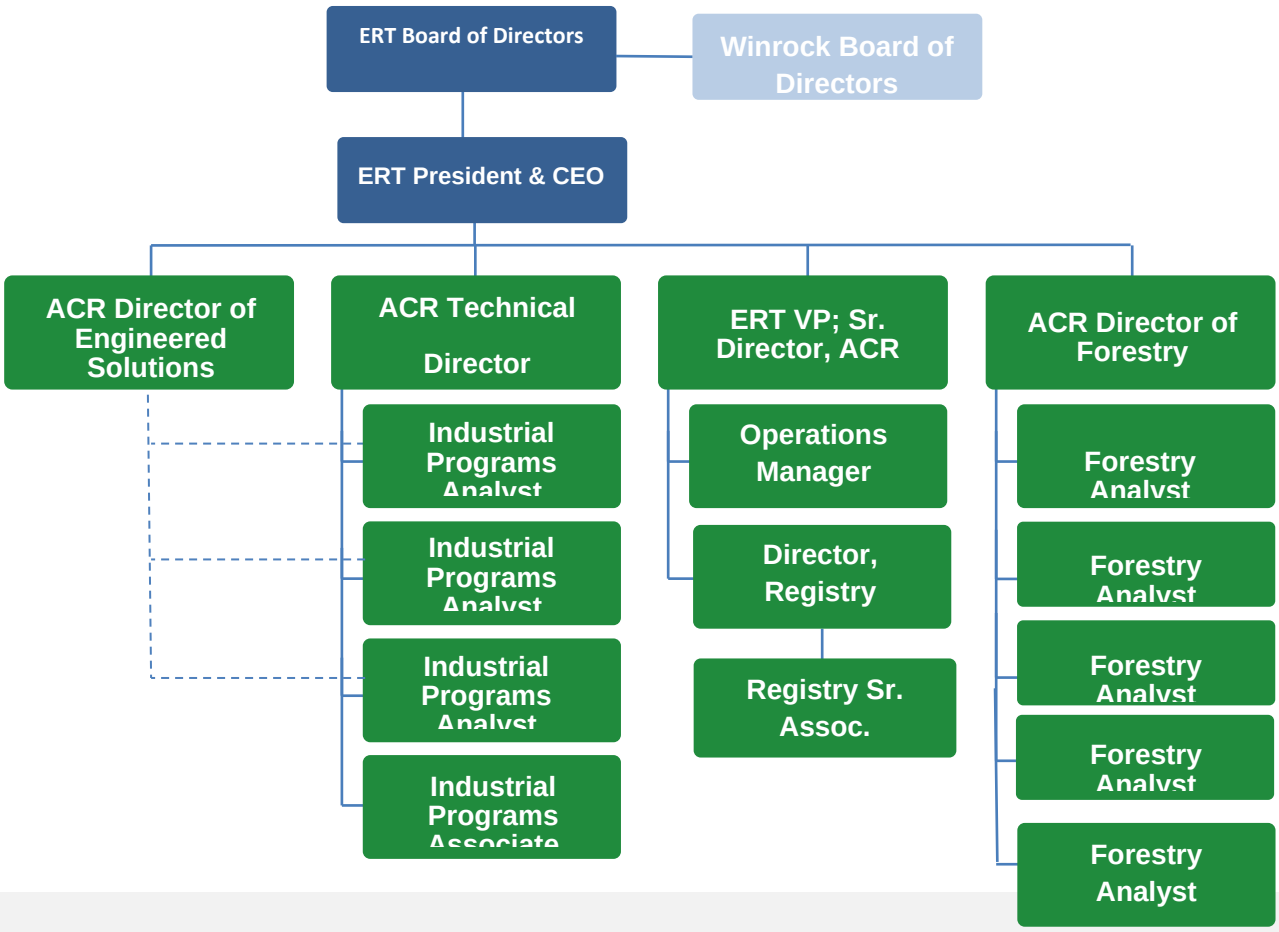
Mary Grady, President and Chief Executive Officer
Lauren Nichols, Vice President
Mike Myers, CFO/Treasurer
Charlotte Young, Secretary

American Carbon Registry Senior Staff

Mary Grady, Executive Director
Lauren Nichols, Managing Director
Margaret Williams, Technical Director
Maris Densmore, Director of Engineered Solutions
Kurt Krapfl, Director of Forestry
Jessica Bede, Director of Registry Operations

(Note that this list reflects new officers of ERT and new positions for ACR senior staff, and updates changes to governance and staff reflected in ACR's September 2021 material change form to ICAO, and previously ACR's April 2021 material change form to ICAO. All updates are noted publicly on the "about us" page of ACR's website: https://americancarbonregistry.org/about-us/mission)

Provide an organization chart (in the space below or as an attachment) that illustrates, or otherwise describes, the functional relationship a) between the individuals listed in D; and b) between those individuals and programme staff / employees; and c) the functions of each organizational unit and interlinkages with other units.



PART 3: Emissions Unit Programme Design Elements

Note—where "evidence" is requested throughout *Part 3* and *Part 4*, the programme is expected to provide web links to documentation and to identify the specific text, paragraph(s), or section(s) where TAB can find evidence of the programme procedure(s) in question. If that is not possible, then the programme may provide evidence of programme procedures directly in the text boxes provided (by copying/pasting the relevant provisions) and/or by attached supporting documentation, as recommended in "SECTION II: INSTRUCTIONS—***Form Completion: Supporting Evidence***".

Note—"*Paragraph X.X*" in this form refers to corresponding paragraph(s) in Appendix A "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Note—Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, provide the following information in response to any and all relevant form question(s):

- Proposed revision(s);
- Process and proposed timeline to develop and implement the proposed revision(s);
- Process and timeline for external communication and implementation of the revision(s).

Question 3.1. Clear methodologies and protocols, and their development process

Provide *evidence*[6] that the programme's qualification and quantification methodologies and protocols are *in place* and *available for use*, including where the programme's existing methodologies and protocols are publicly disclosed. (*Paragraph 2.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original Application – July 12, 2019:

All methodologies that are ACR approved, or in the various stages of development and approval, are publicly available on the ACR website: https://americancarbonregistry.org/carbon-accounting/standards-methodologies

Response to TAB Questions: N/A

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Summarize the programme's process for developing further methodologies and protocols, including the timing and process for revision of existing methodologies. (*Paragraph 2.1*)

[6] For this and subsequent "evidence" requests, evidence should be provided in the text box (e.g., web links to documentation), and/or in attachments, as recommended in "SECTION II: INSTRUCTIONS—*Form Completion*".

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and questions pertaining to this question:

Original Application – July 12, 2019:

The following development and approval process is applied to new methodologies and certain methodology revisions and modifications (per Chapter 7, Section A.2 of ACR Standard: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbonregistry-standard/acr-standard-v6_final_july-01-2019.pdf), whether authored and proposed by external sources, or by Winrock/ACR staff. The process relies on thorough engagement by ACR staff, public consultation, and scientific peer review, and is designed to reflect ACR's priorities: reliance on sound science; providing opportunities for stakeholder consultation to ensure that methodologies are commercially adoptable and reflect the concerns of those who will use them, while still making sure the process cannot be influenced by politics or special interests; and ensuring that the process is efficient.

ACR coordinates a process of internal review, public stake-holder consultation, and a blind scientific peer review as follows:

1. Feasibility review. The methodology developer(s) submits to ACR material demonstrating feasibility of and intent for subsequent project development using the proposed methodology. Based on review and analysis of this information, ACR determines whether to move forward with the full methodology review process.
2. Full Submittal. The methodology author submits the proposed new or modified methodology to ACR.
3. Internal Review. The first step in the ACR methodology approval process is a review of the draft methodology by members of Winrock and ACR staff who are recognized experts in carbon science and carbon offset methodology development. Winrock and ACR staff review the methodology for consistency with ACR requirements and scientific rigor, provide formal written comments outlining required corrections/clarifications to the methodology author(s), and inform the methodology author(s) of their judgment whether the methodology can be considered for public consultation and peer review. The methodology author(s) then addresses corrections and clarifications identified in the Winrock/ACR review and resubmits the methodology for a second review. ACR's decision to proceed with the formal methodology approval process, however, does not guarantee that the methodology will be approved.
4. Public Stakeholder Consultation. Once all required revisions identified in the Winrock/ACR review are made, the methodology is posted publicly on the ACR website for a minimum of 30 days, and ACR sends out a public notice to its stakeholder email list-serve soliciting comments. During this period, the methodology authors may elect to conduct a webinar with ACR to present the draft methodology and solicit additional comments and feedback. At the conclusion of the public comment period, ACR compiles all comments and shares them with the methodology author, who then incorporates revisions and/or documents responses to each comment, which are posted on ACR's website.
5. Scientific Peer Review. After having incorporated any changes from the public stakeholder consultation process, and to ensure methodologies are based on sound science, a team of

independent subject matter experts conduct a blind scientific peer review. ACR may consult the relevant ACR Technical Committee in the selection of peer reviewers. Peer reviewer comments and recommendations are compiled and shared with the methodology author(s). The author must respond by incorporating revisions and/or documenting justifications for the proposed approach. Generally, several rounds of peer review are necessary to reach consensus on all issues.

6. Approval. Once all required corrections have been made to the satisfaction of the scientific peer review team and Winrock/ACR staff, the methodology is approved and published on the ACR website. An approved methodology may be used by any Project Proponent, including the methodology author, in preparing GHG Project Plans and registering projects on ACR.

7. Transparency. Transparency of the process is paramount. ACR posts to its website all process documentation including all public comments and documented responses, and all scientific peer review comments and documented responses along with the public comment version of the methodology, and the final approved methodology.

ACR may periodically update its approved methodologies and tools. Such updates occur when significant changes to GHG accounting best practice or the legislative and/or regulatory context justify an update; when sufficient new data is available to revise eligibility and/or additionality requirements; when ACR becomes aware of clarifications that should be made; or for other reasons. For methodologies that employ a performance standard for additionality assessment, ACR shall review the validity and underlying assumptions of the performance standard for all non-forestry projects every 5 years, at minimum. The period for forestry projects is every 10 years, at minimum.

Response to TAB Questions: N/A

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Provide *evidence of the public availability* of the programme's process for developing further methodologies and protocols. (*Paragraph 2.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

<u>Original Application – July 12, 2019</u>:

The current processes for methodology approval is outlined in Chapter 7, Section B of the ACR Standard, which is publicly available here: <u>https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard</u>.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.2. Scope considerations

Summarize the level at which activities are allowed under the programme (e.g., project based, programme of activities, jurisdiction-scale): (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

In the original application form, ICAO noted "no additional information is requested here" since the Section II Application Form Scope (Appendix B) includes questions related to this criterion.

As detailed in the ACR Standard Section 1E, SCOPE: PROJECT TYPES, ACR allows only projects validated and verified against an ACR-approved methodology, provided they comply with the current version of the ACR Standard. ACR-approved methodologies include:

- Methodologies developed by ACR and approved through the public consultation and scientific peer review process;
- Modifications of existing ACR methodologies, provided such modifications have been approved by ACR per requirements found in Chapter 7 of the ACR Standard; and
- New methodologies developed by external authors and approved by ACR through ACR's methodology development process described in Chapter 7 of the ACR Standard.

ACR issues credits to project-based activities only. ACR allows project developers to implement Aggregation or ACR's Programmatic Development Approach (sometimes known as programme of activities) for the design of their projects, however the selection of one of these design approaches is applied at the level of a single project.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Summarize the eligibility criteria for each type of offset activity (e.g., which sectors, project types, and geographic locations are covered): (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

In the original application form, ICAO noted "no additional information is requested here" since the Section II Application Form Scope (Appendix B) includes questions related to this criterion. The information below is taken from ACR's Appendix B in its original July 2019 application. ACR's project-based activities include the following:

Sectors	Project Types	Geographies
Agriculture, Forestry, Land Use (AFOLU)	Forest carbon; wetland restoration; cropland management; Grassland management	Global (Forest Carbon North America only)
Livestock	Livestock methane emission reduction; grazing land management	Global
Transport	Truckstop electrification; Fleet efficiency	Global
Fugitive Emissions from Industrial	Industrial gas substitution; Destruction of ozone depleting substances; Recycling/reclamation of	Global

Processes	high GHG industrial products; Pipeline retrofits	
Waste Handling and Disposal	Landfill gas capture and combustion; Wastewater treatment; Livestock waste management	Global
Geologic Sequestration	Carbon Capture and Storage	Global
Energy Generation	Renewable energy generation; Fuel switching; Recycling Transformer Oil	Global for direct onsite displacement
Energy Demand	Energy efficiency improvements	Global for direct onsite displacement

Of these sectors two do not allow for Programmatic Design Approach/Programs of Activities: 1. Waste Handling and Disposal; 2. Geologic Sequestration.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A Since the Council's initial approval of ACR's eligibility, new methodologies and methodology updates have been published and/or are in approval process in the normal course of business. There are no material updates to report to the TAB because ACR's procedures and approaches as described have been followed.

Provide *evidence* of the Programme information defining a) level at which activities are allowed under the Programme, and b) the eligibility criteria for each type of offset activity, including its availability to the public: (*Paragraph 2.2*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
ACR's original application July 2019:
a) The introduction section of the ACR Standard (publicly available here: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard) states on page 9: "The ACR Standard details ACR's requirements and specifications for the quantification, monitoring, and reporting of project based GHG emissions reductions and removals, verification, project registration, and issuance of carbon credits."
b) Table 2 of the ACR Standard, which is publicly available here: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard , details ACR eligibility criteria for all projects, defines each criterion, and articulates ACR requirements. Table 4 details unique eligibility criteria for AFOLU carbon projects, provides a definition of each criterion, and articulates ACR requirements specific to AFOLU project types.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 3.3. Offset credit issuance and retirement procedures

Are procedures in place defining how offset credits are… (*Paragraph 2.3*)	
a) issued?	☒ YES
b) retired / cancelled?	☒ YES
c) subject to discounting (*if any*)?	☒ YES

Are procedures in place defining… (*Paragraph 2.3*)	
d) the length of crediting period(s)?	☒ YES
e) whether crediting periods are renewable?	☒ YES

Provide evidence of the procedures referred to in a) through e) (if any, in the case of "c"), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

ACR's original application July 2019:

a) ACR's policies and procedures for offset credit issuance, retirement and cancellation are detailed in the ACR Terms of Use Agreement [note that the current version of the ACR Terms of Use Agreement is found here: https://americancarbonregistry.org/how-it-works/membership/acr-terms-of-use/acr-terms-of-use-july-2020-clean.pdf] and the ACR Operating Guidelines (https://americancarbonregistry.org/how-it-works/membership/acr-operating-procedures/acr-operating-procedures_april-2015.pdf), and summarized below.

"Issue" or "Issuance" is defined by ACR as the creation of serialized offsets as verified emissions reductions or registry offset credits equivalent to the number of verified GHG reductions or GHG removal enhancements for an offset project over a specified period. Offset credits are issued directly into the offset project account for transfer, retirement or cancellation.

Offset credits are issued to a specific project upon completion of a successful third-party verification and ACR review, approval and acceptance of the verification report and statement (see the ACR Standard Chapter 6, section 6.A). Upon issuance by ACR, each offset is automatically assigned a unique serial number, is issued into the Registry account of the emissions reduction project, and appears in the public issuance report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112. All offset credit issuances are conducted by ACR Staff in the ACR registry system upon approval of the project for issuance and cross-checking final offset credits data for accuracy. Once offset credits are issued, they can be transferred to another ACR account holder, retired or canceled.

b) "Retire" or "retirement" is the permanent removal of an offset credit from circulation as a transactable unit so that it represents a permanent reduction or removal of CO_2e from the atmosphere. A retired credit may be applied toward the emissions reduction target of the ACR account holder that retired the credit, or on behalf of a third party.

"Cancel" or "Cancellation" is the permanent removal of an offset credit from the Registry so that it cannot be transferred, transacted, retired or applied towards any emissions reduction targets as an ACR offset credit unit. The exception to this is for airplane operators who cancel units to surrender them towards their CORSIA compliance obligations. If the offset credit has been canceled so that the equivalent can be reissued under another offset program, ACR no longer tracks the credit ownership.

Offset credit retirements are completed by account holders when logged into the ACR registry. ACR processes all offset credit cancellations. All retirement and cancellation transactions are made publicly available on the ACR Registry. The following web link provides links to the public registry reports from ACR's website: https://americancarbonregistry.org/how-it-works/registry-reports.

These ACR offset project public reports page on the ACR website provides downloadable, sortable reports of offset issuance by project, offset cancellation by project, offset retirement by project, as well as a buffer summary report, and an offset search by serial number. Individual links to each of these is also provided below.

i. Public issued credits report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112
ii. Public project report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=111
iii. Public retired credits report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=206
iv. Public canceled credits report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=208
v. Each offset credit issued on ACR is considered equally fungible and to represent an equal benefit to the atmosphere, no matter the project type, location or vintage.

c) ACR does not implement any flat "unit discounting" procedures. Rather, each methodology outlines relevant sources of uncertainty and leakage activities that must be assessed for each project of that type. Any associated deductions are accounted for in the methodology-specific quantification approach and are unique to that project type. ACR's policies for leakage accounting is discussed in detail in section 3.6 of this form below. Per the ACR Standard (under Definitions on page 73), the definition of Net Emissions Reductions is *GHG emission reductions or removals created by a Project Activity, minus the baseline scenario and any deductions for uncertainty and leakage*. This is the amount that is serialized.

Section 2.B.3 of the Standard states that "the Project Proponent shall reduce, as far as is practical, uncertainties related to the quantification of GHG emission reductions or removal enhancements. For methodologies based on statistical sampling (e.g., methodologies in the forestry or working land use sectors), ACR requires that the sampling error associated with the mean of the estimated emission reduction/removal not exceed ±10% of the mean at the 90% confidence interval to report the mean of the estimated emission reduction/removal. If the Project Proponent cannot meet this target, then the reportable amount shall be the mean minus the lower bound of the 90% confidence interval, applied to the final calculation of emission reductions/removal enhancements. If the sampling error is equal to or greater than 20%, the confidence deduction for the monitoring period must be 100%. Project-specific methodologies provide guidance how to calculate this uncertainty deduction. Methodologies approved by ACR shall include methods for estimating uncertainty relevant to the project and baseline scenario (as applicable).

If sampling is required and the statistical precision requirements are not met, project proponents must take an uncertainty deduction from their total reported offset credits for that period. The Project Proponent can elect to implement more intensive sampling to achieve the precision of ±10% of the mean at 90% confidence to avoid an uncertainty deduction and retain more net emission reductions/removals for crediting.

The use of biogeochemical or process models must also include an estimate of structural uncertainty related to the inadequacy of the model, model bias, and/or model discrepancy. This should be quantified using the best available science, and can include Monte Carlo analyses, uncertainty estimates from peer reviewed literature, and/or consulting model experts who have either developed or worked directly with the model in an academic setting."

d) In the ACR program, as specified in the ACR Standard Chapter 3, Table 2, all non-AFOLU project types have a crediting period of 10 years. Project types with a crediting period of 10 years include:
    - Recycling of Transformer Oil
    - Truckstop Electrification
    - Destruction of Ozone Depleting Substances and High-GWP Foam
    - Replacement of SF6 with Alternate Cover Gas in the Magnesium Industry
    - Use of Certified Reclaimed HFC Refrigerants and Advanced Refrigeration Systems
    - Landfill Gas Destruction and Beneficial Use Projects
    - Methane Recovery in Animal Manure Management Systems
    - Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use
    - Carbon Capture and Storage
    - N_2O Abatement from Nitric Acid Production
    - Re-Refining Used Lubricating Oils
    - Mine Methane Capture and Destruction

The length of the crediting period for AFOLU project types varies and is described in The ACR Standard, Appendix A, Section A.3.3, Table 4., row heading "Crediting Period", and also in the table below. Project types that restore or revegetate degraded land or ecosystems require longer crediting periods to allow ample time for stored carbon to accumulate. Improved Forest Management project type includes a baseline that is subject to economic and policy changes so must have a shorter crediting period. Project types that avoid emissions range in crediting period depending on the period that emissions are assumed to be avoided. Several project types have the crediting period specified in the specific methodology. See methodologies here: https://americancarbonregistry.org/carbon-accounting/standards-methodologies

Project type	**Crediting Period**
Afforestation/Reforestation (A/R)	40 years
Improved Forest Management (IFM)	20 years
Wetland Restoration/Revegetation	40 years
Avoided emissions from agriculture, or soil sequestration in agricultural/rangeland	Specified in each methodology (this applies to 2 methodologies)

e) To date there have been no projects to apply for a crediting period renewal in the ACR program. If this occurs in the future this will appear on the project's registry page and will also appear in all required project reporting and verification documentation. The process for crediting period renewal is detailed in the ACR Standard, Chapter 6, section 6.I, and includes the following steps:

i. Re-submitting the GHG Project Plan in compliance with then-current ACR standards and criteria;
ii. Re-evaluating the project baseline, as required by the methodology;
iii. Demonstrating additionality against then-current regulations, common practice, and implementation barriers (or against an approved performance standard and then-current regulations), as required by the methodology;
iv. Using ACR-approved baseline methods, emission factors, tools, and methodologies in effect at the time of Crediting Period renewal; and,
v. Completing validation of the new GHG Project Plan within one year from the end of the previous crediting period.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 3.4 <u>Identification and Tracking</u>

Does the programme utilize an electronic registry or registries? (*Paragraph 2.4.2*)	☒ YES

Provide web link(s) to the programme registry(ies) and indicate whether the registry is administered by the programme or outsourced to a third party (*Paragraph 2.4.2*):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
<u>Original ACR application July 2019</u>:
The ACR registry is an online, secure, logic-based platform developed and administered by APX (www.apx.com), per a private, bilateral legal Master Services Agreement between APX and Winrock/ACR, and customized for ACR's project workflow and approvals process. The registry is web-based and links are available on the ACR website: <u>https://acr2.apx.com/.</u>

ACR manages and oversees all registry functions including account application reviews through a Know Your Customer (KYC) process, a day-to-day processing of project and document reviews and project phase changes, project approval and offset credit issuance and cancellation (as applicable, for example, under the California cap-and-trade program).

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Does the programme have procedures in place to ensure that the programme registry or registries…:	
a) have the capability to transparently identify emissions units that are deemed ICAO-eligible, in all account types ? (*Paragraph 2.4.3*)	☒ YES
b) identify, and facilitate tracking and transfer of, unit ownership/holding from issuance to cancellation/retirement? (*Paragraphs 2.4 (a) and (d) and 2.4.4*)	☒ YES
c) identify unit status, including retirement / cancellation, and issuance status? (*Paragraph 2.4.4*)	☒ YES
d) assign unique serial numbers to issued units? (*Paragraphs 2.4 (b) and 2.4.5*)	☒ YES
e) identify in serialization, or designate on a public platform, each unique unit's country and sector of origin, vintage, and original (and, if relevant, revised) project registration date? *(Paragraph 2.4.5)*	☒ YES
f) are secure (i.e. that robust security provisions are in place)? (*Paragraph 2.4 (c)*)	☒ YES

Summarize and provide evidence of the procedures referred to in a) through f), including the availability to the public of the procedures referred to in b), d), and f):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR Application July 12, 2019:

a) ACR's registry platform currently includes an internal "ARB Eligible" designation for each of the issued serialized credit batches to indicate which ones are eligible for conversion to ARBOCs under the California State Cap-and-Trade program, and conversely which ones are strictly voluntary program credits. ACR's public report of Credits Issued (https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112) shows the current "ARB Eligible" distinction. Similarly, this kind of distinction could be easily created to display CORSIA eligibility status for credits issued on ACR. Per the *Guidelines for Avoiding Double Counting for the CORSIA* (available at https://www.adc-wg.org/guidelines-version-1-0 and incorporated by reference to ACR Standard v6.0), units can be designated as "CORSIA Qualified" if they have been approved for use for CORSIA by ICAO (approved program, project type, vintage etc.) and have obtained a letter of Assurance and Authorization (for use of the units for CORSIA or other "export" purpose) from the Host Country.

Programme Clarification Oct 2019

ACR's registry platform currently includes an "ARB Eligible" designation for each of the issued serialized credit batches to indicate which ones are eligible for conversion to ARBOCs under the California State Cap-and-Trade program, and conversely which ones are strictly voluntary program credits. ACR's public report of Credits Issued (https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112) shows the current "ARB Eligible" distinction.

Similarly, the ACR registry can designate CORSIA eligibility / qualification status for credits issued. Per the *Guidelines for Avoiding Double Counting for the CORSIA* (available at https://www.adc-wg.org/guidelines-version-1-0 and incorporated by reference to ACR Standard v6.0), and per new ACR Standard Appendix C, included as Attachment A to this response, units can be designated as "CORSIA Qualified" if they have been approved as

eligible for use for CORSIA by ICAO (approved program, project type, vintage etc.), have obtained a Host Country Letter of Assurance and Authorization (for use of the units for CORSIA or other "export" purpose) and have met other CORSIA and ACR requirements.

b) Offset ownership and all transactions--including issuance, transfers, retirements, and cancellations—are tracked within ACR's registry system. Offset ownership and transactions are tracked in individual accounts, and the ACR administrator can view and search the *ERT Holdings* report for the current and historical ownership of any serialized offset as well as track all individual transactions and retirements of offsets system-wide (by project, account, date, serial number etc.) in the *Credit Transfer History* report.

c) The ACR registry system is a permanent record and repository for all ownership of each offset from issuance through retirement or cancellation. The ACR registry administrator has 24-hour access to system-wide reports such as the *ERT Holdings* report, which tracks the current and historical ownership of any serialized offset, as well as the *Credit Transfer History* report, which is a time and date stamped record of all individual transactions, retirements and cancellations of offsets system-wide (by project, account, date, serial number etc.). Additionally, public reports are available for offset credit issuance, retirement and cancelation (https://acr2.apx.com/mymodule/mypage.asp).

d) The ACR system registry assigns unique serial numbers to each offset credit upon issuance. Serialized credits are automatically issued into the project account once the Emission Reductions and Issuance record is approved by the ACR administrator. The format for ACR serial numbers includes identification references to key project information including program (ACR), country, project ID, credit vintage, batch number, unit serial number block start and unit serial number block end values that represent the volume of credits issued in the batch. For example, serial number ACR-US-192-2010-203-1-5000 indicates that the credits were issued by American Carbon Registry (ACR), from a project in the United States, with Project ID 192, with credit vintage 2010, from credit batch 203, for which the serial block begins with 1 and the serial block ends with 5000 (representing a volume issued in the batch of 5,000 credits).

e) Each unique unit's country and vintage year are identified as part of the credit's serial number. In addition, the public registry reports (projects, issued credits, retired credits, canceled credits), which are downloadable, sortable and searchable, include detailed information on all registry projects and credits including project name and ACR identification number, project type (sector), location (including country), vintage year of credits (the year in which the emissions reduction occurred), project developer, project verifier, ARB eligibility (yes or no), quantity and date of credits issued, retired or canceled, serial numbers, and links to project documentation such as registration documentation and verification statements.

f) The MSA executed between Winrock and APX, and updated from time to time, includes a description of the APX Platform Security provisions with which they agree to comply including provisions for periodic audits of registry compliance with security protocols.

In the MSA, APX represents that it will follow best industry practice to secure, back up and recover all information stored by or on behalf of APX as part of the Registry Service and will maintain the systems and

processes described in the detailed **APX Registry Platform Security Overview.** APX further commits to conducting Service Organization Controls (SOC) 2 Type II audits on a biennial basis, as defined by the American Institute of Certified Public Accountants (AICPA) and shall provide a copy of such audit report(s) to Winrock for review.

In February 2018, APX successfully completed a Service Organization Controls (SOC) 2 Type II examination related to security, availability and processing integrity principles defined by the American Institute of Certified Public Accountants (AICPA). APX worked with MossAdams LLP, an independent certified public accounting firm, to perform an in-depth audit of the control objects and activities for APX. Service Organization Control (SOC) reports are internal control reports on the services provided by a service organization designed to provide valuable information to help users assess and address the risks associated with an outsourced service. APX also has obtained a follow-on SOC 3 report based on the same security and availability principles covered in the SOC 2 audit. (Announcement link: https://apx.com/corporate-news/1379/).

Registry Attestation March and April 2021:

ACR indicated that the described registry functionality to tag units as CORSIA Qualified had been implemented. The functionality is as follows: Upon request for credit issuance the project developer will indicate whether or not they intent to offer their verified credits for CORSIA. ACR staff then reviews the eligibility of any CORSIA intended batches of credits (as determined by ACR as an approved program, alignment with approved project type, and eligible vintage etc.). Those with confirmed eligibility can be marked as "CORSIA Eligible" in the registry which will be noted on the Credit Details screen that appears upon clicking on a number of credits. For vintage 2016-2020 ACR staff can then mark confirmed eligible credits as "CORSIA Qualified". For post 2020 vintages ACR staff will review eligibility but will only mark the credits as "CORSIA Qualified" once the project has obtained a letter of Assurance and Authorization (for use of the units for CORSIA or other "export" purpose) from the Host Country and submitted an approved CORSIA double claiming Compensation Mechanism. These requirements for post-2020 units are described in Appendix B of the ACR Standard.

ACR, ACR's public report of Credits Issued (https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112) shows the deployed "ARB Qualified" distinction.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

List any/all international data exchange standards to which the programme's registry(ies) conform: (*Paragraph 2.4 (f)*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
ACR's registry platform provider, APX, implements industry standard tools and technologies such as ETL tools and Extensible Markup Language (XML) to ensure process integrity. XML technology allows the registry to organize and annotate data while it is transmitted. Transmitting data as XML allows verification that a complete set of data is transferred, i.e. that no data is lost while being transmitted. ETL tools, such as Wherescape and SQL Server Integration Services (SSIS), allow the registry platform to define workflows for processing of data. A typical workflow validates that a complete set of data has been provided, processes and stores the data into a data repository, as well as identifies and logs any errors encountered during processing of the data. Additionally, via a scheduler, the workflows are configured to kick off at predefined points in time or upon occurrence of certain events with notifications sent out upon completion of a workflow, including information about errors that have been encountered. This is a critical component of the overall goal of having processing integrity as it ensures that critical issues are identified, escalated, and remediated quickly. Additionally, as a result of APX's recent SOC 2 audit (referenced in more detail below) it has been ascertained that APX has proper "processing integrity" in place, i.e., that its "data processing is reliable, verifiable as well as being monitored and actioned."

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are policies and robust procedures in place to…	
a) prevent the programme registry administrators from having financial, commercial or fiduciary conflicts of interest in the governance or provision of registry services? (*Paragraph 2.4.6*)	☒ YES
b) ensure that, where such conflicts arise, they are appropriately declared, and addressed and isolated? (*Paragraph 2.4.6*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
All ACR staff who conduct activities on the Registry adhere to the Winrock COI policy as stated below. Per the ACR Standard, Section 1.k Conflict of Interest Policy, ACR requires that its third-party registry service provider maintain and adhere to Winrock's Conflict of Interest Policy. The COI provisions are also detailed in the Master Services

Agreement (MSA) between Winrock and APX as executed in 2011 and amended from time to time (which is a private legal agreement between Winrock and APX and not posted publicly).

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are provisions in place…	
a) ensuring the screening of requests for registry accounts? (*Paragraph 2.4.7*)	☒ YES
b) restricting the programme registry (or registries) accounts to registered businesses and individuals? (*Paragraph 2.4.7*)	☒ YES
c) ensuring the periodic audit or evaluation of registry compliance with security provisions? (*Paragraph 2.4.8*)	☒ YES

Summarize and provide evidence of the registry security provisions referred to in a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:

a) ACR receives new registry account applications via the registry platform. Account application reviews and approvals (or denials) are conducted by Winrock and ACR management through a Know Your Customer (KYC) due diligence process. Accounts are only approved for registered businesses / legal entities that meet ACR's KYC requirements. Individuals are not permitted to open ACR accounts.

a) ACR does not approve accounts for individuals – only duly incorporated organizations that meet the KYC screening criteria. Account access via unique login ID and password is only provided to the individual approved and listed as the Account Manager. The Account Manager can choose to provide access to other individual users. Per the ACR ToU the Account Manager shall ensure that any of its owners, trustees, members, officers, directors, employees, agents appointed as Account Holder's agent ("Agents") and/or any other agents to whom it has provided access to the Registry (collectively, the "Representatives" or "Users") agree to comply with the Operative Documents and the Terms of Use.

b) The MSA executed between Winrock and APX, and updated from time to time, includes a description of the APX Platform Security provisions with which they agree to comply including provisions for periodic audits of registry compliance with security protocols.

In the MSA, APX represents that it will follow best industry practice to secure, back up and recover all information

stored by or on behalf of APX as part of the Registry Service and will maintain the systems and processes described in the detailed **APX Registry Platform Security Overview.** APX further commits to conducting Service Organization Controls (SOC) 2 Type II audits on a biennial basis, as defined by the American Institute of Certified Public Accountants (AICPA) and shall provide a copy of such audit report(s) to Winrock for review.

In February 2018, APX successfully completed a Service Organization Controls (SOC) 2 Type II examination related to security, availability and processing integrity principles defined by the American Institute of Certified Public Accountants (AICPA). APX worked with MossAdams LLP, an independent certified public accounting firm, to perform an in-depth audit of the control objects and activities for APX. Service Organization Control (SOC) reports are internal control reports on the services provided by a service organization designed to provide valuable information to help users assess and address the risks associated with an outsourced service. APX also has obtained a follow-on SOC 3 report based on the same security and availability principles covered in the SOC 2 audit. (Announcement link: https://apx.com/corporate-news/1379/).

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 3.5 <u>Legal nature and transfer of units</u>

Does the programme define and ensure the following:	
a) the underlying attributes of a unit? (Paragraph 2.5)	☒ YES
b) the underlying property aspects of a unit? (Paragraph 2.5)	☒ YES

Summarize and provide evidence of the processes, policies, and/or procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

a. The publicly available ACR Standard in Section 1.H defines the ACR unit of exchange as "*a verified emissions reduction, serialized and registered as an Emission Reduction Ton (ERT), denominated in metric tons of CO2e. ERTs, also referred to as offsets, carbon offsets, and carbon offset credits, include emission reductions and removal enhancements (i.e., enhanced sequestration).*"

b. Table 2 in Chapter 3 of the ACR Standard (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard) presents the following relevant ACR eligibility criteria against which all projects are validated and verified (so that the criteria are ensured):

- Emissions or Removal Origin: "For projects reducing or removing direct emissions, the following requirement applies: The Project Proponent shall **own, have control over, or document effective control over the GHG sources/sinks from which the emissions reductions or removals originate**. If the Project Proponent does not own or control the GHG sources or sinks, it shall document that effective control exists over the GHG sources and/or sinks from which the reductions/removals originate.
  For projects that reduce or remove energy-related indirect emissions, eligible projects must be located outside the United States and in a country without a regulatory incentive mechanism for GHG mitigation. For projects reducing or removing non-energy indirect emissions, the following requirement applies: **The Project Proponent shall document that no other entity may claim GHG emission reductions or removals from the Project Activity (i.e., that no other entity may make an ownership claim to the emission reductions or removals for which credits are sought)**."
- Offset Title: "The Project Proponent shall provide documentation and attestation of undisputed title to all offsets prior to registration. **Title to offsets shall be clear, unique, and uncontested**. ACR will issue offsets into the account of a Project Proponent only if there is clear, unencumbered, and uncontested offset title."

All ACR registry account holders must execute the legally-binding ACR Terms of Use (ToU) agreement prior to account approval (this agreement is publicly available here: https://americancarbonregistry.org/how-it-works/membership/acr-terms-of-use/acr-terms-of-use-june-2015.pdf). Section 6 of the ToU agreement outlines the ownership requirements (property aspects) for offset credits, summarized as follows.

Ownership of offset credits: A General Prohibition exists on Third Party Ownership of offset credits requiring Account Holder to hold or retire in its Accounts offset credits for which it is the sole holder of legal title. There are exceptions for retail aggregators, which may retire offset credits on behalf of third-parties under specific conditions, and for Account Holders that are Regulated Person(s) and have approval of third-party owners of offset credits to hold offset credits on their behalf. In the cases of the exceptions, Account Holder must comply with applicable laws, regulations and other legally enforceable requirements and agrees to maintain a customer identification program that contains reasonable procedures to verify the identity of any individual or organization on whose behalf Account Holder is holding offset credits.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.6 Validation and verification procedures

Are standards, requirements, and procedures in place for… (*Paragraph 2.6*)	
a) the validation of activities?	☒ YES
b) the verification of emissions reductions?	☒ YES
c) the accreditation of validators?	☒ YES
d) the accreditation of verifiers?	☒ YES

Provide evidence of the standards, requirements, and procedures referred to in a) through d), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

a & b) Validation and verification processes and requirements are outlined in two key documents; the ACR Standard, Chapter 9 and the ACR Validation and Verification Standard. Both are publicly available and web links are provided below.

- ACR Standard: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard
- ACR Validation and Verification Standard: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/acr-validation-and-verification-standard-1/acr-vv-standard_v1-1_may-31-2018.pdf

Chapter 9 of the ACR Standard outlines key processes and high-level requirements. The general requirements for verification and validation are described in the table below:

Item	**Definition, Process or requirement**
Validation	A systematic, independent, and documented process for the evaluation of a GHG Project Plan against applicable requirements of the ACR Standard and approved methodology
Verification	A systematic, independent, and documented assessment by a qualified and impartial third party of the GHG assertion for a specific reporting period
Materiality Threshold	Set at ±5%; ACR requires that discrepancies between the emission reductions/removal enhancements claimed by the Project Proponent and estimated by the Validation and Verification Body (VVB) be immaterial
Validation and Verification frequency	Validation occurs once per crediting period. Validation for non-AFOLU projects must occur within 2 years of the project start date or within 3 years of the project start date for AFOLU projects. Verification must occur no less than every 5 years.
VVB requirements	All VVBs must apply and be approved by ACR to meet requirements including scope accreditation and technical capabilities of the VVB and individuals, disclosure and mitigation of conflicts of interest, insurance and others as detailed in the Attestation of Validation / Verification Body. VVBs must be approved by

	ACR and be accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ACR has a MoU in place. Project-specific conflicts of interest must be disclosed and mitigated.

c & d) The ACR Validation and Verification Standard is a more detailed document which outlines the scope, describes in detail the process and ACR Standard requirements, and provides specific guidance on how to verify ACR projects. This document also describes the accreditation requirements. The below table outlines the topics covered in each section of the ACR Validation and Verification Standard:

Chapter 1	Objectives and scoping elements for validation
Chapter 2	How to validate project boundaries
Chapter 3	How to validate project baselines
Chapter 4	How to validate additionality
Chapter 5	How to validate quantification methods
Chapter 6	How to validate other eligibility criteria, such as start dates and Crediting Periods
Chapter 7	Requirements for developing and submitting a validation report
Chapter 8	Objectives and scoping elements for verification
Chapter 9	Activities to be performed while conducting a verification
Chapter 10	Verification of aggregated or programmatic develop approach projects
Chapter 11	Requirements for quality assurance and quality control
Chapter 12	Requirements for developing and submitting Verification Statements and reports.
Chapter 13	Requirements for VVBs operating on behalf of ACR
Appendix A	A list of normative references on which the ACR Validation and Verification Standard is based

Chapter 13 of the ACR Validation and Verification Standard describes the accreditation requirements for VVBs. ACR requires all VVBs to be accredited for project validation and verification in the scope of a given project's applicable methodology. VVB teams shall meet the competence requirements set out in ISO 14065:2013 and must be accredited, by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ACR has a MoU in place, to ISO 14065:2013 (or the latest version of the standard) in the applicable sectoral scope to conduct validation(s) and/or verification(s).

ACR requires that all VVBs submit an application for ACR review and approval and a legal verifier attestation (https://americancarbonregistry.org/carbon-accounting/verification/attestation-of-verification-body-2017.pdf) , which defines the VVB role and responsibilities, ensuring technical capabilities and no conflicts of interest. Validation and verification activities may not be conducted until the VVB has received approval from ACR. Once approved, it is the VVB's responsibility to update ACR immediately about any changes in accreditation status or scope, enforcement activities, investigations, revocations or suspensions of the body itself, or any verifiers working on the VVB's behalf.

VVBs must also complete a project-specific conflict of interest form prior to initiating any validation or verification work. VVBs must complete the conflict of interest form for each reporting period, regardless of prior approval. Documentation for the VVB application and approval, including a link to the project-specific conflict of interest form, is publicly available here: https://americancarbonregistry.org/carbon-accounting/verification/verification.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
While not a material update, please note that ACR will soon publish v8.0 of the Validation and Verification Standard. Included in this version will be updated ISO 14064 and 14065 references throughout to 14064:2019 and 14065:2020 versions, including the associated terminology:
validation/verification "assertions" will change to validation/verification "statements"; and
validation/verification "statements" change to validation/verification "opinions".

Question 3.7 Programme governance

Does the programme publicly disclose who is responsible for the administration of the programme? (*Paragraph 2.7*)	☒ YES
Does the programme publicly disclose how decisions are made? (*Paragraph 2.7*)	☒ YES

Provide evidence that this information is available to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
ACR Program governance and administration is defined in the Introduction section of the ACR Standard: "*The ACR program is built on principles of accountability, transparency, responsiveness, and participatory processes. As an enterprise of Winrock, ACR benefits from the support and guidance of an established, reputable, global nonprofit organization. Winrock's management, executive team, and board of directors provide direct oversight of all ACR operations*."
ACR is governed by its parent organization, Winrock International, including Winrock's Board of Directors (https://www.winrock.org/about/ - see "board of directors" tab) and Winrock's Senior Management members:

- Joyjit DebRoy and Amit Bando for program-related management support (https://www.winrock.org/bios/#more_bios_dept_programs)
- Mike Myers, Shawn Cathey, Travis Greenwell and Braulio Olivera for finance and information technology support (https://www.winrock.org/bios/#more_bios_dept_finance)
- Malika Magagula and Charlotte Young and their teams for operational and legal support (https://www.winrock.org/bios/#more_bios_dept_operations)

Winrock's senior management listed above provide strategic and program-related oversight, approve operational processes and legal agreements (such as ACR's Terms of Use, the Master Services Agreement with APX, Verifier Attestations, Project Attestations and Reversal Risk Mitigation Agreements), ensure appropriate registry security processes of APX, and provide financial management oversight of ACR's business within Winrock.

ACR management and staff, listed publicly on the ACR website (https://americancarbonregistry.org/about-

us/team) manage the day-to-day operations of the program. With collectively over 200 years of experience in carbon accounting, verification, climate science and policy, carbon project development, registry operations and environmental markets, all ACR team members are committed to uphold the mission of environmental integrity and transparency.

As described in the publicly available ACR Standard under Section 2.A, ACR's overarching offset policy and accounting decisions are driven by ACR's affirmation of a set of guiding principles, which are based on the International Organization for Standardization (ISO) 14064 Part 2 (2006) specifications and from which all other ACR principles and eligibility criteria follow.

As described in Section 9.D of the ACR Standard, ACR depends upon accreditation programs that are a member of the International Accreditation Forum (IAF) and with which ACR has an MoU to determine eligibility of Validation and Verification Bodies for consideration of approval on ACR. ACR staff confirms the VVB applicant's accreditation as part of the broader ACR approval application review.

As described above in section 3.1 of this form and in the ACR Standard under Section 7.B, the ACR methodology approval process utilizes a blind expert peer review process in addition to internal review and public comment to determine eligibility for publication.

Designated ACR staff members oversee the review of new account applications and approval of registry accounts according to its established KYC process as referenced in response to 3.4 above.

Individual project and verification reviews are conducted by ACR technical experts.

Further, the ACR Standard Chapter 11 addresses procedures for complaints and appeals to decisions taken by ACR as described below.

Complaints: When a Project Proponent or ACR stakeholder objects to a decision made by ACR representatives or the application of the ACR program requirements, the following confidential complaint procedure shall be followed:

1. Project Proponent or ACR stakeholder sends a written complaint via email to ACR@winrock.org. The complaint must detail the following:
    i. Description of the complaint with specific reference to ACR Standard and/or ACR Methodology requirements, as applicable;
    ii. Supporting documentation provided for consideration by ACR in the complaint resolution process; and
    iii. Complainant name, contact details, and organization.
2. ACR Senior Management shall assign an ACR representative to research and further investigate the complaint. The representative assigned to handle the complaint shall not have been involved with the issue that is the subject of the formal complaint.
3. ACR Senior Management will provide a written response, via email, to the complainant detailing ACR's decision on the matter.

Appeals: In the event that a complaint remains unresolved after the conclusion of the complaints procedure, an ACR Project Proponent or stakeholder may appeal any such decision or outcome reached. The following confidential appeals procedure shall be followed:

1. Project Proponent or ACR stakeholder sends a written appeal via email to ACR@winrock.org. The appeal must detail the following:
    - Description of the appeal, with specific reference to ACR Standard and/or ACR Methodology

requirements, as applicable;
    - Supporting documentation provided for consideration in the appeal process, including previous communication on the complaint and all relevant details of the previously implemented complaint procedure; and
    - Appellant name, contact details, and organization.
2. ACR Senior Management shall forward the appeal to the appropriate Winrock Senior Director, who will convene a committee of representatives to review and discuss the matter. The committee will include a member of the Winrock Board of Directors, a member of the Winrock Senior Management team, and an ACR staff member unrelated to the complaint, all of whom will have equal votes. The committee may also include a technical and/or subject matter expert or experts as necessary, who will not be able to vote. The committee members selected will depend on the subject matter and nature of the appeal.
3. The decision reached by the committee shall be communicated, via written response, to the ACR Project Proponent or stakeholder. Any decision reached by the committee shall be final.

ACR Material Change Form April 2021:

As stated in ACR's April 2021 Material Change form: At the start of 2021 Winrock created a wholly-owned nonprofit subsidiary, Environmental Resources Trust LLC (ERT) to operate ACR. ERT is also registered as doing business as (dba) American Carbon Registry (ACR). ACR's senior leadership team also changed to align with the new organization. Environmental Resources Trust (ERT) / American Carbon Registry (ACR) Management:

Board of Directors (all Winrock Board members)
Rodney Ferguson, President and CEO, Winrock International
William Bumpers, Winrock Board Chair, (Retired) Baker Botts Law Firm
Suzanne Siskel, Winrock Board Vice Chair, EVP & COO of The Asia Foundation
John Nees, The Getty Land Company
Officers
Mary Grady, President and Chief Executive Officer
Mike Myers, CFO/Treasurer
Charlotte Young, Secretary

Material Change Form September 2021:

Updating the Directors of Environmental Resources Trust (ERT) / American Carbon Registry (ACR) Management and staff:
Officers
Mary Grady, President and Chief Executive Officer
Jessica Orrego, Vice-President
Mike Myers, CFO/Treasurer
Charlotte Young, Secretary

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Can the programme demonstrate that it has… (*Paragraph 2.7.2*)	
a) been continuously governed for at least the last two years?	☒ YES
b) been continuously operational for at least the last two years?	☒ YES
c) a plan for the long-term administration of multi-decadal programme elements?	☒ YES
d) a plan for possible responses to the dissolution of the programme in its current form?	☒ YES

Provide evidence of the activities, policies, and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application form July 2019:

a) The non-profit American Carbon Registry® (ACR) was founded by the Environmental Resources Trust as the Greenhouse Gas (GHG) Registry in 1996. In 2008, ERT and the GHG Registry joined Winrock International, and Winrock re-branded the registry as American Carbon Registry (ACR). ACR develops carbon offsets standards and methodologies (protocols), oversees independent third-party verification of projects, oversees the registration of carbon offset projects and the issuance of serialized offset credits. In addition, ACR was approved in December 2012 by the California Air Resources Board (ARB) to operate as an Offset Project Registry for the California cap-and-trade program. ACR administers a robust, secure and transparent registry platform, powered by APX that serves as a database of all project documentation as well as to track ownership and status of all credits.

b) In Section 3.3 above we provide links to ACR's public reports of offset issuance, offset retirement and offset cancellation which detail ACR offset issuances totaling over 148 million tons, retirements of over 7.5 million tons, and cancellations of over 94 million tons (cancellation is primarily for conversion of credits for use in the California carbon market) to demonstrate ACR's continuous operation of a carbon offset registry for a minimum of two years.

c) ACR is a business unit of Winrock International, and Winrock stands behind ACR's long term commitments. In the unlikely event that the ACR program is discontinued in its current form, Winrock is legally responsible for the administration of any ongoing program elements or the appointment of a comparable qualified organization to do so. Such elements include the management of the Buffer Pool, as mutually agreed in section 13(h) of the legal Reversal Risk Mitigation Agreement executed between Winrock and AFOLU project proponents.

Winrock International was created in 1985 from the merger of three predecessor Winthrop Rockefeller organizations: the Agricultural Development Council established in 1953, the Winrock International Livestock Research and Training Center established in 1974 and the International Agricultural Development Service established in 1975. Winrock operates in over 50 countries with a global staff of over 1,150 employees including experts in forestry, agriculture, renewable energy and energy efficiency, and water and manages an annual budget of over $100 million. Winrock is governed by a Board of Directors with fiduciary responsibility to assure it fulfills its commitments. The Board is also responsible for management of Winrock's modest $50 million endowment.

d) The ACR Standard Appendix B: Buffer Pool Terms and Conditions, B.3 Buffer Pool Account: "In the event of that ACR is no longer operational or able to manage the Buffer Pool Account, the account will be managed by ACR's parent organization, Winrock International ("Winrock") or a comparable, qualified organization of Winrock's election."

[

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
While not a material update, we report that the issuance, retirement and cancellation volumes have changed (and change daily) from our original application. They are all a matter of public record in the registry reports. As a wholly owned subsidiary of Winrock International, all the previously references remain applicable.

Are policies and robust procedures in place to…	
a) prevent the programme staff, board members, and management from having financial, commercial or fiduciary conflicts of interest in the governance or provision of programme services? (*Paragraph 2.7.3*)	☒ YES
b) ensure that, where such conflicts arise, they are appropriately declared, and addressed and isolated? (*Paragraph 2.7.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
Winrock International's Code of Conduct is mandatory and applies to all members of Winrock's Board of Directors and Officers, each employee, and every volunteer, intern, and partner who works on behalf of Winrock. The Code specifies Winrock's Conflict of Interest Policy (page 41), key elements of which are included below. It provides clear criteria for what constitutes a conflict of interest and a comprehensive policy on addressing and reporting any and all conflicts. There is no materiality threshold. Winrock requires annual formal acceptance of the Code of Conduct including its Conflict of Interest Policy by all employees.

From Winrock International's Conflict of Interest Policy:

What is a Conflict of Interest?
A conflict of interest exists when an individual who is responsible for acting in the best interests of Winrock has

another interest or loyalty that could influence or impair, or may appear to influence or impair, the individual's ability to act in Winrock's best interests. Conflicts exist, for example, when a Winrock employee can either influence or make a decision on contractual, procurement, recruitment and employment, or other business transactions, and that employee has a relationship with the business or persons being hired. Conflicts of interest may be actual, potential, or even just a matter of perception. Conflicts must be approved per this policy before proceeding.

Who is Covered?

Conflicts can be caused by relationships with or among these covered persons:

- *Employees*
- *Families of employees*
- *Close personal friends*
- *Board members*
- *Families of board members*
- *Entities owned or controlled by employees, board members, or their families*

Families means (and as defined by the U.S. Internal Revenue Service) spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; and any person with whom the covered person shares living quarters under circumstances that closely resemble a marital relationship or who is financially dependent upon the covered person. Families may also extend to members of the same clan, tribe, or communities and vary depending on the location and culture.

Conflict Review, Mitigation, and Approval

If an actual, perceived, or potential conflict is present, an employee must first try to avoid the activity--not do it. If avoidance is not in the best interest of Winrock, approval must be obtained before proceeding. Employees must disclose the conflict to the Chief Risk and Compliance Officer, with a proposed means to mitigate – or minimize – the conflict. The Chief Risk and Compliance Officer will decide whether the mitigation acceptably minimizes risk to Winrock. Approval is required under this policy prior to proceeding with the action. The Chief Risk and Compliance Officer will make the necessary disclosures to funders and regulators. Specific examples of conflicts and the approval requirements are set forth below. Approval requirements vary depending on the level of risk incurred.

Disclosure and Management of a Conflict of Interest

Employees (report and obtain approval for conflicts): All employees shall identify conflicts of interest before taking any conflicted action, and address the conflict as noted above (obtain approval from the Chief Risk and Compliance Officer before proceeding). Senior Directors, Directors, and Chiefs of Party or Project Directors (report and obtain approval for conflicts and acknowledge annually the Policy): In addition to the above, Senior Directors, Directors, and Chiefs of Party or Project Directors have an enhanced obligation to report and address conflicts because of their position within Winrock. The Chief Risk and Compliance Officer shall circulate annually a Conflicts Acknowledgement Form that requires acknowledgement that each understand and adhere to Winrock's Conflict of Interest Policy. The form must be acknowledged immediately upon receipt. Executive Team and Board of Directors (report and obtain approval for conflicts, annually acknowledge the policy, and annually disclose all affiliations): Winrock's Executive Team and members of the Winrock Board of Directors also have enhanced

obligations to report conflicts, as conflicts relating to this group may require reporting of conflicts to regulators. In addition to addressing conflicts as they arise per this policy, both acknowledgement and affiliation disclosure is required. The Chief Risk and Compliance Officer shall circulate annually an Acknowledgement and Affiliation Disclosure Form for the ET and Board to:

- *Acknowledge understanding of and adherence to Winrock's Conflict of Interest Policy, and*
- *List entities in which they, or a member of their families, have a material interest or occupy a position that might create a conflict of interest under this policy.*

Principles for Evaluating Conflicts

In evaluating conflicted situations to determine an appropriate course of action, the Chief Risk and Compliance Officer shall be guided by the following:

- *Are there alternative approaches that would avoid the conflict?*
- *Is there an actual or perceived private benefit or private inurement that must be avoided? • Is the transaction being conducted transparently, with full disclosure of the conflict?*
- *Does the transaction support Winrock's mission?*
- *Is there a consequence to Winrock for not proceeding that might outweigh the reputational or other impact of the conflict?*
- *What is the nature and the risk to Winrock's reputation if the action proceeds?*
- *What is the mitigation proposed and does it minimize risk to Winrock?*

Restrictions and Conflicts of Interest in Connection with Government Employment

Winrock employees who are or have been employed by any government, including federal, state, and non-U.S. governments including universities, may face restrictions on the activities to which they may devote their time and attention in service to Winrock. The obligations of these individuals to their government employers may impair their ability to serve Winrock and should be considered by management. Similarly, employees of Winrock who have left previous government employment may be barred by government ethics regulations from working on certain Winrock matters which were within the purview of their official duties during their government employment, or in some cases, from accepting employment with Winrock. Winrock employees must disclose to their manager any such current or previous government employment to avoid conflicts of interest in connection with their government service.

Winrock does not develop carbon offset projects nor take ownership of offset credits. Other non-ACR Winrock business units provide GHG accounting consulting services on a contract basis. Conflict of interest risk between Winrock technical staff and ACR operations is managed in three primary ways:

1. All conflicts of interest must be disclosed. Winrock staff with potential conflicts are recused from any involvement in ACR activities or decisions where a conflict might arise.
2. Methodology development and approvals all follow a process that includes not only ACR staff review but public comment and blind scientific peer review by a panel of independent subject matter experts. Public and peer review comments and responses from methodology developers are all published on the ACR website.
3. Issuance of credits against approved standards and methodologies requires independent third-party verification by accredited entities.

ACR Response to TAB Questions October 2019:

Winrock is a nonprofit organization that implements a portfolio of over 150 agriculture, environment and social development projects in over 40 countries around the world. Eighty-eight percent (88%) of Winrock's funding comes from U.S. and other government and multilateral sources for this work. Winrock's endowment does not support investments in any activities that generate emissions reductions offset credits, and Winrock does not engage in or invest in offset project development or take ownership of offsets. ACR is managed as a separate business unit within Winrock and is funded through fees charged for services. We have not encountered any conflicts of interest between Winrock's activities and ACR's offset program.

Winrock International's Code of Conduct is mandatory and applies to all members of Winrock's Board of Directors and Officers, each employee, and every volunteer, intern, and partner who works on behalf of Winrock. The Code specifies Winrock's Conflict of Interest Policy (page 41), the key elements of which were detailed in ACR's CORSIA application (pages 28-30), which provides clear criteria for what constitutes a conflict of interest and a comprehensive policy on addressing and reporting any and all conflicts. There is no materiality threshold. Winrock requires annual formal acceptance of the Code of Conduct including its Conflict of Interest Policy by all employees. Per Winrock's Conflict of Interest Policy, all potential conflicts of interest must be identified, disclosed to Winrock's Chief Compliance Officer and mitigated. Winrock staff with potential conflicts are recused from any involvement in ACR activities or decisions where a conflict might arise.

ACR Response to TAB Questions November 1, 2019

Winrock is a U.S. registered 501(c)(3) nonprofit organization that manages donor-funded development assistance activities around the globe in areas including clean energy, environment and water, forest management, agriculture and education. ACR is a business unit in Winrock's Environment Group and has its own staff and fee-

based (rather than Winrock or donor) funding from its business operating as a carbon standard and registry. As noted previously, Winrock does not invest in, develop or own carbon offset projects. ACR staff are also prohibited from any and all such conflicting activities. Therefore, there is no conflict of interest between Winrock's technical development assistance and capacity building activities and ACR. Any conflict that may arise in the future would be subject to disclosure and mitigation as per Winrock's Code of Conduct.

ACR Material Change Form December 2020:
Winrock has created a wholly-owned nonprofit subsidiary, Environmental Resources Trust LLC (ERT) to operate ACR. ERT is also registered as doing business as (dba) American Carbon Registry (ACR). Starting January 1, 2021, ACR is no longer a "business unit" within Winrock, but rather a separate entity, yet wholly owned by Winrock. ACR staff are still Winrock employees and all previously stated conflict of interest policies apply.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

If the programme is not directly and currently administered by a public agency, can the programme demonstrate up-to-date professional liability insurance policy of at least USD$5M? (*Paragraph 2.7.4*)	☒ YES

Provide evidence of such coverage:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
Winrock's professional liability insurance policy for five million U.S. dollars, which covers ACR's operations, is attached as **BUSINESS CONFIDENTIAL**.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 3.8 Transparency and public participation provisions

Does the programme publicly disclose… (*Paragraph 2.8*)	
a) what information is captured and made available to different stakeholders?	☒ YES
b) its local stakeholder consultation requirements (if applicable)?	☒ YES
c) its public comments provisions and requirements, and how they are considered (if applicable)?	☒ YES

Provide evidence of the public availability of items a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:

a) ACR's publicly available Terms of Use (ToU) Agreement (https://americancarbonregistry.org/how-it-works/membership/acr-terms-of-use/acr-terms-of-use-june-2015.pdf) describes what information is collected by ACR and APX from the Account Holder account. Provision 5 specifically addresses ACR's policies on the ownership and use of data.

b) Requirements for stakeholder consultation are project type-specific and are outlined in the relevant methodology. The ACR Standard indicates in Section 6.B that relevant outcomes from any required stakeholder consultations and mechanisms for ongoing communication must be presented in the GHG Project Plan. ACR's Environmental and Community Safeguards assessment procedures (Chapter 8) require a description of the process to identify community(ies) and other stakeholders affected by the project and, as applicable, the community consultation and communications plan, and that the Project Proponent provide detailed information regarding the community stakeholder consultation process (e.g., meeting minutes, attendees), including documentation of stakeholder comments and concerns and how those are addressed.

c) As a key part of the process to solicit stakeholder feedback on updates / changes to the ACR Program including the approval of new methodologies and methodology revisions, ACR publicly posts the draft document on the ACR website (for the ACR Program, such as the ACR Standard, proposed changes are posted for a minimum of 60 days and for methodologies a minimum of 30 days), and ACR sends out a public notice to its email list-serve soliciting comments. During this period, methodology authors may elect to conduct a webinar with ACR to present the draft methodology. All public comments are responded to and published on the ACR website. The public comment period for ACR Standards is stated in Section 1.J of the currently approved version of the ACR Standard. The public comment period for methodologies is stated in the ACR Standard Chapter 7. The public webpages for ACR's methodologies include documentation of public comments and responses. Two examples are included below:
   1) Destruction of ODS and High GWP Foam (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/destruction-of-ozone-depleting-substances-and-high-gwp-foam)

- Methodology Public Comments and Responses including comment letters from 3M, Hudson Technologies and Iron Mountain

   2) Landfill Gas Destruction and Beneficial Use (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/landfill-gas-destruction-and-beneficial-use-projects

- Methodology Public Comments and Responses

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Does the programme conduct public comment periods relating to… (*Paragraph 2.8*)	
a) methodologies, protocols, or frameworks under development?	☒ YES
b) activities seeking registration or approval?	☒ YES
c) operational activities (e.g., ongoing stakeholder feedback)	☒ YES
d) additions or revisions to programme procedures or rulesets?	☒ YES

Summarize and provide evidence of any programme procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

The public comment period for ACR Standards of 60 days is stated in Section 1.J of the currently approved version of the ACR Standard. The public comment period for methodologies of 30 days is stated in the ACR Standard Chapter 7.

Below are links to examples of previous public comment announcements, all available on the ACR website:

- https://americancarbonregistry.org/news-events/program-announcements/cr-announces-open-public-comment-period-for-updates-to-the-acr-standard
- https://americancarbonregistry.org/news-events/program-announcements/acr-announces-open-public-comment-period-for-two-methodologies
- https://americancarbonregistry.org/news-events/program-announcements/acr-announces-public-comment-for-advanced-refrigeration-systems-methodology-1
- https://americancarbonregistry.org/news-events/program-announcements/acr-announces-open-public-comment-period-for-updates-to-the-acr-standard-and-publication-of-tribal-lands-guidance

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.9 Safeguards system

Are safeguards in place to address… (*Paragraph 2.9*)	
a) environmental risks?	☒ YES
b) social risks?	☒ YES

Summarize and provide evidence of the safeguards referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

ACR's environmental and community safeguard requirements are described in Chapter 8 of the ACR Standard (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard). ACR supports a diverse set of offset Project Activities, each with its own potential to generate both positive and negative environmental and social impacts. Positive impacts can contribute to sustainable development objectives; negative risks and impacts can be identified, evaluated, and managed through

appropriate safeguard procedures. ACR requires that projects adhere to environmental and community safeguards best practices to:

- Ensure that projects "do no harm" by maintaining compliance with local, national, and international laws and regulations;
- Identify environmental and community risks and impacts;
- Detail how negative environmental and community impacts will be avoided, reduced, mitigated, or compensated, and how mechanisms will be monitored, managed, and enforced;
- Ensure that the rights of affected communities and other stakeholders are recognized, and that they have been fully and effectively engaged and consulted; and
- Ensure that ongoing communications and grievance redress mechanisms are in place, and that affected communities will share in the project benefits.

Project documents submitted to ACR must include an assessment of environmental and social risks demonstrating that the impact is net positive. VVBs confirm this assertion at Validation and at each Verification for the duration of the project crediting period.

Additionally, the annual ACR attestation required by ACR to be executed for all projects (found on the ACR website: (https://americancarbonregistry.org/how-it-works/membership) includes the following attestations to environmental and community impacts of the project:

(6) At no time during or since the development of the Project have there been any undisclosed or unmitigated adverse environmental or community impacts as a result of the development, construction, operation and/or maintenance of the Project;

(7) Any comments that were received from stakeholders regarding environmental or community impacts during the development, construction, operation and/or maintenance of the Project have been addressed, and when necessary response actions have been implemented by the Member or Proponent and a true and accurate summary of any and all such communications/actions is attached hereto (as available).

ACR Material Change Form December 2020:

ACR completed a 60-day stakeholder consultation to update its standard to version 7.0, which went into effect January 1, 2021. The new version of the Standard included the following material ICAO-relevant change:

- Transferring in section 6.E all annual attestation requirements to the same attestations (for regulatory compliance, ownership and community and environmental/social impacts of the project) in the project Monitoring Report. There is no longer an Annual Attestation form. These attestations can be found in the Monitoring Report Template posted on the ACR Registry: https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates/acr-monitoring-report-template_version-3.docx. This change was made to enhance reporting efficiencies by including the same attestations (no change in substance) in verified Monitoring Reports rather than as a separate process / annual document.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.10 Sustainable development criteria

Does the programme use sustainable development criteria? (*Paragraph 2.10*)	☒ YES
Does the programme have provisions for monitoring, reporting and verification in accordance with these criteria? (*Paragraph 2.10*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

All projects must include in their GHG Project Plan the identification and description of the Sustainable Development Goals to which the project impacts are aligned and positively contribute, as stated in Section 6.B of the ACR Standard.

ACR is primarily an offset standard for the issuance of high-quality emissions reduction / removals in the form of carbon offset credits. However, per the ACR Standard, project developers can also certify sustainability benefits under co-benefit standards such as the Climate Community and Biodiversity Alliance (CCBA) Standard, the Social Carbon Standard or SD Vista for the assessment, monitoring and reporting of environmental and community impacts of GHG mitigation projects.

Per the ACR Standard all IFM projects must demonstrate sustainable forest management, and certification by the Forest Stewardship Council (FSC), American Tree Farm (ATF) or Sustainable Forestry Initiative (SFI). In addition, projects may disclose positive contributions as aligned with applicable Sustainable Development Goals such as air quality improvements (reductions in SO_x and NO_x due to decreased truck idling, non-methane volatile organic compounds from control of landfill gas emissions), acres of land under sustainable management (reforestation and IFM projects), and acres of biodiversity/habitat conservation (A/R, wetlands restoration, avoided conversion of grasslands).

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 3.11 Avoidance of double counting, issuance and claiming

Does the programme use sustainable development criteria? (*Paragraph 2.10*)	☒ YES
Does the Programme provide information on how it addresses double counting, issuance and claiming in the context of evolving national and international regimes for carbon markets and emissions trading? *(Paragraph 2.11)*	☒ YES

Summarize and provide evidence of the information referred to above, including its availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:
The sustainable development criteria question (Paragraph 2.10) is answered above (it was included in a different section in the original application).
For the double counting, issuance and claiming, the original application noted that these are covered under part 4.7 "Are only counted once towards a mitigation obligation" and that no information was required in response.

As published in the ACR Standard, Chapter 10, "in the context of climate change mitigation, double counting refers to situations where a single GHG emission reduction, removal, avoidance, or other mitigation outcome is used more than once to demonstrate achievement of mitigation targets or pledges. Double counting can occur in different ways, including double issuance, double use, and double claiming. ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in *Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation* version 1.0 of June 2019[7] and any future updates to this document in which ACR participates as a workgroup member. ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions."

ACR Standard Chapter 10, Section A notes "*Double issuance occurs when more than one unique unit is issued for the same emissions reduction or removal, within the same program/registry or involving concurrent issuance under more than one program(s)/registry(ies). ACR has rules and procedures in place to mitigate the risk of double issuance, including checks of duplicate registration under other programs and requirements for disclosure of other registrations, as well as for cancelation of the units on one registry prior to re-issuance on another.*"

For example, ACR Standard Chapter 10, Section A.1 "*allows for offset project registration simultaneously on ACR and other voluntary or compliance GHG programs or registries in only two circumstances: 1) the simultaneous registration is disclosed and approved by both programs/registries, including explicitly through regulation (such as is the case for California's cap-and-trade program), and 2) offsets issued for the same unique emissions reductions (project boundary and vintage) do not reside concurrently on more than one registry.*"

To prevent double issuance (and double use) of offsets for projects registered simultaneously on ACR and another GHG program, 1) offsets representing the same emissions reduction must be publicly canceled from one registry before they can be converted and re-issued on another registry or 2) offsets can be issued to a project by both programs as long as the registration of the project under more than one program is disclosed in writing to the GHG program and the verifier, and the offset represents unique emissions reductions in terms of location (project boundary) and vintage.

For example, ACR issues registry offset credits under the rules of the California cap-and-trade regulation. Prior to those credits being issued by the California Air Resources Board (ARB), the State regulatory agency, for use by capped entities, ACR cancels the credits and reports the cancelation to ARB.

[7] https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates/guidelines-for-adc-with-corsia-june-2019.pdf and https://www.adc-wg.org/guidelines-version-1-0.

ACR standard Chapter 10, Section A notes that "*Double use refers to 2) an instance in which an issued unit is used by the same buyer toward more than one target (e.g., under systems that are not linked, do not coordinate or may have inconsistent rules for reporting and/or retirement). To prevent double use, ACR requires execution of ACR's legal Terms of Use (ToU) Agreement by authorized account representatives, clear proof of ownership upon registration, tracking of ownership of credits within the registry by serial number and account, and an annual attestation of unique, uncontested ownership and legal rights to the emissions reductions as well as that no emissions reductions issued by and registered on ACR have been serialized, registered, retired or otherwise transacted on another registry and/or by another standard nor have they been transferred, retired or otherwise used or disposed of other than as duly recorded on the ACR registry.*"

ACR's (ToU) Agreement has clear rules against double use and selling as detailed in ToU Section 7, excerpts included below, which detail rules against double registration of unique emissions reductions on any other registry or database and duplicate use of emissions reductions including a prohibition on the transfer or use of credits off-registry as well as requirements for retailers to retire credits on the registry if they are being claimed to satisfy voluntary or regulatory emissions reduction obligations.

ACR standard Chapter 10, Section A.2 describes that "*For projects transferring from another GHG program to ACR, the project must be validated and verified by an ACR-approved VVB to comply with the ACR Standard and relevant methodology. To avoid double issuance and double use / double selling of the same GHG reduction or removal, any offsets that had been issued that were not transferred, sold, or retired must be canceled from the other program's registry before conversion and re-issuance by ACR. For projects transferring from ACR to another GHG program, Project Proponents must cancel from ACR all offsets that have not been transferred, sold, or retired to allow for conversion and re-issuance of offsets by the other GHG program on its registry.*"

The following are requirements of all ACR account holders in the legal ACR Terms of Use Agreement Section 7 to prevent double issuance, double use and double selling:

i. Account Holder will only use the Registry for creating, transferring, retiring and/or canceling ERTs or ROCs that are attributable to the GHG reduction projects included in the Registry and specifically acknowledges that it shall not use any other database for the same purpose at the same time as such GHG reduction projects are registered in the Registry;

ii. Account Holder has not registered and will not register any GHG reduction simultaneously both in the Registry and in any other system that tracks the emissions, emission reductions, emission offsets, or other environmental attributes related to emission reduction projects nor will any transaction of the same emissions, emission reductions, emission offsets, or other environmental attributes related to emission reduction projects be conducted outside of the Registry, other than in another ACR approved registry or upon cancelation of ERTs or ROCs for issuance of ARBOCs by ARB;

iii. Account Holder commits not to claim ERTs or ROCs which have already been or are expected to be registered with another compliance or voluntary emissions reduction program except as allowed for Early Action offset credits and Registry Offset Credits to be converted to ARBOCs by ARB;

iv. Neither Account Holder nor any Indirect Owner, if any, has retired, sold, claimed, represented elsewhere or used, nor will it retire, sell, claim or represent elsewhere or use to satisfy obligations in

any jurisdiction outside of the Registry, any of the GHG reductions by the project associated with Account Holder's ERTs or ROCs without reporting such disposition within the Registry

v. Collectively, Account Holder and the Indirect Owners, if any, having a Beneficial Ownership Right in the ERTs or ROCs held in one of Account Holder's Accounts or Sub-Accounts have legal title and all Beneficial Ownership Rights with respect to the ERTs or ROCs issued or to be issued to Account Holder and/or held in Account Holder's Accounts or Sub-accounts and the GHG reductions for which Account Holder is seeking credit, and no other person or entity can claim the right to the ERTs or ROCs or to the GHG reductions for which Account Holder is seeking credit.

ACR has measures in place to avoid double claiming. The ACR Standard, Chapter 10, Section B describes that "Double claiming occurs when two or more parties claim the same GHG reduction, removal, or other mitigation outcome toward their regional, national, or sector-wide emissions reduction cap or target(s) / pledge(s) / contributions / commitments (collectively "target").

In the pre-2020 carbon market context, double claiming occurs if emissions reductions that reduce or remove emissions from activities that are part of a binding GHG emissions trading program, or that take place in a jurisdiction or sector in which there is a binding limit/cap established on GHG emissions, are being issued as offsets for use outside of those programs. This would include emissions reductions in Annex I countries that ratified the Kyoto Protocol, in the EU Emissions Trading System, in the California cap-and-trade program, and in the Regional Greenhouse Gas Initiative. In these instances, offset Project Proponents shall provide evidence that the reductions and removals the project generated have not and will not be used in the emissions trading program or for the purpose of demonstrating compliance with binding limits that are in place in that program or jurisdiction.

If Project Activities take place in such a program or jurisdiction, the Project Proponent shall include in its GHG Project Plan a written statement from the GHG emissions program operator, as well as other documentation in a form acceptable to ACR, that it has canceled from the program or national or regional cap (as applicable) a number of emissions allowances, offsets or other (acceptable) GHG credits equivalent to the reductions and removals generated by the project so that they can no longer be used within the operator's GHG program. Alternately, the Project Proponent may provide evidence of purchase and cancelation of GHG allowances equivalent to the GHG emissions reductions or removals the project generated related to the program or national cap.

In order to prevent double-counting of GHG emission reductions or removal enhancements for offset projects in non-Annex I countries under the UNFCCC, Project Proponents shall provide documentation that they have notified the relevant project host country Designated National Authority (DNA) of their project registration in the voluntary market, including the project's expected GHG reductions/removals."

ACR Standard, Chapter 10, Section B.1 addresses double claiming under the Paris Agreement and the ICAO CORSIA:

> "In the post-2020 carbon market context, in which all signatories to the Paris Agreement have emissions reduction targets/pledges as formulated in the nationally determined contributions (NDCs) and air carriers have an offsetting obligation under the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation (CORSIA), double claiming occurs when two or more Parties

claim the same emission reduction to comply with their mitigation targets/pledges/obligations. Transparent reporting and accounting procedures at both the national and international level will be developed to track emissions reductions transferred to / from other Parties to meet targets. In these instances, as required by the UNFCCC, a corresponding adjustment may be made by the host country of the emissions reduction activity to account for the transfer of the emissions reduction for use by another Party / CORSIA. The adjustment will be applied, as determined by the UNFCCC, to the host country national GHG inventory or NDC, and will also be reported by the receiving Party.

To mitigate the risk of double claiming in these instances, ACR will require notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as host country acknowledgement of use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country's national UNFCCC focal point and the transferee country's UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges and/or canceled by/for an airline toward its CORSIA obligation.

ACR will maintain documentation of the national UNFCCC focal point acknowledgement of transfers / cancelations of emissions reductions, posting these on the registry. ACR will make public all retirements / cancelation of units toward a CORSIA offsetting obligation, and will report such information to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as ultimately deemed appropriate under the UNFCCC and the CORSIA."

ACR Programme Clarifications Oct 10 2019:

A Host Country Letter of Assurance and Authorization is required before ACR would designate units as eligible and qualified for CORSIA. As noted in the chapeau of Chapter 10 of the ACR Standard: "Double counting can occur in different ways, including double issuance, double use, and double claiming. ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 (as posted on ACR's website) and any future updates to this document in which ACR participates as a workgroup member. ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions."

The *Guidelines on Avoiding Double Counting for the CORSIA* ("Guidelines") specify that a Host Country Letter of Assurance and Authorization is required before units would be designated as qualified for CORSIA. This is detailed in the Guidelines Figure 1: Steps for programs and countries for avoiding double claiming with climate change mitigation under the Paris Agreement. Section II.6.6.1 of the Guidelines states that "…an offset credit only be qualified [for CORSIA] if a letter of assurance and authorization… has been obtained from the country where the offset credit's associated emission reductions or removals occurred." The timing of the letter as a requirement to qualify units for CORSIA is also detailed in Section II.6.6.2 of the Guidelines (page 56), which states that "Programs should obtain the letter prior to qualifying offset credits from the project for use under CORSIA."

The ACR Standard Chapter 10.B.1 states that "ACR will require notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA." In the next update to the ACR Standard, ACR will clarify the timing of the letter as being required before units will be designated as eligible and qualified for the CORSIA.

In addition, ACR has developed a new Appendix C to the ACR Standard detailing *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses. ACR will publish this Appendix for stakeholder consultation in the coming months, and it will be finalized and incorporated into the ACR Standard in early 2020. Relevant sections of the Appendix are cited below.

New Appendix C, Section C.2.i notes the ACR registry functionality for the "Designation of the credits as Qualified for CORSIA once the Host Country Letter of Assurance and Authorization has been obtained." Section C.3 *Figure 1 Steps for Units to be Qualified by ACR for Use in CORSIA* lays out actions required before ACR will qualify units for CORSIA including obtaining the Host Country Letter of Assurance and Authorization.

Section C.3.2 specifies that "ACR will make all Letters of Assurance and Authorization publicly available by posting on the registry. ACR 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 ACR and CORSIA requirements are met including contributing to the ACR CORSIA Buffer Pool and executing the CORSIA Double Claiming Risk Mitigation Agreement as further described below."

As noted above, ACR has incorporated by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 ("Guidelines"). The *Guidelines* Section II.6.6.1 (page 53) detail requirements for the content of Host Country Letter of Assurance and Authorization.

Requirements for Host Country Letters of Assurance and Authorization are also specified in the ACR Standard new Appendix C *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses. Section C.3.2 of Appendix C specifies that the "Letter [of Assurance and Authorization] should explicitly:

- Identify the specific project and activity and acknowledge that the project may reduce emissions or enhance removals in the country;
- Acknowledge that ACR has issued, or intends to issue, offset credits for [a stated volume in CO_2-e] emission reductions or removals that occur within the country;
- Authorize the use of the project's emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA;
- Declare that the country will not use the project's associated 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 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 CMA; and

- Declare that the country will report on the authorization and use of the project's 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.

The letter may also:

- Authorize the use of the project's emission reductions or removals, issued as offset credits, by other countries towards achieving their NDCs;

- Provide a limit for the maximum number of the project's emission reductions or removals, issued as offset credits, that the country authorizes for use, including any limits on the time period over which the country provides such authorization; and
- Include a request to ACR to provide information to the country on the use of the offset credits."

A sample Letter of Assurance and Authorization meeting these requirements is included as Exhibit 1 to Appendix C, which is included as Attachment A to these responses.

As noted in the response to 5.2 above, Requirements for Host Country Letters of Assurance and Authorization are specified in the ACR Standard new Appendix C *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses.

Section C.3.2 of Appendix C requires that the Letter [of Assurance and Authorization] contain an explicit commitment from the Host Country to take the following steps to avoid double counting with the CORSIA:

- "Declare that the country will not use the project's associated 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 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 CMA; and
- Declare that the country will report on the authorization and use of the project's 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."

Further, ACR Standard new Appendix C.3.5 states that "ACR will take action to obtain evidence of the appropriate application of adjustments from the Host Country of emission reductions or removals. 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. Once evidence has been obtained, ACR will post such evidence on the registry and indicate that the adjustment has been made."

ACR requires that the Host Country Letter of Assurance and Authorization be obtained for any units to be qualified for the CORSIA, including prior to NDC implementation (starting in 2021) as well as during the implementation of Paris Agreement commitments. Section C.3.2 of Appendix C requires that the "Host Country Letter of Assurance and Authorization will be obtained from the country's UNFCCC Focal Point regardless of whether an adjustment is needed for the offset credits, including to qualify emission reductions for CORSIA pre-2021."

ACR expects to begin requesting Host Country Letters of Assurance and Authorization for projects and specific emission reduction units once decisions are made and published by ICAO on CORSIA Eligible Emissions Unit Programs (once ACR has been approved as a program) and CORSIA Eligible Emissions Units (project types, vintages, start date etc.).
ACR has already updated its registry functionality to incorporate requirements for CORSIA. The updates are ready to go live within 24 hours of ACR's approval as a CORSIA Eligible Emissions Unit Program. See Attachment C to this document.
ACR will publicly post Host Country Letters of Assurance and Authorization on the registry once they have been received, reviewed and approved to meet all requirements as detailed in responses to 5.2 and 5.3 above.
ACR plans to first review draft Letters of Assurance and Authorization to ensure they meets all requirements and will then delegate that the Project Proponent make the request for the Letter from the Host Country, cc to ACR.

Material Update to ICAO December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

Clarification Question from TAB December 2020:
Regarding the procedures that ACR describes as "in place and operable" to avoid double-claiming in the California ETS experience (Paragraph C.3 of information submitted 24 August 2020), has ACR encountered any real-world cases in which these procedures have been (or have needed to be) implemented? If so, please describe the process by which ACR managed that process, and the results of that experience, including through example(s).
As part of the update to ACR Standard v7.0, effective January 1, 2021, ACR removed the text in Section 10.B of the Standard that referenced pre-2021 market context including double claiming with Emissions Trading Schemes such as California and under the Kyoto Protocol. ACR has never experienced double claiming as described in that section and no longer accepts CDM methodologies.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

ART 4: Carbon Offset Credit Integrity Assessment Criteria

Note—where "evidence" is requested throughout *Part 3* and *Part 4*, the Programme should provide web links to documentation. If that is not possible, then the programme may provide evidence of programme procedures directly in the text boxes provided (by copying/pasting the relevant provisions) and/or by attached supporting documentation, as recommended in "SECTION II: INSTRUCTIONS—*Form Completion*".

Note—"*Paragraph X.X*" in this form refers to corresponding paragraph(s) in Appendix A "*Supplementary Information for Assessment of Emissions Unit Programmes*".

Note—Where the programme has any plans to revise the programme (e.g., its policies, procedures, measures, tracking systems, governance or legal arrangements), including to enhance consistency with a given criterion or guideline, provide the following information in response to any and all relevant form question(s):

- Proposed revision(s);
- Process and proposed timeline to develop and implement the proposed revision(s);
- Process and timeline for external communication and implementation of the revision(s).

Question 4.1 Are additional

Do the Programme's carbon offsets… (*Paragraph 3.1*)	
a) represent greenhouse gas emissions reductions or carbon sequestration or removals that exceed any greenhouse gas reduction or removals required by law, regulation, or legally binding mandate?	☒ YES
b) exceed any greenhouse gas reductions or removals that would otherwise occur in a conservative, business-as-usual scenario?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR Application July 2019:

All ACR additionality tests require regulatory surplus

Method from Paragraph 3.1.2	**ACR application**
Barrier analysis	Yes, as part of the ACR Three-pronged additionality test
Common Practice	Yes, as part of the ACR Three-pronged additionality test
Performance Standards	Yes, if specified in the applicable methodology
Legal/regulatory additionality	All ACR projects must pass the Regulatory additionality test (see Chapter 4, Section A.1 of ACR Standard)

ACR requires that all GHG emission reductions and removals are surplus to the "business as usual" scenario. This is described in detail in Chapter 4 of the ACR Standard. To quality as additional, ACR requires every project to either 1) exceed an approved performance standard, as defined in the applicable methodology, and a

regulatory additionality test, or, 2) pass a three-pronged additionality test. The method for determining additionality is specified in each methodology.

The three-pronged additionality test combines three tests to determine whether projects are additional. Projects must pass all three tests to be deemed additional, and are considered additional for the duration of the project's crediting period. The three-prong test consists of the following three tests:

1. Regulatory Surplus Test: Project activities that reduce or remove emissions may not be mandated by any existing law, regulation, statute, legal ruling, or other regulatory framework in effect as of the project Start Date.
2. Common Practice Test: Project activities must be distinct from activities, practices or technologies that are determined to be common practice in the sector and/or region. Project activities must also reduce or remove more GHGs than common practice activities, practices or technologies.
3. Implementation Barriers Test: Project activities must face at least one implementation barrier, such that it could prevent the adoption of the project activity. Projects must demonstrate that they face one of the following three barriers:
    - Financial barriers; includes high costs, limited access to capital, low rate of return in the absence of carbon revenue, financial risks associated with new technologies, and poor credit rating.
    - Technology barriers; includes R&D deployment risk, uncorrected market failures, lack of trained personnel and supporting infrastructure for technology implementation, and lack of knowledge on the project activity.
    - Institutional barriers; includes institutional opposition to technology implementation, limited capacity for technology implementation, lack of management consensus, aversion to upfront costs, and lack of awareness of benefits.

The performance standard approach consists of 1) demonstrating regulatory surplus (also required in the three-prong test) and 2) demonstrating that the project scenario exceeds a performance standard (as defined in the applicable methodology). Performance standards must be reviewed at least every five (5) years by ACR to ensure continued validity. The performance standard threshold may be:

- **Practice-Based,** developed by evaluating the adoption rates or penetration levels of a particular practice in a relevant industry, sector, or sub-sector. If these levels are sufficiently low that it is determined the Project Activity is not common practice, then the activity is considered additional. Specific thresholds may vary by industry, sector, geography, and practice, and are specified in the relevant methodology.
- **Technology Standard:** Installation of a particular GHG-reducing technology may be determined to be sufficiently uncommon that simply installing the technology is considered additional.
- **Emissions Rate or Benchmark:** per unit of output (e.g., tons of CO_2e emissions) with examination of sufficient data to assign an emission rate that characterizes the industry, sector, subsector, or typical land management regime, the net GHG emissions/removals associated with the Project Activity, more than this benchmark, may be considered additional and credited.

The procedures and requirements that are in place provide reasonable assurance that projects are additional in the following ways:

1. The ACR Standard provides a robust set of additionality requirements that meet industry standards (Chapter 4).
2. The ACR scientific peer review process ensures that additionality criteria are scientifically based on robust datasets.
3. There is a strong tendency for carbon market participants to propose novel, additional project types and methodologies to avoid ineligibility.
4. Additionality assessments are reviewed by ACR and by independent accredited third-party verifiers.
5. Baselines and additionality must be re-evaluated at the end of each crediting period.

Clarifications to TAB October 2019:

ACR notes its use of a "Technology standard" to assess additionality in some cases (i.e. "Installation of a particular GHG-reducing technology may be determined to be sufficiently uncommon that simply installing the technology is considered additional."). Please further elaborate, and identify where in program-level procedures it is clarified, what constitutes "sufficiently uncommon".

The term "sufficiently uncommon" as a specific threshold for commonality may vary by industry, sector and/or geography and is to be specified and peer reviewed in the relevant methodology. Please note that ACR does not currently have any stand-alone technology standards (sometimes referred to as a "positive list") approved or in development. This is primarily due to the fact that most performance standards are developed based on the implementation of a particular activity in a specific geography and therefore are not considered distinct "technology standards".

Response to TAB live discussion questions November 2019:

Regarding question 3.1 (*ACR's use of a technology standard, i.e. "Sufficiently uncommon" approach*)

i. Are there any cases in which the "sufficiently uncommon" approach is used as a standalone additionality test, in other words not used in combination with other tests?

No, all ACR projects must meet performance-based or three-pronged additionality tests in addition to a regulatory additionality requirement. ACR does not have any approved methodologies that apply a technology standard (positive list) approach. The ACR standard allows three types of performance standard approaches to be approved; practice based, technology standard, emissions rate/benchmark. Currently ONLY practice-based approaches are approved under ACR. Practice-Based, developed by evaluating the adoption rates or penetration levels of a particular practice in a relevant industry, sector, or sub-sector. If these levels are sufficiently low that it is determined the Project Activity is not common practice, then the activity is considered additional. Specific thresholds may vary by industry, sector, geography, and practice, and are specified in the relevant methodology. All projects using a performance standard must also demonstrate regulatory additionality. Performance standards are subject to review every 5 years.

ii. How many methodologies currently apply this approach? Can you provide any examples?

ACR does not have any approved methodologies that apply a technology standard (positive list) approach. There are eleven (11) approved ACR methodologies with approved practice-based performance based approached. These include; Truck Stop Electrification, Re-Refining Used Lubricating Oils, Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use, Destruction of Ozone Depleting Substances and High-GWP Foam, N2O Abatement from Nitric Acid Production, Capturing and Destroying Methane from U.S. Coal and Trona, Use of Certified Reclaimed HFC Refrigerants and Advanced Refrigeration Systems Mines, Landfill Gas Destruction and Beneficial Use Projects, Restoration of California Deltaic and Coastal Wetlands, Restoration of Degraded Wetlands of the Mississippi Delta, and Carbon Capture and Storage Projects.

iii. Is there any program guidance for the specification of this threshold and how its robustness would be evaluated in peer review?

The ACR Standard does not specify a threshold for performance standards, but rather assessments are made on a case by case basis. There could be cases, for example, a certain threshold (i.e., a percent penetration of a practice) is met only due to a funding source that is no longer available, or that penetration rates vary by region or geography, or due to policy drivers that are no longer present. The robustness of any threshold would be evaluated during the peer review process. If ACR or the expert peer review team determine that the performance standard is not sufficiently robust, the methodology would be required to apply a more robust/conservative threshold or apply the three-pronged test instead.

Wetland restoration example: ACR has two approved Wetland Restoration methodologies (Restoration of California Deltaic and Coastal Wetlands, Restoration of Degraded Wetlands of the Mississippi Delta) which both have practice-based performance standards approved. In the case of the California methodology, the methodology authors demonstrated that only 2% of all of the subsided/degraded wetlands in California had been restored over the past 45 years. Thus, the performance standard threshold was set at 5%. For the Mississippi wetland methodology, the authors demonstrated that less than 15% of the degraded wetlands had been restored, that the financial barriers to do this work are enormous, and that wetlands are being lost at a rate of one football field per hour. The authors also indicated that the rate of degradation to the wetlands in the Mississippi delta (due to saltwater intrusion and development) were projected to increase, thus making a 15% threshold reasonable.

Landfill Gas example: The performance standard included in ACR's Landfill Gas Destruction and Beneficial Use methodology was developed by determining a size threshold for arid counties (defined as counties with less than 25 inches of rain per year and therefore gas generation would be lower) and non-arid counties (greater than 25 inches of rain per year where gas generation would be higher) in the United States. Through a review of an extensive U.S. Environmental Protection Agency database on landfill gas projects, ACR determined that there were 92 project candidate landfills in arid counties with 13 existing projects leading to a penetration rate of 14%. In arid counties, there were 92 project candidate landfills with 12 existing projects leading to a penetration rate of 13%.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Is additionality and baseline-setting… (*Paragraph 3.1*)	
a) assessed by an accredited and independent third-party verification entity?	☒ YES
b) reviewed by the programme?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original Application July 2019:

The ACR Standard only issues offset credits to projects that demonstrate additionality. If a project is determined to be non-additional it is considered ineligible for any ACR offset credit issuance. If it is determined that a project is non-additional after offset credits are issued the project would be required to compensate for any over-issuance.

Additionality and project baselines are evaluated in all third-party validations. Validations and verifications are conducted by approved and accredited VVBs, as described in Section 3.6 of this document.

Both project additionality and the project baseline remain fixed for the duration of the crediting period. Therefore, these two key eligibility requirements feature more prominently in the scope of the validation, which occurs only once, at the beginning of each crediting period. VVBs are required to analyze baseline assumptions, models, and quantification to ensure that it is credible. This can include interviews with project proponents, review of legal and financial constraints, data checks, and analysis of common practice. VVBs also must evaluate each project's additionality assessment to ensure that all claimed emission reductions are surplus to "business as usual" (i.e., the baseline scenario). Details on validating a baseline is further provided in Section 3.B (page 14) and in Chapter 4 (page 15 -18) of the ACR Validation and Verification Standard (publicly available here: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/acr-validation-and-verification-standard-1/acr-vv-standard_v1-1_may-31-2018.pdf

ACR staff also assess both the baseline and additionality during the project review prior to credit issuance. This two-fold review process ensures that the project meets the ACR additionality and baseline requirements.

Clarifications to TAB Oct 2019:

ACR conducts a review of each project prior to credit issuance. This review is conducted after a project has been validated and verified by a third-party validation/verification body and includes a review of all validated/verified assumptions, including baselines. The ACR review includes an evaluation of the Verification and/or Validation Report, as well as supporting documentation and calculations to ensure accuracy and adherence to ACR Standard requirements for additionality as well as conformance against the applicable ACR Methodology. The ACR review process is stated at Section 9.F of the ACR Standard Version 6 as follows:

"ACR will review the verification report and statement and accept them, request corrections and/or clarifications, or reject them. If ACR requests corrections or clarifications, the Project Proponent and verifier shall make all necessary corrections and clarifications and resubmit the verification statement for subsequent review."

If ACR accepts a verification statement, and the project has already completed all other required steps, then ACR will post the validation and verification reports, verification statement, and other public documentation to the ACR website (if applicable), and issue ERTs to the Project Proponent's account.

Projects must be verified without reservation, with Project Proponents having addressed all clarifications and corrections required by the verifier. ACR reserves the right to accept or reject verification from an approved VVB."

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Identify one or more of the methods below that the programme has procedures in place to ensure, and to support activities to analyze and demonstrate, that credited mitigation is additional; which can be applied at the project- and/or programme-level: (*Paragraphs 3.1, and 3.1.2 - 3.1.3*)

☒ Barrier analysis
☒ Common practice / market penetration analysis
☒ Investment, cost, or other financial analysis
☒ Performance standards / benchmarks
☒ Legal or regulatory additionality analysis (as defined in *Paragraph 3.1*)

Summarize and provide evidence of the policies and procedures referred to in the above list, including describing any/all additionality analyses and test types that are utilized under the programme:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original Application July 2019:
The table below shows which of the methods from paragraph 3.1.2 (in Supplementary Information) for demonstrating additionality are applied in ACR Methodologies.

Method from Paragraph 3.1.2	**ACR application**
Barrier analysis	Yes, as part of the ACR Three-pronged additionality test
Common Practice	Yes, as part of the ACR Three-pronged additionality test
Performance Standards	Yes, if specified in the applicable methodology
Legal/regulatory additionality	All ACR projects must pass the Regulatory additionality test (see Chapter 4, Section A.1 of ACR Standard)

ACR requires that all GHG emission reductions and removals are surplus to the "business as usual" scenario. This is described in detail in Chapter 4 of the ACR Standard. To quality as additional, ACR requires every project to either 1) exceed an approved performance standard, as defined in the applicable methodology, and a regulatory additionality test, or, 2) pass a three-pronged additionality test. The method for determining additionality is specified in each methodology.

The three-pronged additionality test combines three tests to determine whether projects are additional. Projects must pass all three tests to be deemed additional, and are considered additional for the duration of the project's crediting period. The three-prong test consists of the following three tests:

4. Regulatory Surplus Test: Project activities that reduce or remove emissions may not be mandated by any existing law, regulation, statute, legal ruling, or other regulatory framework in effect as of the project Start Date.
5. Common Practice Test: Project activities must be distinct from activities, practices or technologies that are determined to be common practice in the sector and/or region. Project activities must also reduce or remove more GHGs than common practice activities, practices or technologies.
6. Implementation Barriers Test: Project activities must face at least one implementation barrier, such that it could prevent the adoption of the project activity. Projects must demonstrate that they face one of the following three barriers:
    - Financial barriers; includes high costs, limited access to capital, low rate of return in the absence of carbon revenue, financial risks associated with new technologies, and poor credit rating.
    - Technology barriers; includes R&D deployment risk, uncorrected market failures, lack of trained personnel and supporting infrastructure for technology implementation, and lack of knowledge on the project activity.
    - Institutional barriers; includes institutional opposition to technology implementation, limited capacity for technology implementation, lack of management consensus, aversion to upfront costs, and lack of awareness of benefits.

The performance standard approach consists of 1) demonstrating regulatory surplus (also required in the three-prong test) and 2) demonstrating that the project scenario exceeds a performance standard (as defined in the applicable methodology). Performance standards must be reviewed at least every five (5) years by ACR to ensure continued validity. The performance standard threshold may be:

- **Practice-Based,** developed by evaluating the adoption rates or penetration levels of a particular practice in a relevant industry, sector, or sub-sector. If these levels are sufficiently low that it is determined the Project Activity is not common practice, then the activity is considered additional. Specific thresholds may vary by industry, sector, geography, and practice, and are specified in the relevant methodology.
- **Technology Standard:** Installation of a particular GHG-reducing technology may be determined to be sufficiently uncommon that simply installing the technology is considered additional.
- **Emissions Rate or Benchmark:** per unit of output (e.g., tons of CO_2e emissions) with examination of sufficient data to assign an emission rate that characterizes the industry, sector, subsector, or typical land management regime, the net GHG emissions/removals associated with the Project Activity, more than this benchmark, may be considered additional and credited.

A table is provided below showing which method of additionality each ACR-approved methodology employs:

Methodology	**Additionality Approach**
Recycling of Transformer Oil	Three-pronged Test

Truck Stop Electrification[8]	Performance Standard
Re-Refining Used Lubricating Oils	Performance Standard
Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use	Performance Standard
Destruction of Ozone Depleting Substances and High-GWP Foam	Performance Standard
N_2O Abatement from Nitric Acid Production	Performance Standard
Capturing and Destroying Methane from U.S. Coal and Trona Mines	Performance Standard
Replacement of SF_6 with Alternate Cover Gas in the Magnesium Industry	Three-pronged Test
Use of Certified Reclaimed HFC Refrigerants and Advanced Refrigeration Systems	Performance Standard
Landfill Gas Destruction and Beneficial Use Projects	Performance Standard
Methane Recovery in Animal Manure Management Systems	Three-pronged Test
Afforestation and Reforestation of Degraded Lands	Three-pronged Test
Improved Forest Management (IFM) for Non-Federal U.S. Forestlands	Three-pronged Test
Avoided Conversion of Grasslands and Shrublands to Crop Production	Three-pronged Test
Compost Additions to Grazed Grasslands	Three-pronged Test
Restoration of California Deltaic and Coastal Wetlands	Performance Standard
Restoration of Degraded Wetlands of the Mississippi Delta[9]	Performance Standard
Restoration of Pocosin Wetlands	Three-pronged Test
Carbon Capture and Storage Projects	Performance Standard

From ACR Live Discussion Questions – October 2019_November 1 2019 responses: All ACR projects must meet performance-based or three-pronged additionality tests in addition to a regulatory additionality requirement. ACR does not have any approved methodologies that apply a technology standard (positive list) approach. The ACR standard allows three types of performance standard approaches to be approved; practice based, technology standard, emissions rate/benchmark. Currently ONLY practice-based approaches are approved under ACR. Practice-Based, developed by evaluating the adoption rates or penetration levels of a particular practice in a relevant industry, sector, or sub-sector. If these levels are sufficiently low that it is determined the Project Activity is not common practice, then the activity is considered additional. Specific thresholds may vary by industry, sector, geography, and practice, and are specified in the relevant methodology. All projects using a performance standard must also demonstrate regulatory additionality. Performance standards are subject to review every 5 years.

The ACR Standard does not specify a threshold for performance standards, but rather assessments are made on a case by case basis. There could be cases, for example, a certain threshold (i.e., a percent penetration of a practice) is met only due to a funding source that is no longer available, or that penetration rates vary by region or geography, or due to policy drivers that are no longer present. The robustness of any threshold would be evaluated during the peer review process. If ACR or the expert peer review team determine that the performance standard is not sufficiently robust, the methodology would be required to apply a more robust/conservative threshold or apply the three-pronged test instead.

[8] No new projects will be registered with this methodology until the project-specific performance standard is updated.
[9] No new projects will be registered with this methodology until the project-specific performance standard is updated.

Wetland restoration example: ACR has two approved Wetland Restoration methodologies (Restoration of California Deltaic and Coastal Wetlands, Restoration of Degraded Wetlands of the Mississippi Delta) which both have practice-based performance standards approved. In the case of the California methodology, the methodology authors demonstrated that only 2% of all of the subsided/degraded wetlands in California had been restored over the past 45 years. Thus, the performance standard threshold was set at 5%. For the Mississippi wetland methodology, the authors demonstrated that less than 15% of the degraded wetlands had been restored, that the financial barriers to do this work are enormous, and that wetlands are being lost at a rate of one football field per hour. The authors also indicated that the rate of degradation to the wetlands in the Mississippi delta (due to saltwater intrusion and development) were projected to increase, thus making a 15% threshold reasonable.

Landfill Gas example: The performance standard included in ACR's Landfill Gas Destruction and Beneficial Use methodology was developed by determining a size threshold for arid counties (defined as counties with less than 25 inches of rain per year and therefore gas generation would be lower) and non-arid counties (greater than 25 inches of rain per year where gas generation would be higher) in the United States. Through a review of an extensive U.S. Environmental Protection Agency database on landfill gas projects, ACR determined that there were 92 project candidate landfills in arid counties with 13 existing projects leading to a penetration rate of 14%. In arid counties, there were 92 project candidate landfills with 12 existing projects leading to a penetration rate of 13%.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A except to note that new methodologies and methodology updates continue in normal course of business and, as applicable, incorporate ACR additionality tests as described in our ICAO application.

If the Programme provides for the use of method(s) not listed above, describe the alternative procedures and how they ensure that activities are additional: (*Paragraph 3.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
N/A ACR does not have additionality tests except for those described in the original application July 2019.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

If the programme designates certain activities as automatically additional (e.g., through a "positive list" of eligible project types), does the programme provide clear evidence on how the activity was determined to be additional? (*Paragraph 3.1*)	☒ YES

Summarize and provide evidence of the policies and procedures for determining the automatic additionality of activities, including a) the criteria used to determine additionality and b) their availability to the public:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

ACR has not approved any positive lists for additionality.

ACR allows methodologies to develop performance standards that are based on technology usage or practices. If a technology or practice is sufficiently uncommon or new, a project may be deemed additional by using a novel and less commonly used, 'better performing' practice or technology. All projects will still be required to pass the regulatory surplus test. All performance standards (and positive lists, of which there are none currently) are subject to ACR review at least every 5 years.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Explain how the procedures described under Question 4.1 provide a reasonable assurance that the mitigation would not have occurred in the absence of the offset programme: (*Paragraph 3.1*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

The procedures and requirements that are in place provide reasonable assurance that projects are additional in the following ways:

6. The ACR Standard provides a robust set of additionality requirements that meet industry standards (Chapter 4).
7. The ACR scientific peer review process ensures that additionality criteria are scientifically based on robust datasets.
8. There is a strong tendency for carbon market participants to propose novel, additional project types and methodologies to avoid ineligibility.
9. Additionality assessments are reviewed by ACR and by independent accredited third-party verifiers.
10. Baselines and additionality must be re-evaluated at the end of each crediting period.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Question 4.2 Are based on a realistic and credible baseline

Are procedures in place to… (*Paragraph 3.2*)	
a) issue emissions units against realistic, defensible, and conservative baseline estimations of emissions?	☒ YES
b) publicly disclose baselines and underlying assumptions?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including how "*conservativeness*" of baselines and underlying assumptions is defined and ensured:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR Application July 2019:

ACR affirms a set of guiding principles, based on the International Organization for Standardization (ISO) 14064 Part 2 (2006) specifications from which all other ACR principles and eligibility criteria follow. Three of these principles are relevance, accuracy, and conservativeness. All ACR methodologies and projects are required to use relevant, accurate, and conservative assumptions, values, and procedures to ensure that GHG emission reductions or removal enhancements are not overestimated. Section 2.B.4 of the ACR Standard states the following:

"The methodology shall define assumptions and specify quantification methods and monitoring requirements to ensure that GHG emission reductions and removals are not overestimated, particularly in cases where estimation methods, not direct measurement, are used to populate parameters."

The ACR methodology development process, through initial ACR review, public consultation, and scientific peer review, ensures that a relevant, accurate, and conservative baseline scenario or baseline selection process is applied by each project.

Per Section 6 of the ACR Standard, all projects developed in the ACR program have the following documents made public upon acceptance of a completed validation and verification of the project: the GHG project plan, monitoring report, validation report, verification report, and verification statement. The GHG project plan, validation report and verification report all disclose a project's baseline and any relevant assumptions related to the baseline and/or the application of the baseline in the project activity.

Clarifications to TAB October 2019:

ACR conducts a review of each project prior to credit issuance. This review is conducted after a project has been validated and verified by a third-party validation/verification body and includes a review of all validated/verified assumptions, including baselines. The ACR review includes an evaluation of the Verification and/or Validation Report, as well as supporting documentation and calculations to ensure accuracy and adherence to ACR Standard requirements for additionality as well as conformance against the applicable ACR Methodology. The ACR review process is stated at Section 9.F of the ACR Standard Version 6 as follows:

"ACR will review the verification report and statement and accept them, request corrections and/or clarifications, or reject them. If ACR requests corrections or clarifications, the Project Proponent and verifier shall make all necessary corrections and clarifications and resubmit the verification statement for subsequent review."

If ACR accepts a verification statement, and the project has already completed all other required steps, then ACR will post the validation and verification reports, verification statement, and other public documentation to the ACR website (if applicable), and issue ERTs to the Project Proponent's account. Projects must be verified without reservation, with Project Proponents having addressed all clarifications and corrections required by the verifier. ACR reserves the right to accept or reject verification from an approved VVB."

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place to ensure that *methods of developing baselines*, including modelling, benchmarking or the use of historical data, use assumptions, methodologies, and values do not over-estimate mitigation from an activity? (*Paragraph 3.2.2*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
In addition to the principles and processes stated in response to paragraph 3.2 (particularly as related to conservativeness), ACR has defined requirements for uncertainty, accuracy, and precision applied, as relevant, in each methodology, which are found in Section 2.B.3 of the ACR Standard.

For methodologies based on statistical sampling (e.g., methodologies in the forestry or working land use sectors), ACR requires that the sampling error associated with the mean of the estimated emission reduction/removal not exceed ±10% of the mean at the 90% confidence interval to report the mean of the estimated emission reduction/removal. If the Project Proponent cannot meet this target, then the reportable amount shall be the mean minus the lower bound of the 90% confidence interval, applied to the final calculation of emission reductions/removal enhancements. If the sampling error is equal to or greater than 20%, the confidence deduction for the monitoring period must be 100%. Project-specific methodologies provide guidance how to calculate this uncertainty deduction. Methodologies submitted for ACR approval shall include methods for estimating uncertainty relevant to the project and baseline scenario.

If sampling is required and the statistical precision requirements are not met, project proponents must take an uncertainty deduction from their total reported offset credits for that period. The Project Proponent can elect to implement more intensive sampling to achieve the precision of ±10% of the mean at the 90% confidence interval to avoid an uncertainty deduction and retain more net emission reductions for crediting.

The use of biogeochemical or process models must also include an estimate of structural uncertainty related to the inadequacy of the model, model bias, and model discrepancy. This should be quantified using the best available science, and can include Monte Carlo analyses, uncertainty estimates from peer reviewed literature, and/or recommendations from model experts who have either developed or worked directly with the model.

Finally, for methodologies focused on non-CO_2 emission mitigation activities (for instance, those methodologies that quantify emission reductions of short-lived climate forcers such as methane or hydrofluorocarbons), ACR's program utilizes 100-year global warming potentials (GWPs). This is a very conservative requirement and, in practice, significantly under reports the actual impact of non-CO_2 emission mitigation activity. These projects should, arguably, be quantified using a GWP on time scales of less than 20 years which would greatly increase the credits earned by these projects. However, crediting on a 100-year GWP scale is an inherently very conservative

requirement that ensures that there can be no overestimation of emission mitigation activity.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place for activities to respond, as appropriate, to changing baseline conditions that were not expected at the time of registration? (*Paragraph 3.2.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
Yes, changing baseline conditions are assessed during project crediting period renewal. A project baseline is typically fixed for the duration of a crediting period and, at defined intervals, crediting periods are renewed. Per Chapter 3 of the ACR Standard, a project proponent may apply to renew the Crediting Period by complying with all then current ACR requirements, re-evaluating the baseline scenario, reassessing additionality, and using emission factors, tools, and methodologies in effect at the time of renewal. Crediting periods for non-AFOLU projects are 10 years in length and crediting periods for AFOLU project types vary in length but are typically longer than 10 years (please see section 3.3(b) above for a list of crediting period lengths) based on considerations such as industry dynamics that cause the need for more or less frequent assessment of baseline conditions.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 4.3 Are quantified, monitored, reported, and verified

Are procedures in place to ensure that…	
a) emissions units are based on accurate measurements and valid quantification methods/protocols? (*Paragraph 3.3*)	☒ YES
b) validation occurs prior to or in tandem with verification? (*Paragraph 3.3.2*)	☒ YES
c) the results of validation and verification are made publicly available? (*Paragraph 3.3.2*)	☒ YES
d) monitoring, measuring, and reporting of both activities and the resulting mitigation is conducted at *specified intervals* throughout the duration of the crediting period? (*Paragraph 3.3*)	☒ YES
e) mitigation is measured and verified by an accredited and independent third-party verification entity? (*Paragraph 3.3*)	☒ YES
f) *ex-post* verification of mitigation is required in advance of issuance of emissions units? (*Paragraph 3.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through f):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

a) Per ACR Standard Chapter 2 - Section 2.A, all ACR methodologies and projects are required to adhere to rigorous accounting and data quality principles that are set out in ISO 14064 Part 2. Specifically:
    i. Relevance: selection of the GHG sources, GHG sinks, GHG reservoirs, data, and methodologies appropriate to the needs of the intended user;
    ii. Completeness: inclusion of all relevant GHG emissions and removals; inclusion of all relevant information to support criteria and procedures;
    iii. Consistency: enabling meaningful comparisons in GHG-related information; use of consistent methodologies for meaningful comparisons of emissions over time; transparently document any changes to the data, boundary, methods, or any other relevant factors;
    iv. Accuracy: reduce bias and uncertainties as far as is practical;
    v. Transparency: disclosure of sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence; disclosure of any relevant assumptions and appropriate references to the accounting and calculation methodologies and data sources used; and,
    vi. Conservativeness: use of conservative assumptions, values, and procedures to ensure that GHG emission reductions or removal enhancements are not overestimated.

Further, section 2.B.5 of the ACR Standard states that all emission factors employed in a methodology must:

- Derive from a scientific peer-reviewed origin;
- Be appropriate for the GHG source or sink concerned; and
- Take account of quantification uncertainty.

Lastly, the ACR methodology development process is designed to ensure that all projects apply accurate measurement and quantification methods/protocols. Per Chapter 7 of the ACR Standard, all methodologies undergo a rigorous review process to ensure that all ACR methods will result in accurate measurement and quantification techniques employed by each registered project.

b) Validation may occur prior to or in tandem with a project's first verification.

Per ACR Standard Chapter 6: *"Validation and verification may occur simultaneously and must occur prior to issuance of ERTs*."

Per ACR Standard Chapter 9 – Section 9.A: "*Validation and verification may be conducted by the same entity, and may occur simultaneously*."

Per ACR Validation and Verification Standard Chapter 12: "*Note that validation and the first verification may be conducted simultaneously, and may be conducted by the same approved VVB*."

c) Validation and verification reports are always publicly available at the "document" link for each project on the ACR Registry.

Per ACR Standard Chapter 6: *"Upon acceptance of the verification statement, ACR registers the project, posts public project documents, including the validation report, verification report and statement, and the validated GHG Project Plan,…".*
Per ACR Standard Chapter 6 – Section 6.A: *"Upon acceptance of the verification statement, ACR makes the validated GHG Project Plan, validation report, verification report, and statement public on its registry."*
Per ACR Validation and Verification Chapter 7: *"The product of validation is a Validation Report, which is posted publicly by ACR."*
Per ACR Validation and Verification Chapter 12: *"The end products of verification are a Verification Statement and Verification Report. ACR posts both publicly."*

d) Defined intervals are required for reporting and subsequent verification of mitigation activities.
Per the ACR Standard Chapter 6 – Section 6.E: "*Project monitoring reports shall be completed for each verified reporting period. The report shall describe the current status of project operation, and include the data monitored and monitoring plan, and the calculated emission reductions for the reporting period."*
Per the ACR Standard Chapter 9 – Section 9.C: "*ACR requires verification of GHG assertions at specified intervals in order to issue new ERTs. ERTs may be created and issued annually, or at the Project Proponent's request, more or less frequently. At each request for issuance of new ERTs, the Project Proponent must submit a verification statement from an approved verifier. No less than once every 5 years, Project Proponents must submit a verification statement based on a full verification including a field visit to the project site. This 5-year verification requirement begins on the date that the project is listed in the ACR. In the case of sequestration projects, the scope of this verification should include an updated assessment of risk of reversal and an updated buffer determination, as applicable."*
Regarding verification intervals, per the ACR Validation and Verification Standard Chapter 8 – Section 8.C:

i. *A desk-based verification audit at each request for issuance of new ERTs. This is usually conducted annually, but may be more or less frequent at the discretion of the Project Proponent.*
ii. *A full verification including a field visit at the first verification and again at least every 5 years. Field verifications may be conducted more frequently (e.g., in the case of changes in monitoring and data management practices, or for particular project types with material parameters that can only be verified on site). Generally, for most project types, field verification is required at minimum every 5 years.*
iii. *Following any reversal of sequestration that requires updating the project baseline.*

e) Emission mitigation activity is verified by an accredited and independent third-party verification body for each ACR project.
Per the ACR Standard Chapter 9 – Section 9.D: "*VVBs shall be accredited for project validation and verification in the sector of the applicable methodology, and shall meet the competence requirements as set out in ISO 14065:2013."* And, "*All VVBs must be approved by ACR and be accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ACR has a MoU in place.*"
Per the ACR Validation and Verification Standard Chapter 13 – Section 13.A: *"VVBs shall be accredited for project validation and verification in the scope of the applicable methodology, and VVB teams shall meet the competence requirements as set out in ISO 14065:2013. All ACR validators and verifiers must be accredited by*

an accreditation body that is a member of the IAF and with which ACR has a Memorandum of Understanding (MoU), to ISO 14065:2013 (or the latest version of the standard) in the applicable sectoral scope to con-duct validation(s) and/or verification(s).”

f) Ex-post verification of mitigation units is required. ERTs are only granted for actual quantifiable and verifiable GHG emission reductions/removals.

Per the ACR Standard Chapter 1 – Section 1.I: “*A project-based offset is the result of a defined and eligible project action that yields quantifiable and verifiable GHG emissions reductions/removals. ACR will not issue ERTs for GHG emissions reductions or removals when an emission mitigation activity has not occurred or is not yet verified. ACR will not credit a projected stream of offsets on an ex-ante basis.”*

And ACR Standard Table 2 “Eligibility Requirements” in Chapter 3 of the ACR Standard defines real: “*GHG reductions and/or removals shall result from an emission mitigation activity that has been conducted in accordance with an approved ACR Methodology and is verifiable. ACR will not credit a projected stream of offsets on an ex-ante basis.”*

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in “A” that were initiated following the Council’s initial approval of programme eligibility (*if none, “N/A”*):

While not a material update, ACR will soon publish v8.0 of its Standard that will contain changes to align with new ISO terminology: ISO 14064 and 14065 references have been updated throughout to 14064:2019 and 14065:2020 versions. The associated terminology has been updated accordingly: validation/verification “assertions” to validation/verification “statements”; and validation/verification “statements” to validation/verification “opinions”.

Are provisions in place… (*Paragraph 3.3.3*)	
a) to manage and/or prevent conflicts of interest between accredited third-party(ies) performing the validation and/or verification procedures, and the programme and the activities it supports?	☒ YES
b) requiring accredited third-party(ies) to disclose whether they or any of their family members are dealing in, promoting, or otherwise have a fiduciary relationship with anyone promoting or dealing in, the offset credits being evaluated?	☒ YES
c) to address and isolate such conflicts, should they arise?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c):

A. Information contained in the programme’s original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

<u>Original ACR application July 2019</u>:

a) Per the ACR Standard Chapter 9 – Section 9.D: “Prior to commencing validation or verification work on ACR, all VVBs must be in good standing; have completed the application process described at https://americancarbonregistry.org/carbon-accounting/verification/verification, including submitting an application form and Attestation of Validation/Verification Body, which details requirements for accreditation, conflicts of interest, and makeup of the verification teams; document technical capabilities for

each of the sectoral scopes in which the verifier seeks to conduct validation or verification; established their VVB account on ACR; and have submitted a project-specific Conflict of Interest Form for ACR's approval."

ACR requires that all VVBs apply for approval by ACR by submitting an application package in addition to a verifier attestation, which defines the VVB role and responsibilities, ensuring technical capabilities and no conflicts of interest. Validation and verification activities may not be conducted until the VVB has received approval from ACR. Once approved, the VVB's must update ACR immediately about any changes in accreditation status or scope, enforcement activities, investigations, revocations or suspensions of the body itself, or any verifiers working on the VVB's behalf.

Conflict of Interest provision in ACR Verifier Attestation (found here: https://americancarbonregistry.org/carbon-accounting/verification/attestation-of-verification-body-2017.pdf)

Conflict of interest. In connection with any ACR Verification, Verification Body will not conduct verification with respect to any project where the Verification Body or any member of the verification team has a financial interest in the project or corporation, has played a role in developing the project or has any other conflict of interest. (Absent unusual circumstances, validating a monitoring or verification protocol and/or serving as a member of a scientific peer review process does not constitute having a role in developing a project.) Without limiting the foregoing, Verification Body will not conduct verification with respect to a project if an independent observer could reasonably conclude that current or prior personal or business relationships between the Verification Body or verification team member(s) and the project, project proponent or corporation present a conflict of interest. In the verification statement, the verifier will disclose all relationships within the past three years between the Verification Body and verification team members, on the one hand, and the project proponent and project being verified, on the other, and will attest that neither the Verification Body nor any member of the verification team has a conflict of interest with respect to the verification work.

b) All third-parties operating under ACR's program are required to disclose any conflict of interest. ACR requires that all verifiers execute a project-specific conflict of interest disclosure and attestation form, reviewed and approved by ACR prior to initiating any validation or verification work. VVBs must complete the conflict of interest form for each reporting period, regardless of prior approval. (This form can be found here: https://americancarbonregistry.org/carbon-accounting/verification/verification).

Per the ACR Standard Chapter 6 – Section 6.A: "ACR must approve the VVB prior to the start of validation and verification services based on proper accreditation, conflict of interest review, and rotation requirements."
Per the ACR Validation and Verification Standard Chapter 13 – Section 13.A: "VVBs must also complete a project-specific conflict of interest form prior to initiating any validation or verification work. VVBs must complete the conflict of interest form for each reporting period, regardless of prior approval."

c) Per the ACR Validation/Verification Body Project-Specific Conflict of Interest Attestation, a conflict of interest mitigation plan is required to be disclosed in the event that a conflict is identified by a third-party VVB. Per ACR Standard Chapter 9 and ACR Validation and Verification Standard Chapter 13, ACR reviews all Conflict of Interest submittals prior to allowing a VVB to commence validation/verification services. As part of this review

process, any proposed conflict of interest mitigation plan is reviewed and agreed with the VVB.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place requiring that… (*Paragraph 3.3.4*)	
a) the renewal of any activity at the end of its crediting period includes a reevaluation of its baselines, and procedures and assumptions for quantifying, monitoring, and verifying mitigation, including the baseline scenario?	☒ YES
b) the same procedures apply to activities that wish to undergo verification but have not done so within the programme's allowable number of years between verification events?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b), including identifying the allowable number of years between verification events:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
By definition in the ACR Standard, Crediting Periods are established in order to require Project Proponents to re-confirm, at intervals appropriate to the project type, that the baseline scenario remains realistic and credible, the Project Activity remains additional, and the most accurate and technologically up-to-date GHG accounting is being used. ACR's eligibility criteria state that a Project Proponent may apply to renew the Crediting Period by complying with all then-current ACR requirements, re-evaluating the baseline scenario, reconfirming additionality, and using emission factors, tools, and methodologies in effect at the time of renewal, and validating the new GHG Project Plan within one year of the close of the previous crediting period. Except where specified in a methodology, ACR does not limit the number of renewals. An acceptable validation report is necessary for ACR to renew the Crediting Period and continue issuing offsets generated by the project.

For details regarding ACR's requirements to renew a crediting period, please reference section 6.I of the ACR Standard: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place to transparently identify units that are issued *ex ante* and thus ineligible for use in the CORSIA? (*Paragraph 3.3.5*)	☒ YES

Provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
ACR has no need to identify units that are issued ex-ante and thus ineligible for use in the CORSIA because ACR does not credit offsets on an ex-ante basis.

As stated in the ACR Standard, Chapter 1 Section I "*No Ex-Ante Crediting: A project-based offset is the result of a defined and eligible project action that yields quantifiable and verifiable GHG emissions reductions/removals. ACR will not issue ERTs for GHG emissions reductions or removals when an emission mitigation activity has not occurred or is not yet verified. ACR will not credit a projected stream of offsets on an ex-ante basis.*"

Table 2 "Eligibility Requirements" in Chapter 3 of the ACR Standard defines real: "*GHG reductions and/or removals shall result from an emission mitigation activity that has been conducted in accordance with an approved ACR Methodology and is verifiable. ACR will not credit a projected stream of offsets on an ex-ante basis.*"

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 4.4 Have a clear and transparent chain of custody

SECTION III, Part 3.4—Identification and tracking includes questions related to this criterion. No additional information is requested here.

Question 4.5 Represent permanent emissions reductions

List all emissions sectors (if possible, activity types) supported by the Programme that present a potential risk of reversal of emissions reductions, avoidance, or carbon sequestration:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
All project types that claim offset credits from carbon sequestration (in vegetation, soil or geologic) inherently have a risk of reversal. ACR project types for which this is relevant include:

- Afforestation and Reforestation of Degraded Lands
- Improved Forest Management (IFM) for Non-Federal U.S. Forestlands
- Compost Additions to Grazed Grasslands
- Restoration of California Deltaic and Coastal Wetlands
- Restoration of Degraded Wetlands of the Mississippi Delta
- Restoration of Pocosin Wetlands
- Carbon Capture and Storage Projects
- Avoided Conversion of Grasslands and Shrublands to Crop Production

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

What is the minimum scale of reversal for which the Programme provisions or measures require a response? (Quantify if possible)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
There is no minimum threshold for reversal reporting and compensation. ACR requires reporting and compensation of reversals of any nature (intentional or unintentional) and of any scale.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

For sectors/activity types identified in the first question in this section, are procedures and measures in place to require and support these activities to…	
a) undertake a risk assessment that accounts for, *inter alia*, any potential causes, relative scale, and relative likelihood of reversals? (*Paragraph 3.5.2*)	☒ YES
b) monitor identified risks of reversals? (*Paragraph 3.5.3*)	☒ YES
c) mitigate identified risks of reversals? (*Paragraph 3.5.3*)	☒ YES
d) ensure full compensation for material reversals of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA? (*Paragraph 3.5.4*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:

a) Detailed descriptions and requirements for reversal risk mitigation are included in the ACR Standard, Chapter 5 Permanence. ACR defines two types of reversals; intentional and unintentional. Intentional reversals are those that arise from willful acts that release sequestered CO_2e back into the atmosphere. Examples of intentional reversals include over-harvesting timber stocks, converting a grassland into agriculture, or draining a peatland for terrestrial activities and, for geologic sequestration, the release of stored CO_2 that is intentional or that is a collateral effect of any planned activities affecting the storage volume. These willful, intentional acts result in the release of stored carbon, and must be compensated by the project proponent. Unintentional reversals are those that arise from natural disturbances including, fire, disease, pest infestation, or floods, among others for terrestrial activities and unanticipated release of CO_2 for geologic projects.

For terrestrial sequestration projects, ACR requires risk to be assessed using the ACR Tool for Risk Analysis and Buffer Determination, which is found here: https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates/acr-risk-tool-v1-0.pdf/view. The contribution to the buffer pool is based on the result of the (unintentional reversal) risk assessment using the ACR Tool for Risk Analysis and Buffer Determination. The assessment results in an overall risk rating for the project, which ranges from 13% to 33%, based on general and project-specific risk factors. The resulting percentage is deposited to the buffer pool at each issuance. While project size (offset volume) is not the basis for buffer pool contributions, larger projects generally contribute larger volumes proportionally (x% of a high-volume project results in more credits than the same % of a smaller volume project).

The risk assessment requires scoring risks in categories including financial risk, project management risk and social and political risk and assesses the likelihood of natural disasters by assigning a higher risk to areas more prone to fire, disease, pests and water table changes. A deduction in the overall risk percentage is reduced if verifiable evidence can be provided of a legally binding and enforceable conservation easement that requires the protection of carbon stocks for the life of the project.

The ACR Buffer Terms and Conditions is in Appendix B of the ACR Standard, and also as an annex to the ACR Risk Mitigation Agreement, included as Attachment A. The Buffer Terms and Conditions outline the ACR requirements and procedures related to risk mitigation and reversal. Section 1.4 of the Buffer Terms and Conditions states the following:

"ASSESSMENT OF RISK. For AFOLU projects that have risk of Reversal, Project Proponent shall conduct a risk assessment addressing both general and project-specific risk factors using the ACR Tool for Risk Analysis and Buffer Determination. The output of the tool is an overall risk rating percentage for the project, translating into a number of offsets that will be deposited in the ACR Buffer Pool Account to mitigate the risk of reversals at the time of each issuance, the Minimum Buffer Percentage. The risk assessment, overall risk category and Minimum Buffer Percentage, and calculated buffer contribution amount shall be included in the GHG Project Plan. ACR evaluates the overall risk category and corresponding buffer contribution, and the VVB evaluates whether the risk assessment has been conducted correctly. If no Reversals occur, the project's risk category and Minimum Buffer Percentage shall remain unchanged for five years. The risk analysis must be re-evaluated every five years, coincident with the interval of required site visit verification except in the event of a Reversal, in which case the risk category and Minimum Buffer Contribution shall be re-assessed and re-verified immediately."

Further, each project must execute and submit the ACR Risk Mitigation Agreement, a legally binding contract, prior to offset credit issuance. This agreement lays out the obligations of the project proponent to both mitigate risk and compensate for reversals.

Geologic sequestration projects (CCS) do not undergo a project-specific reversal risk assessment, rather ACR requires CCS project proponents to monitor and quantify any atmospheric leakage during the entire project term which includes the CO_2 injection period and a post-project monitoring period that is determined according to the procedures discussed in the methodology. (To summarize, post injection monitoring is required until CO_2 plume stability is demonstrated for at least five years ensuring no atmospheric leakage). Projects must demonstrate

proof of insurance (acceptable to ACR) or contribute 10% of the project's offset credits to a Reserve Account, managed by ACR, from which offsets will be retired in the event of an unintentional reversal (atmospheric leaks of $CO_{2)}$ during the Project Term.

Note, there are physical limits to how much and how fast CO_2 can be released from an underground formation. During the active injection phase, releases will be detected quickly from changes in pressure and a range of corrective actions can be taken to minimize the size of a release. Research and experience from decades of EOR demonstrate low risk of releases to the atmosphere from geologic sequestration for EOR at properly mapped and managed sites. ACR's 10% Reserve Account (buffer pool) contribution is a conservative estimate of the potential risk of release. To date there have been no known releases exceeding 1% of the CO_2 injected for EOR. Draft California rules recommend 3% to 11% contribution to a buffer pool for CCS. It is also important to note that the 10% Reserve Account contribution is not designed to compensate for reversals post project-term or for a "worst-case scenario" or intentional reversal, the procedures for which are described under c) below.

b) All ACR projects with reversal risk must adhere to ongoing monitoring requirements as detailed in relevant methodologies, including ongoing verification during the Minimum Project Term.

For terrestrial sequestration projects, the Risk Assessment is subject to review at every verification, no less than every five years. This is stated in Section 9.C of the ACR Standard, as well as in Section 6.E of the ACR Validation and Verification Standard. This Section states:

"GHG reductions/removals from terrestrial sequestration or carbon storage activities are impermanent in the sense that they may be subject to some risk of future reversal, including unintentional reversals (e.g., fire, flood, and insect infestation for terrestrial projects) and intentional reversals (e.g., landowners or project participants choosing to discontinue project activities).

For AFOLU projects with a risk of reversal of GHG emission reductions/removals, Project Proponents must assess risk using an ACR-approved risk assessment tool and enter into a legally binding Reversal Risk Mitigation Agreement with ACR. Project Proponents must then mitigate reversal risk by contributing offsets to the ACR Buffer Pool (either from the project itself, or ERTs of any other type and vintage); by providing evidence of sufficient insurance coverage with an ACR- approved insurance product to recover any future reversal; or by using another ACR-approved risk management mechanism[10].

The VVB shall review the AFOLU Project Proponent's project-specific risk assessment, which must be conducted using the ACR Tool for Risk Analysis and Buffer Determination, and its chosen risk mitigation mechanism, supporting documentation, and analytics. The VVB shall also review the risk reversal mitigation measures implemented to ensure they are consistent with the terms set forth in the ACR AFOLU Carbon Project Reversal Risk Mitigation Agreement.

Note that ACR requires that the risk analysis and corresponding buffer contribution (if applicable) be evaluated in

[10] Please note that while ACR has a provision allowing for approved insurance mechanisms in lieu of the buffer pool, no insurance products are currently approved for use. For any approved insurance product, ACR would have a legal agreement in place with the insurer defining all terms and conditions and requirements for reversal risk compensation.

the GHG Project Plan. This will be included in ACR's eligibility screening report. The VVB shall independently evaluate whether the risk assessment has been conducted correctly."

For Geologic Sequestration, ACR requires a project-specific plan to monitor the field pressures and the underground plume of CO_2. Project Proponents are required to demonstrate that the CO_2 captured and stored is permanently sequestered underground through detailed post-injection monitoring, required until it can be verified that no migration of injected CO_2 is detected across the boundaries of the storage volume and the modeled failure scenarios indicate that the CO2 will remain contained within the storage volume. The Risk Mitigation Covenant details ongoing monitoring requirements.

c) For terrestrial sequestration projects, ACR mitigates reversal risks through the legally binding AFOLU Carbon Project Reversal Risk Mitigation Agreement and Buffer Pool Terms and Conditions, which dictates requirements for a Buffer Pool contribution. The Reversal Risk Mitigation Agreement [**BUSINESS CONFIDENTIAL**] is form agreement included as Attachment A. This Agreement must be executed prior to any offset credit issuance, and outlines the requirement to 1) Assess risk 2) Mitigate risk through an ACR mechanism 3) Comply with the risk mitigation requirements including notifying ACR of the reversal, completing a verification to quantify the reversal amount, and 4) compensating for the reversal as applicable. This is further described in number 4 below.

In addition to requiring a buffer pool contribution, ACR allows projects to propose alternative risk mitigation mechanisms, such as another offset credit insurance pool. However, at this time, there are no approved risk mitigation mechanisms apart from the ACR Buffer Pool.

For geologic sequestration projects, requirements for monitoring, reporting and mitigation / compensation for reversals during the project term are detailed in the applicable methodology (e.g. sections 5.4 and 6.3 in the CCS methodology). To cover liability of atmospheric leakage (reversal), Project Proponents can purchase private insurance designed to cover damages associated with releases, including third-party liability and liability to ACR, and those resulting from lost credits due to reversals. Insurance premiums would be paid by the Project Proponent to the insurance company, and, in the event of CO_2 leakage to the atmosphere, the insurance company would cover obligations to compensate for reversals in GHG emissions reductions (e.g., purchase and retire ACR offset credits).

In lieu of insurance, Project Proponents may opt to contribute to an ACR Reserve Account. Each year the Project Proponent would deposit 10% of the project's offset credits in the Reserve Account. In the event of reversals, a debit shall be measured and reported, verified, and reconciled by the Account by retiring offset credits from the Reserve Account.

Mitigation post project-term is covered under a Risk Mitigation Covenant filed in the real property records of each county, parish and other governmental subdivision that maintains real property records showing ownership of and encumbrances on real property in the jurisdictions in which the CO_2 storage volume is located, prohibiting any intentional reversal (e.g., release of stored CO_2 that is intentional or that is a collateral effect of any planned activities affecting the storage volume) unless measures are taken in advance to compensate for the reversal by

replacing the reversed offset credits for ACR's retirement pursuant to a plan acceptable to ACR.

d) AFOLU reversals must be reported and compensated following requirements detailed in the ACR AFOLU Carbon Project Reversal Risk Mitigation Agreement and the Buffer Pool Terms and Conditions. ACR's stringent procedures and legally binding Risk Mitigation Agreement ensures that all reversals are compensated in a timely manner.

If ACR is approved to supply units under CORSIA, requirements will promptly be added to applicable ACR Program rules to ensure that buffer contributions and reversal compensation for CORSIA units shall only be done with CORSIA-eligible offset credits.

Section 5 of the Risk Mitigation Agreement, and section B.5 of the ACR Buffer Terms and Conditions describe the ACR requirements related to compensation of reversals, which are summarized here:

i. A project proponent must notify ACR of a reversal (both intentional and unintentional) immediately upon discovery or knowledge of the reversal. Such notice must include an estimate of the size of the reversal, the "Estimated Lost Offset Amount".
ii. In all cases (regardless of the type of reversal) the project proponent must comply with ACR requests for additional information and analyses relating to the reversal, and must have the reversal volume verified by an accredited verification body with 6 months of reporting the reversal. The final volume is referred to as the "Verified Lost Offset Amount".
iii. In the case of an unintentional reversal, ACR will then cancel a number of offsets equal to the "Estimated Loss Amount" from the ACR Buffer Pool. If the Lost Offset Amount from the Reversal exceeds the Proponent's Buffer Contributions to date, the Project Proponent shall pay a "deductible" of 10% of the Lost Offset Amount, depositing this additional offset amount in the ACR Buffer Pool within thirty (30) days of the cancelation, and the Buffer Pool covers the remainder. The deductible contribution may be of ACR offsets of any type and vintage. Following unintentional reversals, the Proponent is not required to replenish the buffer unless the Minimum Buffer Percentage increases based on the risk assessment update. If the Verified Lost Offset Amount is greater than the Estimated Lost Amount, ACR will cancel from the Buffer Pool the difference.
iv. In the case of an intentional reversal, ACR will then cancel the number of offsets equal to the "Estimated Loss Amount" from the project proponent's ACR account or from the buffer pool. The project proponent must compensate by reimbursing the buffer pool with the Estimated Loss Amount within 30 days of the reporting the reversal. This Buffer Contribution may be made using ACR offsets of any type or vintage. If the Project Proponent does not make this Buffer Contribution within thirty (30) days, ACR retains the right to freeze the account and use any existing offsets to compensate for the Reversal.
v. Projects will terminate automatically if a Reversal causes project stocks to decrease below baseline levels prior to the end of the Minimum Project Term. In cases where this decrease is intentional (e.g., forest conversion or over-harvesting) the project proponent shall compensate for all issued offsets to that project. In cases where this decrease in unintentional the buffer pool will compensate for the reversal.

vi. Project proponents that choose to terminate early (i.e., prior to the Minimum Project Term of 40 years) ACR assumes that all offset credits issued to the project to date are lost due to an intentional reversal and must be compensated by the project proponent.

Geologic sequestration reversals must be reported and compensated following requirements as detailed in applicable methodology (e.g. Section 5.4 and 6.3 in the CCS methodology). In the event of reversals during the project term, the quantity shall be measured and reported, verified and compensated through insurance or by retiring offset credits from the Reserve Account. Reversals post-Project Term are compensated as outlined in the Risk Mitigation Covenant, which prohibits any intentional reversal unless there is advance compensation to ACR. The Risk Mitigation Covenant shall require that the Project Proponent and the owner of the property notify ACR upon discovery of the occurrence of or plans to conduct any activity that results in a reversal, shall require that the Project Proponent and owner of the property submit an annual attestation of compliance to ACR, and shall afford ACR an access right to the property in order to conduct inspections. The obligations under the Risk Mitigation Covenant shall be secured by a lien in favor of ACR against the CO_2 and the pore space comprising the CO_2 storage volume, which lien shall be included in the Risk Mitigation Covenant.

Clarifications to TAB October 2019:

Can ACR explain why there are no provisions for CCS activities to conduct a reversal risk assessment?

ACR conservatively assesses reversal risk during the project term to be 10% and requires a contribution to a Reserve Account in this amount, as described below. Requiring a project-specific risk-based assessment of reversal from a CCS project is challenging given the variability of complex factors involved in the mechanics of trapping CO_2 in a subsurface that affect the potential for release (reversal of stored CO_2). The risk of release varies depending on factors including the geologic formation, fault structure and the age and extent of subsurface penetrations. The risk of releases also varies over time, declining once the injection period ceases and field pressure stabilizes or declines.

The ACR CCS methodology recognizes this variability and requires a complete characterization of the formation in which CO_2 injections will occur and a **project specific monitoring plan**. The characterization must demonstrate that the targeted formation possesses sufficient volume and injectivity to contain the proposed storage volume of CO_2 and map geologic faults, fractures and fissures as well as operating, closed and abandoned wells. Monitoring focuses on tracking field pressures and the underground plume of CO_2. Field pressures are kept lower than the initial field pressure and a stable plume shows the CO_2 is permanently sequestered underground.

ACR requires CCS project proponents to monitor and quantify any atmospheric leakage during the entire project term which includes the CO_2 injection period and a post-project monitoring period. Monitoring is required until it can be verified that no migration of injected CO_2 is detected across the boundaries of the storage volume and the modeled failure scenarios indicate that the CO_2 will remain contained within the storage volume. In summary, post injection monitoring is required until CO_2 plume stability is demonstrated for at least five years ensuring no atmospheric leakage.

To complement the strict monitoring requirements, ACR requires two separate and distinct reversal risk mitigation

measures. The first is that project proponents must contribute 10% of credits to a Reserve Account, which will compensate for any leakage during the project term (at the end of the post-injection monitoring period as described above). In the unlikely event that, during the project term, atmospheric leakage exceeds a project's Reserve Account contributions, the Project Proponent is required to mitigate any unreconciled quantity through deposit of sufficient credits for ACR's cancelation within 45 days.

ACR's 10% Reserve Account (buffer pool) contribution is a conservative estimate of the potential risk of release. Research and experience from decades of enhanced oil recovery (EOR) demonstrate very low risk of releases to the atmosphere from geologic sequestration for enhanced oil recovery at properly mapped and managed sites. To date there have been no known releases exceeding 1% of the CO_2 injected for EOR. Similarly, California LCFS rules require 3% to 11% contribution to a buffer pool for CCS. The reason the risk for release is low is that there are physical limits to how much and how fast CO_2 can be released from an underground formation. During the active injection phase, releases will be detected quickly from changes in pressure. When releases are detected, there is a range of corrective actions that can be taken to minimize the size of a release.

The second measure required by ACR is monitoring, reporting and compensation for reversals post project-term per the terms of a Risk Mitigation Covenant filed in the real property records of each county, parish and other governmental subdivision that maintains real property records showing ownership of and encumbrances on real property in the jurisdictions in which the CO_2 storage volume is located. The Covenant shall prohibit any intentional reversal (e.g., release of stored CO_2 that is intentional or that is a collateral effect of any planned activities affecting the storage volume) unless measures are taken in advance to compensate for the reversal by replacing the reversed offset credits for ACR's retirement pursuant to a plan acceptable to ACR.

The Risk Mitigation Covenant shall require that the Project Proponent and the owner of the property notify ACR upon discovery of the occurrence of or plans to conduct any activity that results in a reversal, shall require that the Project Proponent and owner of the property submit an annual attestation of compliance to ACR, and shall afford ACR an access right to the property in order to conduct inspections. The obligations under the Risk Mitigation Covenant shall be secured by a lien in favor of ACR against the CO_2 and the pore space comprising the CO_2 storage volume, which lien shall be included in the Risk Mitigation Covenant.

Have any project proponents proposed and been permitted to use an alternative reversal risk compensation mechanism? If so, please describe, including how ACR determined that the measure was functionally equivalent to its buffer approach.

No project proponent has proposed or been permitted to use an alternative reversal risk compensation mechanism (to the ACR buffer pool). While ACR has a provision allowing for approved insurance mechanisms in lieu of the buffer pool, no insurance products are currently approved for use. For any approved insurance product, ACR would have a legal agreement in place with the insurer defining and agreeing to all terms and conditions and requirements for reversal risk compensation as outlined in the AFLOU reversal risk mitigation agreement.

Our assumption is that any insurer would base a reversal risk rating on actuarial data, which would be likely to include, but may not be limited to the categories in the ACR risk assessment. The risk rating process that would be applied would result in a range of insurance premiums to the project proponent (with the projects that are

deemed higher risk paying higher premiums). The risk assessment and results would not be germane to ACR as long as the insurer is willing to be legally bound to the terms of the AFOLU reversal risk mitigation agreement and to fully compensate for all reversals by purchasing and having ACR cancel (qualified) offset credits for the reversed volume per the ACR requirements.

Questions from ACR Live Discussion with TAB November 2019:

Do ACR's CCS / EOR "leakage" risk assessment and accounting measures take into account end use emissions (market or activity-shifting leakage), and if so can they documentation containing those procedures, and if not can ACR provide a further explanation as to why this is seen as unnecessary? Has there been any US-based analysis that underpins their assumptions?

Physical leakage of CO_2 or methane from underground reservoirs would be a "reversal." EOR sites are in geologic formations that contained oil or gas which have characteristics that make leaks of CO_2 unlikely. The most likely pathway for leaks is from abandoned wells that are inadequately sealed. ACR requires CCS project proponents monitor and quantify and atmospheric leakage during the entire project period which includes the CO_2 injection period and the post injection monitoring period. The methodology addresses this type of leakage with two separate and distinct measures: 1) The use of a Reserve Account to which each project proponent must contribute 10% of its credits to compensate for leakage during the injection and post-injection monitoring term and requirement that the project proponent mitigate any quantity leaked that exceeds the 10% contribution to the Reserve Account within 45 days; and 2) Execution of a Risk Mitigation Covenant filed in the real property records of the relevant jurisdiction that prohibits intentional reversals during the post-project term without full compensation in advance (if known) or within 45 days. To date in the U.S., there has been no known release exceeding 1% of the CO_2 injected for EOR.

Could you explain a little more about how the buffer pool works as a tool to manage reversal risk, and how that would help ensure the *full* compensation of any reversals of mitigation used in CORSIA?

ACR requires that the project proponent contribute the equivalent of 10% of its credits to a Reserve Account (buffer pool). The percentage contribution required is based on a conservative estimate of the potential risk of release based on experience from decades of EOR, which has shown no known release of CO_2 exceeding 1% of the CO_2 injected. During the active injection stage when leaks are most likely to occur, required monitoring systems detect leaks quickly from changes in field pressure. Since the methodology was approved, research and testing has increased confidence in the use of pressure sensors to detect leaks. When leaks are detected, there is a range of corrective actions that can be taken. Companies have strong financial incentives to act quickly. Project proponents are required to report leaks and fully compensate any leakage that occurs during the project term through the end of the post-injection monitoring term from the Reserve Account. In the unlikely event that a leak exceeds a project's reserve contributions, the project proponent is required to deposit enough credits to mitigate any unreconciled amount within 45 days.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Are provisions in place that… (*Paragraph 3.5.5*)	
a) confer liability on the activity proponent to monitor, mitigate, and respond to reversals in a manner mandated in the programme procedures?	☒ YES
b) require activity proponents, upon being made aware of a material reversal event, to notify the programme within a specified number of days?	☒ YES
c) confer responsibility to the programme to, upon such notification, ensure and confirm that such reversals are fully compensated in a manner mandated in the programme procedures?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c), including indicating the *number of days within which activity proponents must notify the programme of a material reversal event*:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

a) For terrestrial sequestration projects, ACR requires all project proponents to execute a legally binding Risk Mitigation Agreement (a proprietary and confidential legal document included as **BUSINESS CONFIDENTIAL** Attachment A). This agreement must be executed jointly by Winrock International (ACR's parent company) and the project proponent, and submitted to ACR prior to any offset credit issuance. The Risk Mitigation agreement outlines the following:
    - Requires proponent to assess risk of reversal.
    - Requires proponent to update risk of reversal at regular intervals.
    - Requires proponent to contribute to the buffer pool (or other approved mitigation mechanism).
    - Requires proponent to report and estimate reversal within 10 days of discovery.
    - Requires proponent to verify estimated reversal within 6 months.
    - Requires proponent to compensate for reversal when intentional, or when buffer contribution to date is insufficient to cover.
    - Defines default and remedies.

Geologic sequestration projects, must monitor, report and compensate reversals by contributing ACR offset credits to the ACR Reserve Account; providing evidence of sufficient insurance coverage with an ACR-approved insurance product to recover any future reversal; or using another ACR-approved risk mitigation mechanism. ACR requires geologic sequestration Project Proponents to use approved methodologies that assure permanence including ongoing QA/QC and long-term monitoring and reversal risk mitigation measures. Monitoring, reporting and compensation for reversals post project-term are covered under a Risk Mitigation Covenant filed in the real property records of each county, parish and other governmental subdivision that maintains real property records showing ownership of and encumbrances on real property in the jurisdictions in which the CO2 storage volume is

located, prohibiting any intentional reversal (e.g., release of stored CO2 that is intentional or that is a collateral effect of any planned activities affecting the storage volume) unless measures are taken in advance to compensate for the reversal by replacing the reversed offset credits for ACR's retirement pursuant to a plan acceptable to ACR. Atmospheric leakage (reversal) mitigation procedures are outlined in table 6.4 in the ACR CCS methodology.

b) The ACR AFOLU Carbon Project Reversal Risk Mitigation Agreement requires project proponents to report a reversal immediately, but no later than 10 days of becoming aware of it. There is no materiality threshold – all reversals must be reported.

   Geologic sequestration projects must notify ACR upon discovery of a reversal (per section 5.4 of the CCS methodology that details requirements of the Risk Mitigation Covenant). The Risk Mitigation Covenant shall require that the Project Proponent and the owner of the property notify ACR upon discovery of the occurrence of or plans to conduct any activity that results in a reversal, shall require that the Project Proponent and owner of the property submit an annual attestation of compliance to ACR, and shall afford ACR an access right to the property in order to conduct inspections. ACR retains the right to freeze the Proponent's project account and retire any existing offset credits to mitigate the unreconciled quantity.

c) For terrestrial projects, the ACR Buffer Terms and Conditions sets out the process that is undertaken by ACR program staff when notified of a reversal. This process includes canceling offset credits upon notification of a reversal to ensure immediate compensation and wholeness of the program and verification of the reversed volume within six (6) months. Compensation for intentional and unintentional reversals must occur within 30 days per Section B.5 of the Buffer Pool Terms and Conditions of the ACR Standard.

   For geologic sequestration projects, reversals must be reported and compensated within 45 days (per section 6.3 of the CCS methodology) following requirements as detailed in applicable methodology (e.g. Section 5.4 and 6.3 in the CCS methodology). In the event of reversals during the project term, the quantity shall be measured and reported, verified, and compensated through insurance or by retiring offset credits from the Reserve Account. Reversals post-Project Term are compensated as outlined in the Risk Mitigation Covenant, which prohibits any intentional reversal unless there is advance compensation to ACR.

Questions from TAB October 2019:

Are there a specified number of days within which CCS activity proponents must notify ACR of a reversal event (and if so, please indicate where this can be found in program documentation)?

Geologic sequestration projects must notify ACR of a reversal within 45 days (per section 6.3 of the CCS methodology) following requirements as detailed in applicable methodology (e.g. Section 5.4 and 6.3 in the CCS methodology). In the event of reversals during the project term, the quantity shall be measured and reported, verified, and compensated through insurance or by retiring offset credits from the Reserve Account. Reversals post-Project Term are compensated as outlined in the Risk Mitigation Covenant, which prohibits any intentional reversal unless there is advance compensation to ACR. The Risk Mitigation Covenant shall require that the Project Proponent and the owner of the property notify ACR upon discovery of the occurrence of or plans to conduct any activity that have or will result in a reversal, shall require that the Project Proponent and owner of the property submit an annual attestation of compliance to ACR, and shall afford ACR an access right to the property in order to conduct inspections.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Does the programme have the capability to ensure that any emissions units which compensate for the material reversal of mitigation issued as emissions units and used toward offsetting obligations under the CORSIA are fully eligible for use under the CORSIA? (*Paragraph 3.5.6*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
The ACR registry allows the specification of project type and vintage of all credits used for compensating reversals and for buffer contributions. Therefore, as mentioned in section 3.5(c), ACR can easily ensure that all offset credits contributed to the buffer pool and used for reversal compensation for ICAO-eligible projects meet ICAO EUC in terms of project type, vintage or other specified requirements.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Would the programme be willing and able, upon request, to demonstrate that its permanence provisions can fully compensate for the reversal of mitigation issued as emissions units and used under the CORSIA? (*Paragraph 3.5.7*)	☒ YES

Original ACR application July 2019:
ACR is willing and able to demonstrate that our permanence provisions can fully compensate for the reversal of emissions units and used under the CORSIA. ACR is confident that our AFOLU buffer pool, combined with risk mitigation procedures, is more than adequate to cover any reversal(s) that might occur. Since the buffer pool is only used for compensating unintentional reversals, and a penalty (additional buffer contribution) is assessed for any unintentional reversal that exceeds cumulative buffer contributions, it is extremely unlikely that a reversal large enough to deplete the pool would occur. No unintentional reversals have been reported to have occurred to date.

As of June 2019, the average buffer pool contribution from active AFOLU projects is 22%. Only one project has issued more credits than are currently in the buffer pool. However, that project is an aggregated reforestation project that includes over 450 landowners over an extended geographic region (120,000+ acres), so an unintentional reversal that exceeds the buffer pool is exceptionally unlikely. Further, 76% of buffer credits are from non-reversible sources such as landfill gas capture and combustion (24% are from the forest projects themselves). The 76% from non-reversible tonnes strengthens the buffer pool by protecting against black swan

events such as an entire project being reversed unintentionally, which would also reverse any buffer pool contribution from the project itself. Additionally, that over 65% of the issued credits being backed by the buffer are from two aggregated projects that include ~500 landowners further diversifies the reversal risk.

In summary, a critical factor for the proper functioning of a buffer pool is to have adequate contributions from a pool of projects, and the larger and more diverse the project pool the better. Additional protection is provided by allowing buffer pool contributions from non-reversible offsets. The ACR buffer pool adequately incorporates both of these features.

Question 4.6 Assess and mitigate against potential increase in emissions elsewhere

List all emissions sectors (if possible, activity types) supported by the programme that present a potential risk of material emissions leakage:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

Activity types that present potential risk of material emissions leakage in the ACR program include Improved Forest Management and Avoided Conversion of Grasslands, and to a lesser degree, Wetland Restoration, Afforestation/Reforestation, and Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use. While it is generally acknowledged that land-based carbon offset sectors may be susceptible to leakage, this mere potential does not make susceptible project sectors unattractive. The inclusion of conservative measures to estimate and account for leakage ensures the integrity of emissions reductions resulting from an offset project or program.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A except to note that new methodologies and methodology updates continue in normal course of business and, as applicable, incorporate measures to account for leakage as described in our ICAO application.

Are measures in place to assess and mitigate incidences of material leakage of emissions that may result from the implementation of an offset project or programme? (*Paragraph 3.6*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

For the project types listed above, leakage mitigation is addressed in each methodology by requiring deductions of offset credits from each issuance. Deductions range from 10% - 40% depending on the methodology, and in all cases, are deemed conservative and likely to over-compensate for leakage.

The ACR Standard Section A.4.8 and ACR Validation and Verification Standard Section 9.H detail requirements to

assess and mitigate leakage. Risk of leakage must be considered for any project type under ACR, and must be quantified or estimated and compensated for in all cases where it is deemed greater than ACR's *de minimis* threshold of 3%. Procedures to assess and quantify leakage for particular project types are defined within each relevant methodology.

Clarification Questions from TAB October 2019:

Why is leakage risk not assessed and quantified for each individual CCS activity?

As discussed in the answer to question 4.1, ACR's CCS methodology includes extensive monitoring and mitigation requirements to account for atmospheric leakage of any CO_2 that may be released from a CO_2 injection site. This physical "atmospheric" leakage of CO_2 from the pore space (a reversal) is distinct from the leakage assessment for "market-shifting" or "activity-shifting" leakage.

These types of leakage would occur if a CCS project resulted in displacement of CO_2 emissions outside of the project boundary (activity-shifting) or caused an increase in CO_2 emissions by disrupting supply/demand equilibriums by causing other market actors to change activities in ways that increased CO_2 emissions (market-shifting). Most CO_2 used for EOR comes from natural sources. Anthropogenic sources of CO_2 are far more expensive to acquire than natural sources so no one would produce CO_2 for the purpose of sequestering it. Increased use of anthropogenic sources simply displaces natural sources that would otherwise stay in the ground. Neither activity-shifting or market shifting leakage would occur as a result of a CCS project as injection of anthropogenic CO_2 for geologic storage would not cause emissions to be displaced/increased outside of the project boundary.

Every life cycle analysis of which ACR is aware has demonstrated a strong life cycle emissions reduction benefit associated with oil produced from EOR. In an oft cited and comprehensive study on storing CO_2 through EOR, the International Energy Agency calculated a 63% net emissions reduction in CO_2 emissions from EOR[11][12]. This is an important point as EOR can and is conducted using other gases (such as naturally occurring CO_2 or nitrogen) or through thermal injection. EOR projects will occur even without the availability of anthropogenic CO_2 but only those injecting anthropogenic CO_2 achieve distinct and significant climate benefits. On this point, the same IEA study estimates that up to 360 *billion* tonnes of CO_2 could be stored through CCS-EOR.

Questions from Live Discussion with TAB November 2019:

Do ACR's CCS / EOR "leakage" risk assessment and accounting measures take into account end use emissions (market or activity-shifting leakage), and if so can they documentation containing those procedures, and if not can ACR provide a further explanation as to why this is seen as unnecessary? Has there been any US-based analysis that underpins their assumptions?

Market leakage is based on additional emissions that would result from additional extraction of oil made possible by the EOR technology. At the time the methodology was approved, usage rates for anthropogenic CO_2 for EOR were less than one percent of anthropogenic CO_2 emitted to the atmosphere from industrial sources

[11] IEA, Storing CO2 through enhanced oil recovery-Combining EOR with CO2 storage (EOR+) for profit, International Energy Agency Insights Series, Paris, France, 2015.

[12] CATF, The Emission Reduction Benefits of Carbon Capture Utilization and Storage using CO_2 Enhanced Oil Recovery, accessed online July 16, 2018, http://www.catf.us/resources/factsheets/files/CO2_EOR_Life_Cycle_Analysis.pdf

and its use was deemed not common practice. At that time and through today, the majority of CO_2 used for EOR comes from natural sources. Increased use of anthropogenic CO_2 will either increase the amount of oil recovered using EOR or displace natural source (keeping this natural CO_2 sequestered). Several studies have been carried out documenting the decrease in overall life cycle emissions for oil recovered using CCS [13] [14] . We do not see any potential that the ability to extract additional oil from existing reservoirs by sequestering CO_2 will lead to increased consumption of oil. Instead, it should significantly reduce the life-cycle emissions from the oil that is used during the transition to carbon neutral systems.

Current CCS technologies for EOR are not cost effective at low oil prices. Over the past six years, more than two thirds of planned CCS projects have been cancelled. With current technology, it requires between 0.3 and 0.6 tons of CO_2 per barrel of oil recovered using CCS for EOR. Based on data from proprietary sources, the current amount of CO_2 used for EOR yields less than one day of world oil consumption. Even in the United States, CO_2 EOR production only accounts for approximately 6% of onshore oil production. Current and projected prices for carbon sequestration at current and projected oil prices do not provide sufficient financial incentive for additional capture and storage of anthropogenic CO_2. We do not see potential for market or activity shifting leakage.

ACR tracks CCS market and policy developments through our participation as a member of the Carbon Capture Coalition, a nonpartisan industry and science coalition supporting the development and adoption of carbon capture technology, formerly known as the National Enhanced Oil Recovery Initiative (NEORI), was launched in 2011 by the **Center for Climate and Energy Solutions (C2ES)** and the **Great Plains Institute** to help realize the full potential of carbon capture as a national energy, economic, and environmental strategy. We also frequently engage with CCS experts and follow developments from the annual CO_2 meeting that takes place in Midland, Texas: https://www.co2conference.net/agenda/2019-carbon-management-workshop/

At the Montreal meeting, we also explained why we approved a methodology for CCS for EOR. Achieving emissions reduction goals called for in the IPCC 1.5° C report requires actions across all sectors. Oil produced by injecting and capturing CO_2 in oil and gas reservoirs has significantly lower life-cycle emissions compared to other sources of oil[15]. Experience gained will advance knowledge and accelerate development of the much larger-scale storage opportunities in saline aquifers such as those in the southern U.S., which have the capacity to store close to six trillion tons of CO_2 compared to five billion tons for EOR sites[16].

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

[13] Cooney et al, 2015. "Evaluating the Climate Benefits of CO_2-Enhanced Oil Recovery Using Life Cycle Analysis". Environmental Science & Technology, 49, 7491-7500
[14] Azzolina et al 2016. "How green is my oil? A detailed look at greenhouse gas accounting for CO_2-enhanced oil recovery (CO_2-EOR) sites". International journal of Greenhouse Gas Control 51 (2016) 369-379
[15] Nunez-Lopez, V and E. Moskal. "Potential of CO_2-EOR for Near Term Decarbonization". Frontiers in Climate, September 2019. https://doi.org/10.3389/fclim.2019.00005
[16] Nagabhusan, D. "Leveraging Enhanced Oil Recovery for large-Scale Saline Storage of CO_2". Clean Air Task Force, 24 Jun 2019. https://www.catf.us/2019/06/leveraging-enhanced-oil-recovery-for-large-scale-saline-storage-of-co2/

Are provisions in place requiring activities that pose a risk of leakage when implemented at the project level to be implemented at a national level, or on an interim basis on a subnational level, in order to mitigate the risk of leakage? (*Paragraph 3.6.2*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

At this time ACR does not implement sectoral, national or subnational level crediting. Based upon studies examining leakage across varying geographic scales (Chomitz 2002; Gan and McCarl 2007; Wear and Murray 2004) as well as principles of market elasticity, leakage at the scale of U.S. based offset projects is mitigated by applying a scientifically-based, conservative deduction at the time of issuance.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Are procedures in place requiring and supporting activities to monitor identified leakage? (*Paragraph 3.6.3*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

All projects must monitor leakage at each verification. The ACR Validation and Verification Standard, section 6.F, states the following:

Leakage is an increase in GHG emissions or decrease in sequestration outside the project boundaries that occurs because of the project action. ACR requires Project Proponents to account for, and mitigate leakage, and provide documentation to support mitigation assertions if the ACR Standard or approved methodology requires it. Project Proponents must deduct leakage that significantly reduces the GHG emissions reduction and/or removal benefit of the project. Specific leakage guidance is given in the ACR Standard, sector-specific standards, and approved methodologies. The VVB shall confirm whether a leakage assessment is required. If one is required, it shall confirm that the leakage analysis and leakage deduction in the GHG Project Plan conforms to the requirements of the chosen methodology and the ACR Standard.

The ACR Validation and Verification Standard, Section 9.H, states the following:

Leakage is a decrease in sequestration or increase in emissions outside project boundaries as a result of project implementation. Leakage may be caused by shifting of the activities of people in the project area or by market effects whereby emission reductions are countered by emissions created by shifts in supply of and demand for the products and services affected by the project.

Some ACR-eligible project types require leakage to be assessed and, if deemed significant, deducted from the calculation of net emission reductions. Requirements to assess and deduct leakage will be included in the ACR-approved methodology.

Verification of estimates of leakage as part of a GHG project verification is integrally related to the validation of project assessment boundaries per Chapter 3. The VVB shall use the results of the project assessment boundaries validation, the Project Proponent's estimation of the GHG project leakage, leakage guidance in the approved methodology, and the VVB's sectoral knowledge to make an independent assessment of leakage. If there is a material discrepancy between the leakage assessment and deduction included in the GHG Project Plan or GHG assertion and the VVB's independent assessment, this discrepancy must be resolved with the Project Proponent and corrected prior to ERT issuance.

Chapter 3 Table 2 of the ACR Standard states the following:
ACR requires Project Proponents to address, account for, and mitigate certain types of leakage, according to the relevant sector requirements and methodology conditions. Project Proponents must deduct leakage that reduces the GHG emissions reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology.

Section A.4.8 of the ACR Standard (AFOLU requirements) states the following:
If an AFOLU project displaces activities, the Project Proponent shall account for the activity shifting, either by quantifying actual emissions that result for leakage or by applying a verifiable default. The geographic scope of activity-shifting leakage assessments should be constrained to the area in which the Project Activity can reasonably be expected to have resulted in activity shifting. Similarly, if an AFOLU project causes market effects leakage, it must be accounted. If AFOLU Project Activities cause a quantifiable, statistically significant decrease in supply of goods, then the methodology must provide an approach for addressing this (via peer-reviewed studies on market leakage rates or similar). If A/R Project Activities cause an increase in supply of emitting goods, ACR does not require Project Proponents to assess market leakage. Projects that involve changes in hydrologic management practices (e.g., wetland restoration) must address the potential for ecological leakage (impacts outside the project boundary) caused by changes to the hydrologic regime as a result of project development. More detailed leakage specifications in approved AR methodologies must be followed.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Are procedures in place requiring activities to deduct from their accounting emissions from any identified leakage that reduces the mitigation benefits of the activities? (*Paragraph 3.6.4*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

Relevant ACR approved methodologies include required deductions for leakage. They include:

Improved Forest Management (IFM) for Non-Federal U.S. Forestland	For market leakage: When baseline wood products exceed project wood products by 5-25%, leakage deduction equals 10% When baseline wood products exceed project wood products >25% leakage deduction equals 40% For activity shifting leakage: All projects must demonstrate sustainable forest management across ownership.
Avoided Conversion of Grasslands	20% deduction for all projects
Restoration of California Deltaic and Coastal Wetlands	Only if active agricultural land is converted to wetland and is above 35,000 acres (which is unlikely to ever occur).
Afforestation and Reforestation of Degraded Lands	Only when baseline is agricultural land, which is unlikely to ever occur (because it would not be economically feasible)
Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use	Activity-shifting leakage is assessed on a project level only if hydrofluorocarbon foam dispensing equipment is moved/replaced as part of a project activity and continues to be used outside of the offset project boundary

Example of basis for leakage deduction: Improved Forest Management

Leakage estimates from the forestry sector have been primarily limited to product flow models of no-harvest conservation scenarios or ex-ante simulations narrowly examining specific market processes, both of which are not directly relatable to carbon leakage (Murray et al. 2004; Wear and Murray 2004). Such estimates are expected to be inflated because forest carbon projects often include extensive harvest activities and age class management, which decreases the difference in baseline versus project scenario harvest levels and potential leakage. Studies examining leakage specifically in a carbon context have quantified leakage ranging from 2 to 42% of reduced project harvest levels (Lasco et al. 2007; Sedjo and Sohngen 2000; Sohngen and Brown 2004; US EPA 2005).

The ACR IFM Methodology applies a leakage deduction to the total emission reduction value (pre-buffer contribution) for each reporting period, rather than deducting a leakage percentage from the difference between baseline and project scenario harvested wood quantities. This results in a highly conservative leakage deduction of up to 40% applied to the total emissions reductions in each reporting period, regardless of harvest levels. This deduction is comparable to a more than a 60% leakage deduction if applied to differences in harvested wood. Hence, the ACR IFM leakage deduction is conservative under even the highest estimates of leakage in the literature. ACR is working with leading experts to better quantify leakage dynamics in the specific context of carbon offsets, a subject in need of more research, with the goal to reassess our leakage deduction rates as pertinent data becomes available.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Question 4.7 Are only counted once towards a mitigation obligation

Does the Programme have measures in place for the following…	
a) to ensure the transparent transfer of units between registries; and that only one unit is issued for one tonne of mitigation *(Paragraphs 3.7.1 and 3.7.5)*	☒ YES
b) to ensure that one unit is issued or transferred to, or owned or cancelled by, only one entity at any given time? *(Paragraphs 3.7.2 and 3.7.6)*	☒ YES
c) to discourage and prohibit the double-selling of units, which occurs when one or more entities sell the same unit more than once? *(Paragraph 3.7.7)*	☒ YES
d) to 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? *(Paragraph 3.7.3)*	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through d):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
As published in the ACR Standard, Chapter 10, "in the context of climate change mitigation, double counting refers to situations where a single GHG emission reduction, removal, avoidance, or other mitigation outcome is used more than once to demonstrate achievement of mitigation targets or pledges. Double counting can occur in different ways, including double issuance, double use, and double claiming. ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in *Guidelines on Avoiding Double Counting for*

the Carbon Offsetting and Reduction Scheme for International Aviation version 1.0 of June 2019[17] and any future updates to this document in which ACR participates as a workgroup member. ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions."

ACR Standard Chapter 10, Section A notes "*Double issuance occurs when more than one unique unit is issued for the same emissions reduction or removal, within the same program/registry or involving concurrent issuance under more than one program(s)/registry(ies). ACR has rules and procedures in place to mitigate the risk of double issuance, including checks of duplicate registration under other programs and requirements for disclosure of other registrations, as well as for cancelation of the units on one registry prior to re-issuance on another.*"

For example, ACR Standard Chapter 10, Section A.1 "*allows for offset project registration simultaneously on ACR and other voluntary or compliance GHG programs or registries in only two circumstances: 1) the simultaneous registration is disclosed and approved by both programs/registries, including explicitly through regulation (such as is the case for California's cap-and-trade program), and 2) offsets issued for the same unique emissions reductions (project boundary and vintage) do not reside concurrently on more than one registry.*"

To prevent double issuance (and double use) of offsets for projects registered simultaneously on ACR and another GHG program, 1) offsets representing the same emissions reduction must be publicly canceled from one registry before they can be converted and re-issued on another registry or 2) offsets can be issued to a project by both programs as long as the registration of the project under more than one program is disclosed in writing to the GHG program and the verifier, and the offset represents unique emissions reductions in terms of location (project boundary) and vintage.

For example, ACR issues registry offset credits under the rules of the California cap-and-trade regulation. Prior to those credits being issued by the California Air Resources Board (ARB), the State regulatory agency, for use by capped entities, ACR cancels the credits and reports the cancelation to ARB.

ACR standard Chapter 10, Section A notes that "*Double use refers to 2) an instance in which an issued unit is used by the same buyer toward more than one target (e.g., under systems that are not linked, do not coordinate or may have inconsistent rules for reporting and/or retirement). To prevent double use, ACR requires execution of ACR's legal Terms of Use (ToU) Agreement by authorized account representatives, clear proof of ownership upon registration, tracking of ownership of credits within the registry by serial number and account, and an annual attestation of unique, uncontested ownership and legal rights to the emissions reductions as well as that no emissions reductions issued by and registered on ACR have been serialized, registered, retired or otherwise transacted on another registry and/or by another standard nor have they been transferred, retired or otherwise used or disposed of other than as duly recorded on the ACR registry.*"

ACR's (ToU) Agreement has clear rules against double use and selling as detailed in ToU Section 7, excerpts

[17] https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates/guidelines-for-adc-with-corsia-june-2019.pdf and https://www.adc-wg.org/guidelines-version-1-0.

included below, which detail rules against double registration of unique emissions reductions on any other registry or database and duplicate use of emissions reductions including a prohibition on the transfer or use of credits off-registry as well as requirements for retailers to retire credits on the registry if they are being claimed to satisfy voluntary or regulatory emissions reduction obligations.

ACR standard Chapter 10, Section A.2 describes that "*For projects transferring from another GHG program to ACR, the project must be validated and verified by an ACR-approved VVB to comply with the ACR Standard and relevant methodology. To avoid double issuance and double use / double selling of the same GHG reduction or removal, any offsets that had been issued that were not transferred, sold, or retired must be canceled from the other program's registry before conversion and re-issuance by ACR. For projects transferring from ACR to another GHG program, Project Proponents must cancel from ACR all offsets that have not been transferred, sold, or retired to allow for conversion and re-issuance of offsets by the other GHG program on its registry.*"

The following are requirements of all ACR account holders in the legal ACR Terms of Use Agreement Section 7 to prevent double issuance, double use and double selling:

vi. Account Holder will only use the Registry for creating, transferring, retiring and/or canceling ERTs or ROCs that are attributable to the GHG reduction projects included in the Registry and specifically acknowledges that it shall not use any other database for the same purpose at the same time as such GHG reduction projects are registered in the Registry;

vii. Account Holder has not registered and will not register any GHG reduction simultaneously both in the Registry and in any other system that tracks the emissions, emission reductions, emission offsets, or other environmental attributes related to emission reduction projects nor will any transaction of the same emissions, emission reductions, emission offsets, or other environmental attributes related to emission reduction projects be conducted outside of the Registry, other than in another ACR approved registry or upon cancelation of ERTs or ROCs for issuance of ARBOCs by ARB;

viii. Account Holder commits not to claim ERTs or ROCs which have already been or are expected to be registered with another compliance or voluntary emissions reduction program except as allowed for Early Action offset credits and Registry Offset Credits to be converted to ARBOCs by ARB;

ix. Neither Account Holder nor any Indirect Owner, if any, has retired, sold, claimed, represented elsewhere or used, nor will it retire, sell, claim or represent elsewhere or use to satisfy obligations in any jurisdiction outside of the Registry, any of the GHG reductions by the project associated with Account Holder's ERTs or ROCs without reporting such disposition within the Registry

x. Collectively, Account Holder and the Indirect Owners, if any, having a Beneficial Ownership Right in the ERTs or ROCs held in one of Account Holder's Accounts or Sub-Accounts have legal title and all Beneficial Ownership Rights with respect to the ERTs or ROCs issued or to be issued to Account Holder and/or held in Account Holder's Accounts or Sub-accounts and the GHG reductions for which Account Holder is seeking credit, and no other person or entity can claim the right to the ERTs or ROCs or to the GHG reductions for which Account Holder is seeking credit.

ACR has measures in place to avoid double claiming. The ACR Standard, Chapter 10, Section B describes that "Double claiming occurs when two or more parties claim the same GHG reduction, removal, or other mitigation outcome toward their regional, national, or sector-wide emissions reduction cap or target(s) / pledge(s) /

contributions / commitments (collectively “target”).

In the pre-2020 carbon market context, double claiming occurs if emissions reductions that reduce or remove emissions from activities that are part of a binding GHG emissions trading program, or that take place in a jurisdiction or sector in which there is a binding limit/cap established on GHG emissions, are being issued as offsets for use outside of those programs. This would include emissions reductions in Annex I countries that ratified the Kyoto Protocol, in the EU Emissions Trading System, in the California cap-and-trade program, and in the Regional Greenhouse Gas Initiative. In these instances, offset Project Proponents shall provide evidence that the reductions and removals the project generated have not and will not be used in the emissions trading program or for the purpose of demonstrating compliance with binding limits that are in place in that program or jurisdiction.

If Project Activities take place in such a program or jurisdiction, the Project Proponent shall include in its GHG Project Plan a written statement from the GHG emissions program operator, as well as other documentation in a form acceptable to ACR, that it has canceled from the program or national or regional cap (as applicable) a number of emissions allowances, offsets or other (acceptable) GHG credits equivalent to the reductions and removals generated by the project so that they can no longer be used within the operator’s GHG program. Alternately, the Project Proponent may provide evidence of purchase and cancelation of GHG allowances equivalent to the GHG emissions reductions or removals the project generated related to the program or national cap.

In order to prevent double-counting of GHG emission reductions or removal enhancements for offset projects in non-Annex I countries under the UNFCCC, Project Proponents shall provide documentation that they have notified the relevant project host country Designated National Authority (DNA) of their project registration in the voluntary market, including the project’s expected GHG reductions/removals.”

ACR Standard, Chapter 10, Section B.1 addresses double claiming under the Paris Agreement and the ICAO CORSIA:

> “In the post-2020 carbon market context, in which all signatories to the Paris Agreement have emissions reduction targets/pledges as formulated in the nationally determined contributions (NDCs) and air carriers have an offsetting obligation under the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation (CORSIA), double claiming occurs when two or more Parties claim the same emission reduction to comply with their mitigation targets/pledges/obligations. Transparent reporting and accounting procedures at both the national and international level will be developed to track emissions reductions transferred to / from other Parties to meet targets. In these instances, as required by the UNFCCC, a corresponding adjustment may be made by the host country of the emissions reduction activity to account for the transfer of the emissions reduction for use by another Party / CORSIA. The adjustment will be applied, as determined by the UNFCCC, to the host country national GHG inventory or NDC, and will also be reported by the receiving Party.
>
> To mitigate the risk of double claiming in these instances, ACR will require notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as host country acknowledgement of use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country’s national UNFCCC focal point and the transferee country’s

UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges and/or canceled by/for an airline toward its CORSIA obligation.

ACR will maintain documentation of the national UNFCCC focal point acknowledgement of transfers / cancelations of emissions reductions, posting these on the registry. ACR will make public all retirements / cancelation of units toward a CORSIA offsetting obligation, and will report such information to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as ultimately deemed appropriate under the UNFCCC and the CORSIA."

Material Update to ICAO December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

Clarification Question from TAB December 2020:
Regarding the procedures that ACR describes as "in place and operable" to avoid double-claiming in the California ETS experience (Paragraph C.3 of information submitted 24 August 2020), has ACR encountered any real-world cases in which these procedures have been (or have needed to be) implemented? If so, please describe the process by which ACR managed that process, and the results of that experience, including through example(s).
As part of the update to ACR Standard v7.0, effective January 1, 2021, ACR removed the text in Section 10.B of the Standard that referenced pre-2021 market context including double claiming with Emissions Trading Schemes such as California and under the Kyoto Protocol. ACR has never experienced double claiming as described in that section and no longer accepts CDM methodologies.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Does the Programme have procedures in place for the following: (*Paragraph 3.7.8*)	
a) to obtain, or require activity proponents to obtain and provide to the programme, written attestation from the host country's national focal point or focal point's designee?	☒ YES
b) for the attestation(s) to 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)?	☒ YES
c) for Host country attestations to be obtained and made publicly available prior to the use of units from the host country in the CORSIA?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) through c):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

Winrock/ACR has measures in place for a and b above, referred to in the ACR Standard as "*host country letter of assurance and authorization of use of emissions reductions by another Party, including CORSIA, and host country acknowledgement of transfers*" and as detailed in the response above and included below.

In the ACR Standard Chapter 10, Section B.1: The Paris Agreement and the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation, to mitigate the risk of double claiming for emissions reductions used under the CORSIA, ACR requires "*notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country's national UNFCCC focal point and the transferee country's UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges / contributions / commitments and/or canceled by/for an airline for use toward its CORSIA obligation*."

"ACR will post publicly on the registry the national UNFCCC focal point letter of assurance and authorization of transfers / cancelations of emissions reductions towards a mitigation target / obligation. ACR will make public on the registry details of all retirements / cancelation of units toward a CORSIA offsetting obligation. In addition, ACR will report such information to ICAO and to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as determined by the UNFCCC and the CORSIA."

The host country letter of assurance and authorization 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.

Per the ACR Standard Chapter 10, ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme*

for International Aviation" version 1.0 of June 2019 and any future updates to this document in which ACR participates as a workgroup member.

ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions. ACR will address c, d and e, respectively by:

- Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO.

Clarification questions from TAB October 2019:

Is a host country letter of "authorization and assurance" required before units are designated as CORSIA-eligible and used for this purpose? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

Yes, a Host Country Letter of Assurance and Authorization is required before ACR would designate units as eligible and qualified for CORSIA.

As noted in the chapeau of Chapter 10 of the ACR Standard: "Double counting can occur in different ways, including double issuance, double use, and double claiming. ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 (as posted on ACR's website) and any future updates to this document in which ACR participates as a workgroup member. ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions."

The *Guidelines on Avoiding Double Counting for the CORSIA* ("Guidelines") specify that a Host Country Letter of Assurance and Authorization is required before units would be designated as qualified for CORSIA. This is detailed in the Guidelines Figure 1: Steps for programs and countries for avoiding double claiming with climate change mitigation under the Paris Agreement (page 27). Section II.6.6.1 of the Guidelines (page 53) states that "…an offset credit only be qualified [for CORSIA] if a letter of assurance and authorization… has been obtained from the country where the offset credit's associated emission reductions or removals occurred." The timing of the letter as a requirement to qualify units for CORSIA is also detailed in Section II.6.6.2 of the Guidelines (page 56), which states that "Programs should obtain the letter prior to qualifying offset credits from the project for use under CORSIA."

The ACR Standard Chapter 10.B.1 states that "ACR will require notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA." In the next update to the ACR Standard, ACR will clarify the timing of the letter as being required before units will be designated as eligible and qualified for the CORSIA.

In addition, ACR has developed a new Appendix C to the ACR Standard detailing *Requirements for Avoiding Double*

Counting in the CORSIA, included as Attachment A to these responses. ACR will publish this Appendix for stakeholder consultation in the coming months, and it will be finalized and incorporated into the ACR Standard in early 2020. Relevant sections of the Appendix are cited below.

New Appendix C, Section C.2.i notes the ACR registry functionality for the "Designation of the credits as Qualified for CORSIA once the Host Country Letter of Assurance and Authorization has been obtained." Section C.3 *Figure 1 Steps for Units to be Qualified by ACR for Use in CORSIA* lays out actions required before ACR will qualify units for CORSIA including obtaining the Host Country Letter of Assurance and Authorization.

Section C.3.2 specifies that "ACR will make all Letters of Assurance and Authorization publicly available by posting on the registry. ACR 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 ACR and CORSIA requirements are met including contributing to the ACR CORSIA Buffer Pool and executing the CORSIA Double Claiming Risk Mitigation Agreement as further described below."

Does ACR indicate in any of its procedures what such a letter should contain and detail, specifically? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

As noted above, ACR has incorporated by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 ("Guidelines"). The *Guidelines* Section II.6.6.1 (page 53) detail requirements for the content of Host Country Letter of Assurance and Authorization.

Requirements for Host Country Letters of Assurance and Authorization are also specified in the ACR Standard new Appendix C *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses. Section C.3.2 of Appendix C specifies that the:

"Letter [of Assurance and Authorization] should explicitly:

- Identify the specific project and activity and acknowledge that the project may reduce emissions or enhance removals in the country;
- Acknowledge that ACR has issued, or intends to issue, offset credits for [a stated volume in CO_2-e] emission reductions or removals that occur within the country;
- Authorize the use of the project's emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA;
- Declare that the country will not use the project's associated 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 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 CMA; and
- Declare that the country will report on the authorization and use of the project's 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.

The letter may also:

- Authorize the use of the project's emission reductions or removals, issued as offset credits, by other countries towards achieving their NDCs;
- Provide a limit for the maximum number of the project's emission reductions or removals, issued as offset credits, that the country authorizes for use, including any limits on the time period over which the country provides such authorization; and
- Include a request to ACR to provide information to the country on the use of the offset credits."

A sample Letter of Assurance and Authorization meeting these requirements is included as Exhibit 1 to Appendix C, which is included as Attachment A to these responses.

Does ACR expect (require?) the Host Country letter to include a specific commitment, and description of steps that will be taken, to avoid double-counting of emissions reductions? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

As noted in the response to 5.2 above, Requirements for Host Country Letters of Assurance and Authorization are specified in the ACR Standard new Appendix C *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses.

Section C.3.2 of Appendix C requires that the Letter [of Assurance and Authorization] contain an explicit commitment from the Host Country to take the following steps to avoid double counting with the CORSIA:

- "Declare that the country will not use the project's associated 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 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 CMA; and
- Declare that the country will report on the authorization and use of the project's 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."

Further, ACR Standard new Appendix C.3.5 states that "ACR will take action to obtain evidence of the appropriate application of adjustments from the Host Country of emission reductions or removals. 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. Once evidence has been obtained, ACR will post such evidence on the registry and indicate that the adjustment has been made."

Are ACR's requirements for host country authorization and assurance with respect to the use of units in CORSIA only applicable in the context of Paris implementation, or also immediately (i.e. potentially prior to NDC implementation)? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

Yes, ACR requires that the Host Country Letter of Assurance and Authorization be obtained for any units to be qualified for the CORSIA, including prior to NDC implementation (starting in 2021) as well as during the implementation of Paris Agreement commitments.

Section C.3.2 of Appendix C requires that the "Host Country Letter of Assurance and Authorization will be obtained from the country's UNFCCC Focal Point regardless of whether an adjustment is needed for the offset credits, including to qualify emission reductions for CORSIA pre-2021."

By when you expect to obtain and make publicly available governments' attestations or decisions on avoidance of double claiming if units are used under CORSIA? How do you intend to work with governments to secure host country attestation related to double-claiming?

ACR expects to begin requesting Host Country Letters of Assurance and Authorization for projects and specific emission reduction units once decisions are made and published by ICAO on CORSIA Eligible Emissions Unit Programs (once ACR has been approved as a program) and CORSIA Eligible Emissions Units (project types, vintages, start date etc).

ACR has already updated its registry functionality to incorporate requirements for CORSIA. The updates are ready to go live within 24 hours of ACR's approval as a CORSIA Eligible Emissions Unit Program. See Attachment C to this document.

ACR will publicly post Host Country Letters of Assurance and Authorization on the registry once they have been received, reviewed and approved to meet all requirements as detailed in responses to 5.2 and 5.3 above.

ACR plans to first review draft Letters of Assurance and Authorization to ensure they meets all requirements and will then delegate that the Project Proponent make the request for the Letter from the Host Country, cc to ACR.

Clarification Questions from Live Interview with TAB November 2019:

How frequently does ACR anticipate that a letter of authorization and assurance would be required or provided? Could ACR envisage a letter that authorizes multiple projects in one go, rather than on a project-by-project basis? Could you foresee a letter that is not quite as detailed as this, or may be more broadly applicable? Some host countries have capacity issues.

How often host country letters of assurance and authorization are provided will depend on the host country. Some countries may decide to provide letters on a rolling basis, while others may decide to only provide letters quarterly, semiannually or annually. A letter that authorizes multiple projects at one time is certainly an option.

We believe that more detailed letters will provide more clarity to the process, however, as long as it is clear which units are qualified by the host country and ACR reports to the host country on the usage of such units for the CORSIA, the country will have the information it needs to make required reporting and adjustments.

Material Update to ICAO December 2020:

ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA

requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

Clarification questions from TAB December 2020:

What are the procedures and considerations by which ACR will assess the alignment of the "steps taken" by the Host Country to avoid double-claiming with ACR's requirements and the CORSIA and Guidelines pertaining to the contents of Host Country Attestations?

Consistent with ICAO requirements 3.7.8 "*Host country attestation to the avoidance of double-claiming," and 3.7.9 "Double Claiming Procedures"* and as detailed in ACR Standard v7.0 Appendix B, section B.4, **Figure 1: Steps for Units to be Qualified by ACR for Use in CORSIA**, ACR will require a Letter of Assurance and Authorization from the Host Country's UNFCCC Focal Point to qualify units for CORSIA post 2020. The letter will authorize the use of the project's emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA. In the letter, the Host Country will declare that the country will not report the project's associated emission reductions or removals towards progress, or for demonstrating achievement of, its NDC and will account for their use by aeroplane operators under CORSIA by applying relevant 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 CMA. The Host Country will declare that the country will report on the authorization and use of the project's emission reductions for the CORSIA in a transparent manner in the country's biennial transparency report submitted under Article 13 of the Paris Agreement.

Consistent with ICAO requirement 3.7.8, as above, and 3.7.10 "*Transparent Communications*," ACR will make all Letters of Assurance and Authorization publicly available by posting on the registry. For post 2020 units, ACR will only qualify offset credits for CORSIA once such a letter is received, and only to any limit established in the letter.

Consistent with ICAO requirements 3.7.10, as above, and 3.7.11 "*Comparing unit use against national reporting,"* ACR will take action to obtain evidence of the appropriate application of adjustments from the Host Country of emission reductions or removals in the country's biennial transparency reports to the UNFCCC. The reports should clearly reference the offset credits (e.g., using unique identifiers or serial numbers or a specific reference to the authorization letter) for which the country has applied the adjustments. Once evidence has been obtained, ACR will post such evidence on the registry and indicate that the adjustment has been made.

Consistent with ICAO requirements 3.7.12 "*Programme reporting on performance" and 3.7.13 "Reconciliation of double-claimed mitigation,"* ACR requires that in the event 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, Project Proponent shall compensate for the double claimed volume following its selected compensation mechanism (options detailed in B.4.3). ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA.

What would be ACR's response and actions taken if there is not alignment between the approach described by the Host Country and the requirements set out by ACR for avoiding double-claiming?

If ACR is unable to obtain evidence of a Host Country adjustment in its UNFCCC reports, ACR would contact the Host Country Focal Point to clarify the situation. For example, ACR could be misunderstanding the information in the UNFCCC report. In the event the Host Country is able to clarify and rectify any misunderstanding in writing with appropriate evidence, no action will be taken to require compensation for a double claim. If the Host Country is not able to clarify the reporting of the adjustment to the UNFCCC, ACR will require compensation via the elected compensation mechanism and will inform ICAO and the UNFCCC's Paris Agreement Implementation and Compliance Committee (PAICC).

Does ACR foresee that a Host Country could also, in this letter, authorize the use of offset credits for other purposes (e.g., voluntary corporate targets)? If so, please describe how ACR would distinguish between CORSIA-eligible offset credits cancelled for purely voluntary purposes and those cancelled for use toward CORSIA offsetting obligations.

ACR only currently requires Host Country letters of authorization for credits to be used by aeroplane operators to meet CORSIA compliance obligations. However, it is possible, at the Host Country discretion, to authorize the use of credits more broadly. All (post 2020) credits that have a Host Country authorization will be tagged as such, and those that meet other CORSIA requirements (project start date, vintage), will be tagged as "CORSIA qualified."

It is possible that non-aeroplane operators may be interested to purchase CORSIA-qualified units. While we had not anticipated imposing restrictions, we could do so if the Host Country so desired by only allowing the cancellation of CORSIA-qualified units for the specific purpose of CORSIA compliance. If the Host Country is agnostic about use of the CORSIA-qualified credits, the retirement / cancellation reason in the public registry report would distinguish which units were used for CORSIA purposes versus those retired for voluntary purposes. A report to the host country on use, if so desired, could include information on the use of the CORSIA-qualified units.

Where ACR acknowledges that, through this letter, the Host Country could also "Include a request to ACR to provide information to the country on the use of the offset credits", does ACR expect to provide this information to the Host Country in any case, or only if/as requested by the Host Country? Please explain and identify any relevant procedures in programme information.

ACR does not expect to provide the Host Country information on the use of the offset credits unless explicitly requested in the Host Country Authorization Letter or other formal request. As we understand, it is still to be determined if Host Countries will automatically make adjustments for all credits authorized, regardless of use (or not), or if Host Countries will only make adjustments once the authorized credits have been used (in this case, cancelled by aeroplane operators for CORSIA obligations). Reporting on the use of offset credits to the Host Country would only be necessary if the latter option is exercised.

B. Summary and accompanying evidence of <u>any</u> updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Does the Programme have procedures in place requiring… (*Paragraph 3.7.9*)	
a) that activities take approach(es) described in (any or all of) these sub-paragraphs to prevent double-claiming?	☒ YES

☒ Emissions units are created where mitigation is not also counted toward national target(s) pledge(s) / mitigation contributions / mitigation commitments. (*Paragraph 3.7.9.1*)	
☒ 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. (*Paragraph 3.7.9.2*)	
☐ Programme procedures provide for the use of method(s) to avoid double-claiming which are not listed above (*Paragraph 3.7.9.3*)	
b) that Host Country attestations confirm the use of approach(es) referred to in the list above?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

Please see information provided above that responds to these components.

Consistent with ICAO requirements 3.7.10, as above, and 3.7.11 "*Comparing unit use against national reporting,"* ACR will take action to obtain evidence of the appropriate application of adjustments from the Host Country of emission reductions or removals in the country's biennial transparency reports to the UNFCCC. The reports should clearly reference the offset credits (e.g., using unique identifiers or serial numbers or a specific reference to the authorization letter) for which the country has applied the adjustments. Once evidence has been obtained, ACR will post such evidence on the registry and indicate that the adjustment has been made.

Consistent with ICAO requirements 3.7.12 "*Programme reporting on performance" and 3.7.13 "Reconciliation of double-claimed mitigation,"* ACR requires that in the event 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, Project Proponent shall compensate for the double claimed volume following its selected compensation mechanism (options detailed in B.4.3). ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA.

Clarification questions from TAB for Live Interview November 2019:

Can the program clarify the procedures it has in place (or would be willing to put in place if the program is identified as CORSIA-eligible) to obtain information from the host country regarding its approach to avoid double-claiming, in line with the relevant guideline 3.7.9? (Reference guideline:

3.7.9. Double-claiming procedures: The program should have procedures in place requiring that activities take approach(es) described in these sub-paragraphs to prevent double-claiming, which attestations should confirm:

- 3.7.9.1. Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments.
- 3.7.9.2. Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) /

mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions.

- 3.7.9.3. If program procedures provide for the use of method(s) to avoid double-claiming which are not listed above, the GMTF, or other appropriate technical expert body, should evaluate and make a recommendation regarding the sufficiency of the approach prior to any final determination of the program's eligibility.)

Yes, a Host Country Letter of Assurance and Authorization is required before ACR would designate eligible units as qualified for CORSIA. The letter will authorize the transfer of units for use under the CORSIA and attest that the Host Country will report the transfer and make an accounting adjustment as required by the UNFCCC. Since all of ACR's active projects are in the U.S., and the U.S. has an economy-wide NDC, ACR will require a corresponding adjustment for all transfers for use in the CORSIA.

As noted in the chapeau of Chapter 10 of the ACR Standard: "Double counting can occur in different ways, including double issuance, double use, and double claiming. ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 (as posted on ACR's website) and any future updates to this document in which ACR participates as a workgroup member. ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions."

The ACR Standard Chapter 10.B.1 states that "In the post-2020 carbon market context, in which all signatories to the Paris Agreement have emissions reduction target(s) / pledge(s) / contributions / commitments (collectively "targets") as formulated in the nationally determined contributions (NDCs) and air carriers have an offsetting obligation under the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation (CORSIA), double claiming occurs when two or more Parties claim the same emission reduction to comply with their mitigation targets/pledges/commitments/obligations. Transparent reporting and accounting procedures at both the national and international level will be developed to track emissions reductions transferred to / from other Parties to meet targets."

"To mitigate the risk of double claiming in these instances, ACR will require notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country's national UNFCCC focal point and the transferee country's UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges / contributions / commitments and/or canceled by/for an airline for use toward its CORSIA obligation."

"ACR will post publicly on the registry the national UNFCCC focal point letter of assurance and authorization of transfers / cancelations of emissions reductions towards a mitigation target / obligation. ACR will make public on the registry all retirements / cancelation of units toward a CORSIA offsetting obligation. In addition, ACR will report such information to ICAO and to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as determined by the UNFCCC and the CORSIA."

In addition, ACR has developed a new Appendix C to the ACR Standard detailing *Requirements for Avoiding Double Counting in the CORSIA,* which will be published in early 2020. Requirements for Host Country Letters of Assurance

and Authorization are specified in Section C.3.2 of Appendix C, which specifies that the

"Letter [of Assurance and Authorization] should explicitly:

- Identify the specific project and activity and acknowledge that the project may reduce emissions or enhance removals in the country;
- Acknowledge that ACR has issued, or intends to issue, offset credits for [a stated volume in CO_2-e] emission reductions or removals that occur within the country;
- Authorize the use of the project's emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA;
- Declare that the country will not use the project's associated 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 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 CMA; and
- Declare that the country will report on the authorization and use of the project's 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.

The letter may also:

- Authorize the use of the project's emission reductions or removals, issued as offset credits, by other countries towards achieving their NDCs;
- Provide a limit for the maximum number of the project's emission reductions or removals, issued as offset credits, that the country authorizes for use, including any limits on the time period over which the country provides such authorization; and
- Include a request to ACR to provide information to the country on the use of the offset credits."

ACR requires that the Host Country Letter of Assurance and Authorization be obtained for any units to be qualified for the CORSIA, including prior to NDC implementation (starting in 2021) as well as during the implementation of Paris Agreement commitments.

Section C.3.2 of Appendix C requires that the "Host Country Letter of Assurance and Authorization will be obtained from the country's UNFCCC Focal Point regardless of whether an adjustment is needed for the offset credits, including to qualify emission reductions for CORSIA pre-2021."

ACR will seek evidence of Host Country reporting of the use of the emission reduction units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. As stated in Appendix C.3.5, 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."

Material Update to ICAO December 2020:

ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
Click or tap here to enter text.

Does the Programme… (*Paragraph 3.7.10*)	
a) make publicly available any national government decisions related to accounting for units used in ICAO, including the contents of host country attestations described in paragraph 3.7.8?	☒ YES
b) update information pertaining to host country attestation as often as necessary to avoid double-claiming?	☒ YES

Summarize and provide evidence of the policies and procedures referred to in a) and b):

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
Winrock/ACR has measures in place for a and b above, referred to in the ACR Standard as "*host country letter of assurance and authorization of use of emissions reductions by another Party, including CORSIA, and host country acknowledgement of transfers*" and as detailed in the response above and included below.

In the ACR Standard Chapter 10, Section B.1: The Paris Agreement and the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation, to mitigate the risk of double claiming for emissions reductions used under the CORSIA, ACR requires "*notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country's national UNFCCC focal point and the transferee country's UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges / contributions / commitments and/or canceled by/for an airline for use toward its CORSIA obligation*."

"ACR will post publicly on the registry the national UNFCCC focal point letter of assurance and authorization of transfers / cancelations of emissions reductions towards a mitigation target / obligation. ACR will make public on the registry details of all retirements / cancelation of units toward a CORSIA offsetting obligation. In addition, ACR

will report such information to ICAO and to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as determined by the UNFCCC and the CORSIA."

The host country letter of assurance and authorization 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.

Clarification questions from TAB October 2019:

Does ACR expect (require?) the Host Country letter to include a specific commitment, and description of steps that will be taken, to avoid double-counting of emissions reductions? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

As noted in the response to 5.2 above, Requirements for Host Country Letters of Assurance and Authorization are specified in the ACR Standard new Appendix C *Requirements for Avoiding Double Counting in the CORSIA*, included as Attachment A to these responses.

Section C.3.2 of Appendix C requires that the Letter [of Assurance and Authorization] contain an explicit commitment from the Host Country to take the following steps to avoid double counting with the CORSIA:

- "Declare that the country will not use the project's associated 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 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 CMA; and
- Declare that the country will report on the authorization and use of the project's 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."

Further, ACR Standard new Appendix C.3.5 states that "ACR will take action to obtain evidence of the appropriate application of adjustments from the Host Country of emission reductions or removals. 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. Once evidence has been obtained, ACR will post such evidence on the registry and indicate that the adjustment has been made."

Are ACR's requirements for host country authorization and assurance with respect to the use of units in CORSIA only applicable in the context of Paris implementation, or also immediately (i.e. potentially prior to NDC implementation)? Please describe any related procedures and where the TAB can find evidence of these procedures in program documentation.

Yes, ACR requires that the Host Country Letter of Assurance and Authorization be obtained for any units to be qualified for the CORSIA, including prior to NDC implementation (starting in 2021) as well as during the implementation of Paris Agreement commitments.

Section C.3.2 of Appendix C requires that the "Host Country Letter of Assurance and Authorization will be obtained from the country's UNFCCC Focal Point regardless of whether an adjustment is needed for the offset credits, including to qualify emission reductions for CORSIA pre-2021."

By when you expect to obtain and make publicly available governments' attestations or decisions on avoidance of double claiming if units are used under CORSIA? How do you intend to work with governments to secure host country attestation related to double-claiming?

ACR expects to begin requesting Host Country Letters of Assurance and Authorization for projects and specific emission reduction units once decisions are made and published by ICAO on CORSIA Eligible Emissions Unit Programs (once ACR has been approved as a program) and CORSIA Eligible Emissions Units (project types, vintages, start date etc.).

ACR has already updated its registry functionality to incorporate requirements for CORSIA. The updates are ready to go live within 24 hours of ACR's approval as a CORSIA Eligible Emissions Unit Program. See Attachment C to this document.

ACR will publicly post Host Country Letters of Assurance and Authorization on the registry once they have been received, reviewed and approved to meet all requirements as detailed in responses to 5.2 and 5.3 above.

ACR plans to first review draft Letters of Assurance and Authorization to ensure they meets all requirements and will then delegate that the Project Proponent make the request for the Letter from the Host Country, cc to ACR.

Material Update to ICAO December 2020:

ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):

N/A

Does the Programme 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? (*Paragraph 3.7.11*)	☐ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR application July 2019:

Winrock/ACR has measures in place for a and b above, referred to in the ACR Standard as "*host country letter of assurance and authorization of use of emissions reductions by another Party, including CORSIA, and host country acknowledgement of transfers*" and as detailed in the response above and included below.

In the ACR Standard Chapter 10, Section B.1: The Paris Agreement and the International Civil Aviation Organization Carbon Offset Reduction Scheme for International Aviation, to mitigate the risk of double claiming for emissions reductions used under the CORSIA, ACR requires "*notification by the owner of the emissions reductions of the export of any emissions reductions for these purposes as well as a formal host country letter of assurance and authorization of the use of the emissions reductions by another Party, including for the CORSIA. ACR will report to the project host country's national UNFCCC focal point and the transferee country's UNFCCC focal point the details of any ACR units transferred / retired for use by another Party toward fulfillment of its Paris Agreement targets / pledges / contributions / commitments and/or canceled by/for an airline for use toward its CORSIA obligation*."

"ACR will post publicly on the registry the national UNFCCC focal point letter of assurance and authorization of transfers / cancelations of emissions reductions towards a mitigation target / obligation. ACR will make public on the registry details of all retirements / cancelation of units toward a CORSIA offsetting obligation. In addition, ACR will report such information to ICAO and to host countries as required to confirm that the units are included in national emissions reporting to facilitate GHG accounting reconciliation via corresponding adjustments, as determined by the UNFCCC and the CORSIA."

The host country letter of assurance and authorization 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.

Per the ACR Standard Chapter 10, ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 and any future updates to this document in which ACR participates as a workgroup member.

ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions. ACR will address these respectively by:

- Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO.

Material Update to ICAO December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Does the Programme 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 which the host country's national accounting focal point or designee otherwise attested to its intention to not double claim? (*Paragraph 3.7.13*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
Per the ACR Standard Chapter 10, ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 and any future updates to this document in which ACR participates as a workgroup member.

ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions. ACR will address these respectively by:

- Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- **Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO**.

Clarification questions from TAB October 2019:

Do you have any plans or procedures in place for addressing "accounting reversals", as referred to in the guideline in paragraph 3.7.13? ACR did not mention this specific guideline in its original form or clarifications. Neither do the Double-counting Working Group guidelines. This concept is very important for ensuring that the eligibility of units used in CORSIA cannot be revoked (and thus would need to be replaced by operators) after they have been used. Does ACR intend to put in place procedures for ACR, potentially through requirements at the project developer level or in the crediting cycle, to ensure compensation for units that are used in CORSIA and double- counted by a Host Country? Please describe any such existing or planned measure(s) / mechanism(s).

In ACR's July 2019 CORSIA application, there was a question of "whether measures are in place (or *would the Program be willing and able to put in place measures*) to…e) to compensate for, replace, or otherwise reconcile double-claimed mitigation associated with units used under the CORSIA which the host country's national accounting focal point or designee otherwise attested to its intention to not double-claim? (3.7.13)."

ACR responded (on page 64) that "ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions. ACR will address c, d and e, respectively by:

- Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO."

Since submitting our CORSIA application in July, ACR has developed comprehensive requirements to compensate for any units used under the CORSIA and also claimed by the Host Country towards meeting its NDC. These requirements are detailed in ACR Standard new Appendix C as well as the *ICAO CORSIA Double Claiming Risk Mitigation Agreement*, a Business Confidential document included as Attachment B to this response.

For eligible emissions units that are intended for use in ICAO's CORSIA, the ACR Standard provides additional requirements for these units to be qualified for use in the CORSIA in new Appendix C. These requirements include obtaining a Letter of Host Country Assurance and Authorization (as detailed above) in addition to requiring that the Project Proponent contribute to ACR's CORSIA Double Claiming Buffer Pool and execute a legally-binding ICAO **Double Claiming Risk Mitigation Agreement that details responsibilities of the Project Proponent to compensate for a double claim should ACR be unable to obtain credible evidence that the Host Country made**

required accounting adjustments within a year of when the adjustment should have been reported to the UNFCCC.

ACR will seek evidence of Host Country reporting of the use of the emission reduction units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. As stated in Appendix C.3.5, 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."

As stated in Appendix C.3.6, "**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, Project Proponent must replace the double-claimed credits with a volume of replacement CORSIA-qualified credits corresponding to the number of units that were double claimed by the Host Country. These units must be ACR units that have not been sold or otherwise committed. ACR will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA**."

Clarifications from Live Discussion with TAB November 2019:

Will the units that must be used to compensate for the host country's "accounting discrepancy" be from the buffer pool, or will ACR also allow alternative compensation measures here, as it does under its forestry buffer? If so, can you explain how this might work, or what the alternative measures would be?

The units that would be used to compensate for an accounting discrepancy (double claim) would be required to be replaced by the project proponent per the terms of the ICAO Double Claiming Risk Mitigation Agreement that ACR will execute with project proponents. The units would have to be CORSIA-qualified credits for which double claiming is already avoided (units have already been or do not need to be adjusted). ACR will cancel the replacement units to compensate for the double claim. The buffer pool will be used to compensate only in the event that the project proponent does not provide replacement units, which we believe to be unlikely given the legal recourse provided to Winrock and other remedies.

Has ACR given any consideration yet to how it will figure out what "X" is in the "X%" contribution to the risk buffer?

We are evaluating approaches for ratings that could serve as a suitable proxy for the risk of a country not making accounting adjustments under the Paris Agreement. We are considering a number of options for assessing this risk, which would inform the % buffer contribution required. One such option is the country risk indices published by Fitch that are based on global geo-political and geo-economic risks and score countries on a 5-tier scale between stable and unstable. Another option is the World Bank's worldwide governance indicators for six dimensions of governance (political stability, rule of law, regulatory quality, control of corruption, effective government and accountability). For both such options, a higher risk rating would correspond with a higher buffer contribution percentage.

Note that the risk buffer contribution (x%) is only meant as a back-up measure in the event that the host country

does not make a required accounting adjustment and the project proponent does not compensate with replacement units per the double claiming risk mitigation agreement. We believe the chance of default on the primary mitigation mechanism (replacement of units by the project proponent) is low given that we have legal recourse and other remedies per the risk mitigation agreement.

Material Update to ICAO December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").**

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

Clarification questions from TAB December 2020:

Regarding Section C.3, Paragraph 3, **Option i** of the draft procedures shared by ACR, this option seems to allow for adjustments to be undertaken by "other means", described as, "e.g. a physical or electronic certificate from the Host Country indicating that the required adjustments have been applied within the relevant accounting system". Please provide the following information:

Please provide further explanation of the steps by which option i. is foreseen to be implemented.
The option of allowing "other means (e.g., 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 immutable, irrevocable transaction information. We are currently unaware of any Host Country registry systems with this functionality, but they could be employed at some point in the future.

In the case that adjustments are demonstrated by such "other means", would ACR require that adjustments must, at a minimum, *also* be recorded in country reports to the UNFCCC at the next available opportunity?
Yes, ACR also requires a Host Country attestation stating that the information on the adjustment will be recorded in country reports to the UNFCCC in the next reporting period.

Please explain the rationale for allowing for such "other means" of making adjustments, including how it would ensure the avoidance of double-claiming by airlines under the CORSIA and the Host Country in tracking progress toward and demonstrating achievement of its NDC.
ACR is offering this flexibility ("an irrevocable electronic certificate") as an incentive for countries to develop and implement robust national accounting systems that have functionality that allows for real-time, transparent,

immutable recording of accounting information, including adjustments for authorized international transfers of mitigation outcomes.

Regarding the same **Option i,** how would ACR respond to a scenario in which a Host Country has not (yet) adjusted for units that were *already* cancelled for use toward CORSIA before the discrepancy was discovered? Would only options ii-iv be allowed for projects in this situation?
Option i will not allow for "not (yet) adjusted" units to be cancelled for use toward CORSIA. Option i requires absolute proof of an adjustment, even if the UNFCCC reporting has not yet occurred. Option I 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 immutable, irrevocable transaction information. As noted above, we are currently unaware of any Host Country registry systems with this functionality, but they could be employed at some point in the future. We would like to encourage the implementation of this type of real-time, robust accounting registry.

Section C.3, Paragraph 3, **Options ii and iii** of the draft procedures shared by ACR refers to "comparable CORSIA-qualified units as approved by ACR" for use in the compensation mechanism. Please provide further information about the following:

how ACR would go about identifying and approving such units, including how their comparability would be defined and determined.
ACR's preference is for replacement units to be ACR units. However, in the case that ACR units are not available, ACR will evaluate the use of other CORSIA-qualified units that are deemed comparable and make a determination if non-ACR replacement units are acceptable. Acceptable credits may include units issued by ART, for example, or units issued by another ICAO approved program that meet ACR program requirements. The types of units that would not be deemed as comparable and would not be eligible for crediting under ACR include, for example, but are not necessarily limited to grid connected renewable energy and crop-based soil carbon credits.

the procedures by which ACR will confirm the cancellation of the required quantity of units in cases where such cancellations occur on another programme registry (if this is allowed).
In the event ACR approves replacement credits from another CORSIA-approved program, the credits would have to be cancelled on the public registry with the cancellation reason as "cancelled for CORSIA replacement use by ACR" and noting the details of the aeroplane operator to which the replacement units will be credited. The cancellation report must be sent to ACR for reporting to ICAO.

how ACR would ensure the compensation of double-claimed units in the case that such guarantees are not honored or fulfilled—whether with ACR units or comparable CORSIA- qualified units as approved by ACR.
ACR would only allow the option of a guarantee if it were legally secure and binding and 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 included sufficient remedies to cover ACR's costs for replacement units in the event of a default.

Regarding Options ii and iii, please explain how ACR would ensure the compensation of double-claimed units in the case that such guarantees are not honored or fulfilled.
ACR would only allow the option of a guarantee if it were legally secure and binding and 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 included sufficient remedies to cover ACR's costs for replacement units in the event of a default.

Regarding Section C.3, Paragraph 3, **Option iv**, please describe the considerations that informed ACR's choice to use the OECD's Prevailing Country Risk Classification as a proxy for assigning risk of accounting reversals, including whether and which other indicator were considered.

In order to inform the % buffer contribution required under the compensation mechanism option 3.iv in Appendix B of the ACR Standard v7.0[18], ACR considered a number of approaches that could serve as a suitable proxy for assessing the risk of a country not making accounting adjustments under the Paris Agreement. We considered both sovereign risk ratings and country risk ratings. We decided country risk ratings are more appropriate given that sovereign risk is focused on the risk of a country not meeting financial obligations (such as defaulting on sovereign debt), and country risk is a more narrow interpretation of the political (including elements such as corruption and force majeure events such as war, expropriation, revolution, civil disturbance), regulatory, economic, market (volatility) and financial risks in a country.

We then reviewed options with a focus on data that is public[19], updated with some frequency and not overly complex, including:

- The World Bank worldwide governance indicators (WGI), which includes six dimensions of governance (political stability, rule of law, regulatory quality, control of corruption, effective government and accountability). The WGI were designed as a tool for cross-country comparisons and for evaluating broad trends over time, but not as to deliver country-specific diagnostic data as there is no single "score" for a country. ACR disregarded this option.
- AM Best Rating Services Country Risk Information, which includes 5 Country Risk Tiers based on the three categories of economic risk, political risk and financial system risk.
- Credendo's Country Risk Assessment, which provides a quantitative and qualitative assessment of country risk across two broad categories of Export Transactions (including Political Risk and Commercial Risk) and Direct Investments (Political Violence, Expropriation Risk and Currency Inconvertibility), each scored on a scale of 1-7. While scores are generally consistent across categories, ACR considered the Expropriation Risk to be the most relevant for the given context.
- Coface Country Risk Assessment map, which aims to evaluate the average credit risk in a country based on economic, financial and political data and taking into account Coface experience in the country. The map is updated quarterly and scores range on a scale of 1-8 from very low to extreme risk (A1, A2, A3, A4, B, C, D, E).
- The Organization for Economic Cooperation and Development (OECD) Country Risk Classification, which is a methodology that was established in 1997 for assessing country credit risk and classifying countries in connection with their agreement on premium fees for official export credits. The risk ratings, from 1-7[20], are not sovereign risk classifications, rather country risk ratings based on transfer and convertibility risk and force majeure (including war, expropriation etc). Since high income OECD countries are not reviewed or classified, ACR would consider those countries as a "1" (low risk).

[18] A higher risk rating would correspond with a higher buffer contribution percentage.

[19] Country risk ratings are not publicly available from the traditional credit ratings agencies (Fitch, Moody's, S&P), which require a subscription to access detailed country risk analyses and data. Other subscription-based political risk analysis organizations include HIS Country Risk and the Economist Intelligence Unit.

[20] Note that although the lowest risk score is technically "1", the only country to receive a "1" is Chinese Taipei. For all other non-OECD high income countries, the lowest score received is "2"

ACR compared country risk scores for ten countries across North America, South America, Asia, Africa based on the four options above, and the ratings results were comparable among all four. ACR therefore elected to base the buffer contribution on the OECD country risk classification since it is an international organization that has 60 years of experience in establishing evidence-based international standards. The other three are all highly reputable credit insurance groups, so it would be difficult to justify selecting one over another.

In summary, we plan to review the compensation options and requirements on an ongoing basis as the market evolves and we gain experience in the operationalization of international cooperation mechanisms in the context of the Paris Agreement.

Regarding the same **Option iv,** would ACR disallow the use of this option in the case of projects based in high income OECD countries (which are not scored under this system such that no % contribution is assigned)?

The OECD Country Risk Classification would be used for all ACR projects. ACR would assign OECD Host Countries a risk rating of "1" which equates to a buffer pool contribution of 5%.

Has ACR given any consideration to how it would "seed" the risk pool in its early stages when CORSIA-eligible unit issuance (thus contributions to the risk pool) would be low? If so, please describe any such considerations.

No, ACR has not considered "seeding" the buffer pool nor does it believe this to be a major area of concern because the buffer pool is not in and of itself a direct compensation mechanism. The legally-binding replacement agreement with the project proponent (and the remedies therein) is the primary compensation mechanism. The buffer pool is a back-up measure in the event that the Host Country does not make a required accounting adjustment and the project proponent does not compensate with replacement units per the double claiming risk mitigation agreement. We believe the chance of default on the primary mitigation mechanism (replacement of units by the project proponent) is low given that we have legal recourse and other remedies per the risk mitigation agreement.

Regarding **Options i-iv,** please provide the following information:

Does ACR regard options ii-iv as "fallbacks" in the case that the Host Country does not provide evidence of the adjustment in line with option i within the 1-year timeframe? In other words, should option i be understood as a first line of defense?

ACR is offering robust options that also provide flexibility to Host Countries and offset project operators. We do not have a preference for the options as long as they are implemented with the intended transparency and rigor as described herein.

Does ACR foresee developing any further guidance for identifying the most appropriate options for given scenarios?

At this time, ACR is open to offering options for Host Countries and offset project operators as approved by ICAO and will continue to evaluate this approach over time.

Please explain how ACR would manage a scenario in which the scope of an NDC is economy-wide, but without clear indication of the sectors where mitigation is expected to contribute to NDC achievement.

In the event that it is unclear whether a mitigation action is covered / contributing to NDC achievement under an economy-wide NDC, ACR would engage directly with the UNFCCC Focal Point of the Host Country for an opinion on and rationale for the decision and, depending on the results, whether the Host Country letter of authorization is required. It is possible that in some cases, the Host Country may be willing to provide an authorization letter and make an adjustment even if the activity is not contributing to NDC achievement (to be conservative).

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Would the Programme be willing and able, upon request, to report to ICAO's relevant bodies, as requested, performance information related to, *inter alia*, any material instances of and programme responses to country-level double claiming; the nature of, and any changes to, the the number, scale, and/or scope of host country attestations; any relevant changes to related programme measures? (*Paragraph 3.7.12*)	☒ YES

Original ACR application July 2019:
Per the ACR Standard Chapter 10, ACR has program rules and operational processes, tracking systems, and oversight to mitigate these double counting risks and incorporates by reference the procedures to avoid double counting as detailed in "*Guidelines on Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation*" version 1.0 of June 2019 and any future updates to this document in which ACR participates as a workgroup member.

ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of emissions reductions. ACR will address these respectively by:

- **Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming** (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO.

Clarification questions from TAB October 2019:
Do you have any plans or procedures in place for addressing "accounting reversals", as referred to in the guideline in paragraph 3.7.13? ACR did not mention this specific guideline in its original form or clarifications. Neither do the Double-counting Working Group guidelines. This concept is very important for ensuring that the eligibility of units used in CORSIA cannot be revoked (and thus would need to be replaced by operators) after they have been used. Does ACR intend to put in place procedures for ACR, potentially through requirements at the project developer level or in the crediting cycle, to ensure compensation for units that are used in CORSIA and double- counted by a Host Country? Please describe any such existing or planned measure(s) / mechanism(s).
In ACR's July 2019 CORSIA application, there was a question of "whether measures are in place (or *would the Program be willing and able to put in place measures*) to…e) to compensate for, replace, or otherwise reconcile double-claimed mitigation associated with units used under the CORSIA which the host country's national accounting focal point or designee otherwise attested to its intention to not double-claim? (3.7.13)."

ACR responded (on page 64) that "ACR will adhere to any future requirements established by the UNFCCC and International Civil Aviation Organization to prevent double counting and to ensure the environmental integrity of

emissions reductions. ACR will address c, d and e, respectively by:

- Monitoring for and reporting to ICAO and the UNFCCC instances of double claiming (i.e. required accounting adjustments have not been made to national emissions reporting of host country); and
- Putting in place a mechanism to compensate for, replace or otherwise reconcile instances of double claiming, as required by ICAO."

Since submitting our CORSIA application in July, ACR has developed comprehensive requirements to compensate for any units used under the CORSIA and also claimed by the Host Country towards meeting its NDC. These requirements are detailed in ACR Standard new Appendix C as well as the *ICAO CORSIA Double Claiming Risk Mitigation Agreement*, a Business Confidential document included as Attachment B to this response.

For eligible emissions units that are intended for use in ICAO's CORSIA, the ACR Standard provides additional requirements for these units to be qualified for use in the CORSIA in new Appendix C. These requirements include obtaining a Letter of Host Country Assurance and Authorization (as detailed above) in addition to requiring that the Project Proponent contribute to ACR's CORSIA Double Claiming Buffer Pool and execute a legally-binding ICAO Double Claiming Risk Mitigation Agreement that details responsibilities of the Project Proponent to compensate for a double claim should ACR be unable to obtain credible evidence that the Host Country made required accounting adjustments within a year of when the adjustment should have been reported to the UNFCCC.

ACR will seek evidence of Host Country reporting of the use of the emission reduction units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. As stated in Appendix C.3.5, 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."

As stated in Appendix C.3.6, "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, Project Proponent must replace the double-claimed credits with a volume of replacement CORSIA-qualified credits corresponding to the number of units that were double claimed by the Host Country. These units must be ACR units that have not been sold or otherwise committed. ACR will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. **ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA**."

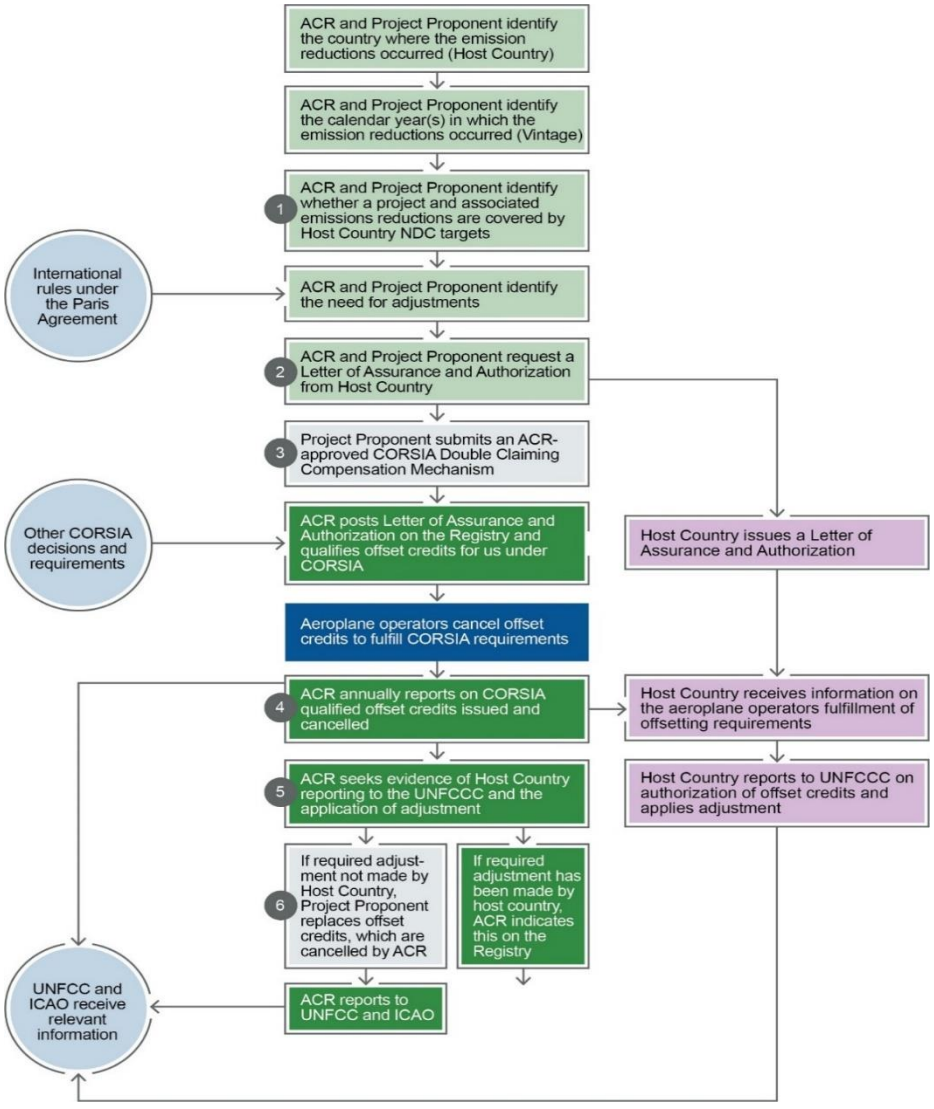
Material Update to ICAO December 2020:

ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include:

- Adding Appendix B: ACR's Requirements for Avoiding Double Counting with ICAO's CORSIA, detailing 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").**

These detailed requirements were added to ensure conformance with Paris Agreement and ICAO CORSIA requirements for avoiding double counting of post 2020 units and to detail a compensation mechanism(s) for the CORSIA. The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard

Specifically, Appendix B includes a graphic Figure 1: Steps for Units to be Qualified by ACR for Use in CORSIA



There is a specific ICAO and UNFCCC reporting loop in the diagram, which is further detailed in the Appendix:

“ACR Annual Reporting on the qualification and use of Units for CORSIA. ACR will publish annual reports that provide aggregated information related to the issuance, CORSIA qualification and cancellation of offset credits. ACR 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 ACR projects authorized by countries for use by other countries or entities, by country and calendar year."

Further, as stated in Appendix B, "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, Project Proponent must replace the double-claimed credits with a volume of replacement CORSIA-qualified credits corresponding to the number of units that were double claimed by the Host Country. These units must be ACR units that have not been sold or otherwise committed. ACR will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. **ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA**."

Clarification Questions from TAB December 2020:

Regarding Section C.3, Paragraph 6, please describe the process foreseen through which ACR will inform the UNFCCC of cases where compensation was required.

ACR would provide a written report of the situation to The Paris Agreement Implementation and Compliance Committee (PAICC) for their review and consideration.

Question 4.8 Do no net harm

Are procedures in place to ensure that offset projects do not violate local, state/provincial, national or international regulations or obligations? (*Paragraph 3.8*)	☒ YES

Summarize and provide evidence of the policies and procedures referred to above:

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR Application July 2019:

Projects registered on ACR must maintain material regulatory compliance. Regulatory compliance is defined by the ACR Standard as "*Adherence to all laws, regulations, and other legally binding mandates directly related to Project Activities.*" Per ACR Standard Chapter 3, Table 2 Eligibility Criteria:

Regulatory Compliance: *Projects must maintain material regulatory compliance. To do this, a regulatory body/bodies must deem that a project is not out of compliance at any point during a reporting period. Projects deemed to be out of compliance with regulatory requirements are not eligible to earn ERTs during the period of non-compliance. Regulatory compliance violations related to administrative processes (e.g., missed application or reporting deadlines) or for issues unrelated to integrity of the GHG emissions reductions shall be treated on a case-by-case basis and may not disqualify a project from ERT issuance. Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all*

violations or other instances of non-compliance with laws, regulations, or other legally binding mandates directly related to Project Activities.

The Project Attestation can be found here: https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates/annual-project-attestation_2016.docx.

Material Update ACR December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include converting in 6.E all annual attestation requirements to the same attestations (for regulatory compliance, ownership and community and environmental/social impacts of the project) to the project Monitoring Report.

The changes in attestation timing were to enhance reporting efficiencies by including the same attestations (no change in substance) in verified Monitoring Reports rather than as a separate process / annual document;

The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Describe, and provide evidence that demonstrates, how the programme complies with social and environmental safeguards: (*Paragraph 3.8*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:

Original ACR Application July 2019:
ACR's environmental and community safeguard requirements are described in Chapter 8 of the ACR Standard (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard) and further described in Section 2.9 of this application.

Per the ACR Standard Chapter 3, Table 2 Eligibility Requirements:
Environmental and Community Safeguards: *ACR requires that all projects develop and disclose an impact assessment to ensure compliance with environmental and community safeguards best practices. Environmental and community impacts should be net positive, and projects must "do no harm" in terms of violating local, national, or international laws or regulations.*

Project Proponents must identify community and environmental impacts of their project(s). Projects may disclose positive contributions as aligned with applicable sustainable development goals. Projects must describe the safeguard measures in place to avoid, mitigate, or compensate for potential negative impacts, and how such measures will be monitored, managed, and enforced.

ACR does not require that a particular process or tool be used for the impact assessment as long as basic requirements defined by ACR are addressed. (See Chapter 8) ACR projects can follow internationally recognized approaches such as The World Bank Safeguard Policies, or can be combined with the Climate Community and Biodiversity Alliance (CCBA) Standard or the Social Carbon Standard for the assessment, monitoring, and reporting of environmental and community impacts.

Project Proponents shall disclose in their Annual Attestations any negative environmental or community impacts or claims thereof and the appropriate mitigation measure.
ACR reserves the right to refuse to list or issue credits to a project based on community or environmental impacts that have not or cannot be mitigated, or that present a significant risk of future negative environmental or community impacts.

Project documents submitted to ACR must include an assessment of environmental and social risks demonstrating that the impact is net positive. These assessments are public in the project GHG Plans on the registry (under "view documents").

For example, ACR 222, Prairie Pothole Avoided Conversion of Grasslands and Shrublands (view documents tab) includes in the publicly available GHG Plan section F.1 a description of "New Positive Impacts" and Section F.2 "Stakeholder Comments."
https://acr2.apx.com/mymodule/reg/TabDocuments.asp?r=111&ad=Prpt&act=update&type=PRO&aProj=pub&tablename=doc&id1=222)

And ACR 188, IdleAir Truck Stop Electrification project (view documents tab) includes in the publicly available GHG Plan section F.1 a description of "New Positive Impacts" and Section F.2 "Stakeholder Comments."
https://acr2.apx.com/mymodule/reg/TabDocuments.asp?r=111&ad=Prpt&act=update&type=PRO&aProj=pub&tablename=doc&id1=188)

Additionally, the annual ACR attestation required by ACR to be executed for all projects (found on the ACR website: (https://americancarbonregistry.org/how-it-works/membership)) includes the following attestations to environmental and community impacts of the project:

(6) At no time during or since the development of the Project have there been any undisclosed or unmitigated adverse environmental or community impacts as a result of the development, construction, operation and/or maintenance of the Project;
(7) Any comments that were received from stakeholders regarding environmental or community impacts during the development, construction, operation and/or maintenance of the Project have been addressed, and when necessary response actions have been implemented by the Member or Proponent and a true and accurate summary of any and all such communications/actions is attached hereto.

Material Update ACR December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include converting in 6.E all annual attestation requirements to the same attestations (for regulatory compliance, ownership and community and environmental/social impacts of the project) to the project Monitoring Report.

The changes in attestation timing were to enhance reporting efficiencies by including the same attestations (no change in substance) in verified Monitoring Reports rather than as a separate process / annual document.

The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

Describe, and provide evidence of the programme's public disclosure of, the institutions, processes, and procedures that are used to implement, monitor, and enforce safeguards to identify, assess and manage environmental and social risks: (*Paragraph 3.8*)

A. Information contained in the programme's original application, including information submitted in response to follow-up discussions and written questions pertaining to this topic:
Original ACR application July 2019:
The public disclosure of the institutions, processes and procedures that are used to implement, monitor and enforce safeguards for environmental and social risks are included in Chapter 8 of the ACR Standard (https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard) including:

8.B Ongoing Disclosure and Enforcement
In their Annual Attestations to ACR, Project Proponents shall disclose any negative environmental or community impacts or claims of negative environmental and community impacts and the appropriate mitigation measure. ACR reserves the right to refuse to list or issue credits to a project based on community or environmental impacts that have not or cannot be mitigated, or that present a significant risk of future negative environmental or community impacts.

In addition, to Project Proponents disclosing environment and community impacts and mitigation measures, VVBs are required to confirm assertions at Validation and at each Verification for the duration of the project crediting period. The Annual Attestation, which is required to continue crediting, is defined in the ACR Standard as "The statement that a Project Proponent provides annually to ACR relating to the continuance, ownership and community impacts of a project."

Material Update ACR December 2020:
ACR has completed a 60-day stakeholder consultation to update its standard to version 7.0, which goes into effect January 1, 2021. The material ICAO-relevant changes that are now incorporated include converting in 6.E all annual attestation requirements to the same attestations (for regulatory compliance, ownership and community and environmental/social impacts of the project) to the project Monitoring Report.

The changes in attestation timing were to enhance reporting efficiencies by including the same attestations (no change in substance) in verified Monitoring Reports rather than as a separate process / annual document.

The changes are all reflected in the published ACR Standard v7.0: https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard.

B. Summary and accompanying evidence of any updates or changes to the programme elements described in "A" that were initiated following the Council's initial approval of programme eligibility (*if none, "N/A"*):
N/A

PART 5: Programme comments

Are there any additional comments the programme wishes to make to support the information provided in this form?

Original ACR Application July 2019:

Winrock International is pleased to submit an application for its American Carbon Registry (ACR) enterprise to be evaluated for ICAO approval to supply emissions reductions for the CORSIA. Winrock oversees ACR to ensure the credibility of carbon markets, ensuring environmental and scientific integrity of emissions reduction claims and transparency throughout the program cycle from methodology approval to project registration, third-party verification and the issuance and tracking of serialized offset credits on a public registry system. We are confident that our robust rules and procedures and our competent Winrock and ACR team that oversee ACR's operations will meet the ICAO Emissions Unit Criteria. Please don't hesitate to contact us with any questions.

SECTION IV: SIGNATURE

I certify that I am the administrator or authorized representative ("Programme Representative") of the emissions unit programme ("Programme") represented in a) this form, b) evidence accompanying this form, and c) any subsequent oral and/or written correspondence (a-c: "Programme Submission") between the Programme and ICAO; and that I am duly authorized to represent the Programme in all matters related to ICAO's analysis of this application form; and that ICAO will be promptly informed of any changes to the contact person(s) or contact information listed in this form.

As the Programme Representative, I certify that all information in this form is true, accurate, and complete to the best of my knowledge.

As the Programme Representative, I acknowledge that:

the Programme's participation in the re-assessment does not guarantee, equate to, or prejudge future decisions by Council regarding CORSIA-eligible emissions units; and

the ICAO is not responsible for and shall not be liable for any losses, damages, liabilities, or expenses that the Programme may incur arising from or associated with its voluntary participation in the re-assessment; and

as a condition of participating in the re-assessment, the Programme will not at any point publicly disseminate, communicate, or otherwise disclose the nature, content, or status of communications between the Programme and ICAO, and of the re-assessment process generally, unless the Programme has received prior notice from the ICAO Secretariat that such information has been and/or can be publicly disclosed.

Signed:

March 10, 2022

Mary Grady

Full name of Programme Representative (*Print*)

Date signed (*Print*)

DocuSigned by:
Mary Grady
094067A209D24C4...

Programme Representative (*Signature*)

(This signature page may be printed, signed, scanned and submitted as a separate file attachment)

Programme Re-Assessment Application Form, Appendix B

Programme Re-Assessment Scope

CONTENTS: List all activities and methodologies/protocols that were assessed by TAB, and are currently within the Scope of Eligibility. Programmes may define additional activities and methodologies/protocols programmes for TAB's re-assessment.

Sheet A) Activities the programme previously assessed by TAB and within the Scope of Eligibility under CORSIA
Sheet B) List of all methodologies / protocols that support activities described under Sheet A
Sheet C) Activities that are not previously-assessed or excluded for assessment by TAB that programmes wish to add for TAB's re-assessment
Sheet D) List of all methodologies / protocols that support activities described under Sheet C

SHEET A: APPROVED ACTIVITIES *(Here, list activities supported by the programme that are previously-assessed by TAB and within the Scope of Eligibility)*

Sector	Supported activity type(s)	Implementation level(s)	Geography(ies)
e.g. Waste, Energy	e.g., Landfill methane capture; Coal mine methane capture;	e.g., Project-level only; Programmes of activities; Sector-sc	e.g., Global; Non-Annex I-only; Country X only
Agriculture, Forestry, Land Us	Forest carbon; wetland restoration; cropland management; Grassland management;	Project level, Programs of Activities	Global (Forest Carbon North America only)
Livestock	Livestock methane emission reduction; grazing land manag	Project level, Programs of Activities	Global
Transport	Truckstop electrification; Fleet efficiency	Project level, Programs of Activities	Global
Fugitive Emissions from Indus	Industrial gas substitution; Destruction of ozone depleteing substances; Recycling/reclamation of high GHG industrial products; Pipeline retrofits	Project level, Programs of Activities	Global
Waste Handling and Disposal	Landfill gas capture and combustion; Wastewater treatment; Livestock waste management	Project level	Global
Geologic Sequestration	Carbon Capture and Storage	Project level	Global
Energy Generation	Renewable energy generation; Fuel switching; Recycling T	Project level, Programs of Activities	Global for direct onsite displacement
Energy Demand	Energy efficiency improvements	Project level, Programs of Activities	Global for direct onsite displacement

SHEET B: APPROVED METHODOLOGIES / PROTOCOLS LIST *(Here, list all methodologies / protocols that support activities described in Sheet A)*

Methodology name	**Unique Methodology / Protocol Identifier**	**Applicable methodology version(s)**	**Date of entry into force of most recent version**	**Prior versions of the methodology that are credited by the Programme** (if applicable)	**Greenhouse / other gases addressed in methodology**	**Web link to methodology**
e.g. "Methodology to XYZ… "	e.g., ABC-123-V.20-XXX	e.g., V2.0	1/1/2018			
Recycling of Transformer Oil	N/A	1.0	February 2014	N/A	CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/methodology-for-reduction-in-emissions-from-the-recycling-of-transformer-oil
Truck Stop Electrification	N/A	1.1	July 2013	1.0	CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/emission-reductions-through-truck-stop-electrification
Destruction of Ozone Depleting Substances and High-GWP Foam	N/A	1.2	November 2021	1.0; 1.1	CO2, CFC-11, CFC-12, CFC-13, CFC-113, CFC-114, CFC-115, HCFC-22, HCFC-141b, HFC-134a, HFC-245fa, Halon 1211, Halon 1301	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/destruction-of-ozone-depleting-substances-and-high-gwp-foam
Destruction of Ozone Depleting Substances From International Sources	N/A	1.0	April 2021	N/A	CFC-11, CFC-12, CFC-13, CFC-113, CFC-114, CFC-115	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/destruction-of-ozone-depleting-substances-ods-and-high-global-warming-potential-gwp-foam-from-international-sources
Certified Reclaimed HFC Refrigerants	N/A	1.2 (v2.0 expected publication Q2 2022)	August 2021	1.1; 1.0 (as combined format for "Use of HFC Refrigerants and Advanced Refirgeration Systems"	HFCs, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/certified-reclaimed-hfc-refrigerants
Advanced Refrigeration Systems	N/A	2.1	August 2021	2.0; 1.0 (as combined format for "Use of HFC Refrigerants and Advanced Refirgeration Systems"	HFCs, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/use-of-reclaimed-hfc-refrigerants-and-advanced-refrigeration-systems
Landfill Gas Destruction and Beneficial Use Projects	N/A	2.0	April 2021	1.0	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/landfill-gas-destruction-and-beneficial-use-projects
Afforestation and Reforestation of Degraded Lands	N/A	1.2	May 2017	1.1	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/afforestation-and-reforestation-of-degraded-lands
Improved Forest Management (IFM) for Non-Federal U.S. Forestlands	N/A	1.3 (v2.0 expected publication Q2 2022)	April 2018	1.2	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/improved-forest-management-ifm-methodology-for-non-federal-u-s-forestlands
Improved Forest Management (IFM) on Canadian Forestlands	N/A	1.0	September 2021	N/A	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/improved-forest-management-ifm-on-canadian-forestlands
Improved Forest Management (IFM) on Small Non-Industrial Private Forestlands	N/A	1.0	September 2021	N/A	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/small-non-industrial-private-forestlands
Avoided Conversion of Grasslands and Shrublands to Crop Production	N/A	2.0	October 2019	1.0	CO2, CH4, N2O	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/methodology-for-avoided-conversion-of-grasslands-and-shrublands-to-crop-production
Restoration of California Deltaic and Coastal Wetlands	N/A	1.1	November 2017	1.0	CO2, CH4, N2O	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/restoration-of-california-deltaic-and-coastal-wetlands
Restoration of Pocosin Wetlands	N/A	1.0	October 2017	N/A	CO2, CH4, N2O	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/greenhouse-gas-benefits-of-pocosin-restoration
Carbon Capture and Storage Projects	N/A	1.1	September 2021	1.0 (no credits have been issued to this version)	CO2, CH4, N2O	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/carbon-capture-and-storage-in-oil-and-gas-reservoirs
Transition to Advanced Formulation Blowing Agent in Foam Manufacturing and Use	N/A	2.1 (v3.0 expected publication Q2 2022)	August 2021	2.0; 1.0	HFCs	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/conversion-of-foam-blowing-agents-from-high-gwp-to-low-gwp-materials
Capturing and Destroying Methane from U.S. Coal and Trona Mines	N/A	1.0	September 2019	N/A	CH4, CO2	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/capturing-and-destroying-methane-from-u-s-coal-and-trona-mines

SHEET C: ADDITIONAL ACTIVITIES *(Here, list activities supported by the programme that were not previously-assessed by TAB that programmes wish to add for re-assessment)*

Sector	Supported activity type(s)	Implementation level(s)	Geography(ies)
e.g. Waste, Energy	e.g., Landfill methane capture; Coal mine methane capture;	e.g., Project-level only; Programmes of activities; Sector-sc	e.g., Global; Non-Annex I-only; Country X only
Fugitive Emissions from Indu	Oil and gas well methane avoidance; Coal mine methane capture	Project level, Programs of Activities	Global

SHEET D: ADDITIONAL METHODOLOGIES / PROTOCOLS LIST *(Here, list all methodologies / protocols that support activities described in Sheet C)*

Methodology name	**Unique Methodology / Protocol Identifier**	**Applicable methodology version(s)**	**Date of entry into force of most recent version**	**Prior versions of the methodology that are credited by the Programme** (if applicable)	**Greenhouse / other gases addressed in methodology**	**Web link to methodology**
e.g. "Methodology to XYZ…"	e.g., ABC-123-V.20-XXX	e.g., V2.0	1/1/2018			
Plugging Abandoned & Orphaned Oil and Gas Wells	N/A	1.0	publication expected Q2 2022	N/A	CH4	https://americancarbonregistry.org/carbon-accounting/standards-methodologies/plugging-abandoned-orphaned-oil-and-gas-wells

Programme Re-Assessment Application Form, Appendix C

Programme Exclusions Scope

CONTENTS: List all activities and methodologies/protocols that were excluded from TAB's assessment or outside of Scope of Eligibility. Programmes may define additional activities and methodologies/protocols programmes to be **excluded** from TAB's re-assessment. The four sheets are described below:

Sheet A) Activities that were e**xcluded** from TAB's assessment, or is outside of programme's Scope of Eligibility

Sheet B) List of all methodologies / protocols that support activities described under Sheet A

Sheet C) Additional activities that the programme wish to **exclude** from TAB's re-assessment

Sheet D) List of all methodologies / protocols that support activities described under Sheet C

SHEET A: EXCLUDED ACTIVITIES *(Here, list activities that were **excluded** from TAB's assessment, or is outside of programme's Scope of Eligibility)*

Sector	Project/programme type(s)	Implementation level(s)	Geography(ies)
e.g. Waste, Energy	e.g., Landfill methane capture; Coal mine methane capture;	e.g., Project-level only; Programmes of activities; Sector-sc	e.g., Global; Non-Annex I-only; Country X only
None			

SHEET B: EXCLUDED METHODOLOGIES *(Here, list all methodologies / protocols that support activities described in Sheet A)*

Methodology name	**Unique Methodology / Protocol Identifier**	**Applicable methodology version(s)**	**Date of entry into force of most recent version**	**Prior versions of the methodology that are credited by the Programme** (if applicable)	**Greenhouse / other gases addressed in methodology**	**Web link to methodology**
e.g. "Methodology to XYZ…"	e.g., ABC-123-V.20-XXX	e.g., V2.0	1/1/2018			
N/A						

SHEET C: ADDITIONAL EXCLUDED ACTIVITIES *(Here, list additional activities that the programme wish to* ***exclude*** *from TAB's re-assessment (although they are currently within the Scope of Eligibility))*

Sector	Project/programme type(s)	Implementation level(s)	Geography(ies)
e.g. Waste, Energy	e.g., Landfill methane capture; Coal mine methane capture;	e.g., Project-level only; Programmes of activities; Sector-sc	e.g., Global; Non-Annex I-only; Country X only
None			

SHEET D: ADDITIONAL EXCLUDED METHODOLOGIES *(Here, list all methodologies / protocols that support activities described in Sheet D)*

Methodology name	**Unique Methodology / Protocol Identifier**	**Applicable methodology version(s)**	**Date of entry into force of most recent version**	**Prior versions of the methodology that are credited by the Programme** (if applicable)	**Greenhouse / other gases addressed in methodology**	**Web link to methodology**
e.g. "Methodology to XYZ…"	e.g., ABC-123-V.20-XXX	e.g., V2.0	1/1/2018			
N/A						

As instructed on Page 6 of the ICAO Re-assessment Application Form, ACR is only including a response to Question 7.3 as we have previously completed and submitted a Registry Attestation form.

PART 3: EVIDENCE OF ADHERENCE TO SCOPE OF REGISTRY RESPONSIBILITIES

7.3	Will the Programme Registry (in the case of applicants to be assessed to determine their eligibility)/Does the Programme Registry (when the Programme is determined to be eligible by a decision of the ICAO Council) identify / label its CORSIA eligible emissions units as defined in the ICAO Document "*CORSIA Eligible Emissions Units*"?	☒ YES
	Describe how the Registry does or will implements this provision:	
	ACR has worked with its registry platform service provider APX to develop ICAO-related functionality for the ACR Registry including designation / identification of units as "ICAO Qualified". This functionality is currently operational. The ACR administrator designates units as "CORSIA Qualified" if they have been approved as eligible for use for CORSIA by ICAO (approved program, project type, vintage etc.), have obtained a Host Country Letter of Assurance and Authorization (for use of the units for CORSIA or other "export" purpose) and have met other CORSIA and ACR requirements. Functionality is built so that ACR units cannot be cancelled for the use by aeroplane operators for use in the CORSIA unless they have already been designated as CORSIA Qualified – that cancellation reason will only appear when the relevant credits are marked as CORISA Qualified by ACR.	
	In the field below, provide link(s) to any web-based evidence of existing registry functionalities and/or of documents demonstrating business practices and procedures for the Programme Registry's implementation of these provisions. Alternatively, or in addition, confirm that such evidence is included as an attachment to this *Emissions Unit Programme Registry Attestation.*	
	ACR displays the CORSIA Qualified tag within ACR's public credit reports including: Project Credits Issued report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=112 Cancelled Credits Report: https://acr2.apx.com/myModule/rpt/myrpt.asp?r=208 The CORSIA Qualified tag ("yes" or "no") is indicated in the unique CORSIA Qualified column of these reports. For units that will be required to submit a Host Country Letter of Authorization and ICAO Compensation Agreement, the "Yes" within the CORSIA Qualified column on the public report will link to the viewable documents. Currently, only 2016-2020 vintages have been marked as CORSIA Qualified, therefore this functionality in not yet in use by any projects.	