

Procedural Guidance for Preventing Double Claiming





Procedural Guidance for Preventing Double Claiming

A large, solid blue circle is located in the lower right quadrant of the page. Inside the circle, the text "Version 1.0" is written in a bold, black sans-serif font.

Version 1.0

Contents

List of figures	5
Acronyms and abbreviations	6
Terms and definitions	7
1 Introduction	8
2 Background	9
3 Scope	9
4 Double claiming and international transfers	10
5 Corresponding adjustments	10
6 Double claiming prevention/risk mitigation requirements	13
6.1 Host country Letter of Intent (LOI) for project activity	14
6.2 Host country Letter of Authorization (LOA) for use of ITMOs	14
6.3 Assurance requirements	16
6.3.1 CCMP legally binding contract	17
6.3.2 Evidence of corresponding adjustments	17
6.3.3 Insurance policies	18
7 Carbon credits attributes and intended use-related procedures.	19
8 Issues related to authorizations/corresponding adjustments and resolution alternatives...	20
9 UNFCCC's Centralized Accounting and Reporting Platform (CARP) monitoring	22
10 References	23
11 Document history	24
Annex 1 Eligibility requirements / checkmarks	25

List of figures

Figure 1. Corresponding adjustments schematic view	11
Figure 2. Corresponding adjustments timing and triggering	12
Figure 3. Definition of Carboncers use when corresponding adjustment is required	19

Acronyms and abbreviations

BTR	Biennial Transparency Report
CCMP	Climate Change Mitigation Project or Programme
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
GHG	Greenhouse gas(es)
ICAO	International Civil Aviation Organization
ITMO	Internationally Transferred Mitigation Outcomes
LOA	Letter of Authorization for ITMOs transfer of the host country (also “Authorization for ITMOs transfer”)
LOI	Letter of Intent
NDC	Nationally Determined Contribution
SDGs	United Nations’ Sustainable Development Goals
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary Carbon Market(s)

Terms and definitions

The terms and definitions contained in the document ***Terms and Definitions of the Voluntary Certification Programme of Cercarbono***, available at www.cercarbono.com, section: Documentation.

1 Introduction

Double claiming, as related to greenhouse gas (GHG) emissions reductions/enhanced removals, certified and issued by Cercarbono as Carboncers to a certain Climate Change Mitigation Project or Programme (CCMP), is a potential issue that can occur when such certified carbon credits are counted more than once towards climate change mitigation obligations or targets, (e.g., both by an organization or country reporting its GHG reductions or enhanced removals, and by the entity or country intending the use of the same credits to meet its mitigation objective or target, inter alia, its Nationally Determined Contribution (NDC)).

Double claiming, a particular case of double counting¹, can occur in different scenarios and under different conditions, and with the operationalization of Article 6 of the Paris Agreement's mechanisms² and procedures, where Article 6.2 and paragraph 36 of decision 1/CP.21 states that double counting should be avoided on the basis of corresponding adjustments if such mitigation outcomes are included in the scope of a country's NDC, it is of utmost relevance to ensure that is the case to provide required transparency and integrity to climate action-related efforts, even when general provisions can and shall be applied to any context in which double claiming could potentially occur.

Now, as some nationally developed processes and policies in this regard are still evolving, while certified credits are marketed in real time, there is a potential for delays, setbacks or even non-compliance of such corresponding adjustments-related obligations, which would mean a certain Carboncer could be still considered within the scope of the specific NDC, while it is used also to demonstrate a mitigation outcome by for example, an airline under the International Civil Aviation Organization (ICAO) or a shipping company under the International Maritime Organization (IMO).

Given such corresponding adjustments are to be performed according to each country's own procedures and timing, even when under a generally agreed set of rules within the United Nations' Framework Convention on Climate Change (UNFCCC), carbon credits' certification bodies shall have in place and enforce provisions for preventing and resolving double claim issues which may arise from a diversity of situations and conditions, and put in place surveillance and communication mechanisms to ensure such corresponding adjustments have been performed and if that is not the case, having provisions for resolution of any such situation guaranteeing integrity of the credits issued.

As such, the aim of this procedural guideline is to provide CCMPs participating in Cercarbono's certification cycle, as well as stakeholders to those CCMPs with clear guidance on the nature, consequences and ways of managing double claiming-related issues to keep the integrity of traded climate-related outcomes, ensuring in turn soundness and transparency in such procedures, in line with the current best practices in the Voluntary Carbon Market (VCM).

¹ See [Section 7](#) of Procedures of Cercarbono's Certification Programme for general treatment of this issue, including double issuance and double use situations.

² From here on referred to as "Article 6 mechanisms".

2 Background

Parties to the Paris Agreement have established targets for GHG emissions reductions/enhanced removals, which entail commitments and pledges contained in their respective NDCs.

Other parties or members of international organizations obliged to meet certain offsetting targets or objectives, shall follow the provisions of specific carbon reduction initiatives, such as ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), for example.

In the context of such international initiatives, credits' integrity, and transparency in regard to related transactions, as well as assurance of proper accounting of them, meaning that they are only used and accounted for once towards such targets is a must, and is even more important when such transactions involve mitigation outcomes that may be included in targets intended to meet corresponding international commitments in the context of Article 6 of the Paris Agreement.

Even when a general framework has been established so far for developing sound and transparent accounting and reporting procedures to track and reconcile such procedures both at the national and international levels when emission reductions/removal enhancements are transferred between parties or non-parties, aiming to comply with their NDC targets under Articles 6.2 and/or 6.4, it is required to clarify and further define the modalities and procedures that need to be met by CCMPs participating in Cercarbono's carbon programme to ensure the integrity and transparency of such mitigation outcomes' transactions.

Furthermore, all required documentation and statements pertaining to such procedures will be publicly available through Cercarbono's registry platform, EcoRegistry, consistent with the programme's principles, including all issuance certificates and information related to certified carbon credits' transactions (availability, retirements, cancellations, etc.) for carbon international offsetting purposes.

Cercarbono's commitment to informing and make a follow-up on the status of related procedures and corresponding adjustments, as applicable, is also stated and described in this procedural guidance.

3 Scope

The application of this procedural guideline is mandatory for all CCMPs registered in Cercarbono, particularly those intended for participation in Article 6 mechanisms or related programs or considered within the scope of any country's NDC.

This procedural guideline complements the current provisions related to general double counting-related provisions in the Procedures of Cercarbono's Certification Programme, to provide further guidance to CCMP holders, on preventing potential (or dealing with existing) double claiming issues, featuring a more detailed, in-depth description and provisions, minimizing the space for interpretation by establishing clear descriptions, rules and procedures to be followed.

4 Double claiming and international transfers

As described in the introduction, double claiming can potentially occur under different scenarios and between different actors. Preventing it implies that a certain mitigation outcome, within this procedural guideline in the form of certified carbon credit, is only counted once towards a climate change mitigation-related obligation or target.

As such, it is convenient to describe double claiming in terms of transferral and acquisition of involved mitigation outcomes (Carboncers under Cercarbono).

Thus, for a double claiming situation to occur in an international transfer scenario, all the following conditions must be present (Schneider et al. 2015):

- The mitigation outcome is within the scope of the NDC target of a transferring (host) country.
- The mitigation outcome is included in the GHG inventory of the transferring (host) country (or is part of the indicators to measure progress towards achieving its NDC).
- Acquiring (destination) country uses acquired mitigation outcome to achieve its NDC target, by applying a corresponding adjustment.
- Transfer of the mitigation outcome is not accounted for by transferring (host) country, i.e., the transferring (host) country does not apply a corresponding adjustment.

Conversely, double claiming does not occur, hence corresponding adjustment is theoretically not needed to be applied by the transferring (host) country, shall any of the above referred conditions not apply.

Although above discussion refers mainly to Internationally Transferred Mitigation Outcomes (ITMOs) within the scope of Article 6 of the Paris Agreement, double claiming can also occur, for example, if an organization (e.g., an airline participating in ICAO's CORSIA) employs a mitigation outcome that is also used by a Party to the Paris Agreement to achieve its NDC, provided the transfer and use under the compensation or offsetting program (e.g., CORSIA) is not properly documented by means of a corresponding adjustment by the transferring (host) country.

5 Corresponding adjustments

Article 6.2 of the Paris Agreement states that Parties to it “...shall apply robust accounting to ensure, *inter alia*, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement”.

In response to this binding provision, a procedure known as “corresponding adjustments”, referred to a Party's GHG emissions inventory has been developed.

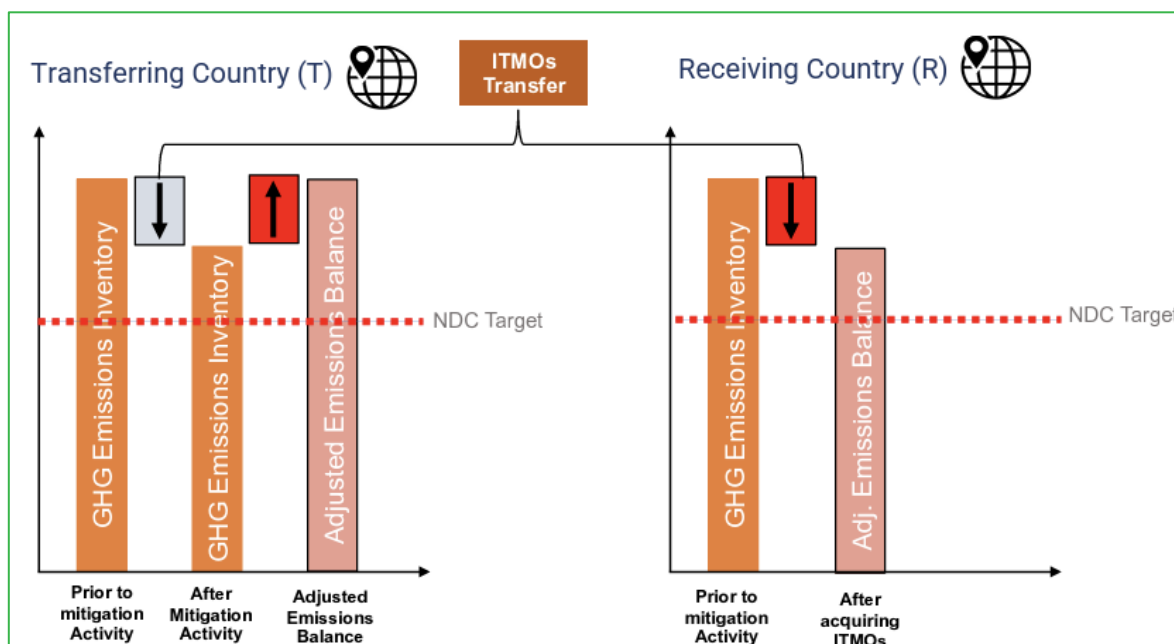
In brief, the concept of corresponding adjustments is that countries' GHG emission levels, as reported when they track progress towards achieving their NDC targets, should be *adjusted* to reflect mitigation outcomes transfer (exports) or receipt (imports).

Such corresponding adjustments shall be documented in the biennial transparency reports (BTR), of such countries, under the enhanced transparency framework (ETF), and accounted as predicated in Article 6.2 guidance. Even when the basis for accounting is left open,

paragraph 77d of decision 18/CMA.1 on the ETF defines an emissions balance as the basis for corresponding adjustments. Therein contained provisions would have to be followed by parties participating in the cooperative approaches under Article 6 or authorize the use of ITMOs for purposes other than their NDC target achievement. (Schneider et al. 2017).

Accounting updates thus, are performed each two years and ITMOs' transactions shall be reflected in the form of corresponding adjustments as described in **Figure 1**.

Figure 1. Corresponding adjustments schematic view



Source: Article 6 training (online event), presented by UN Climate Change and RCC Caribbean, October 16, 2024.

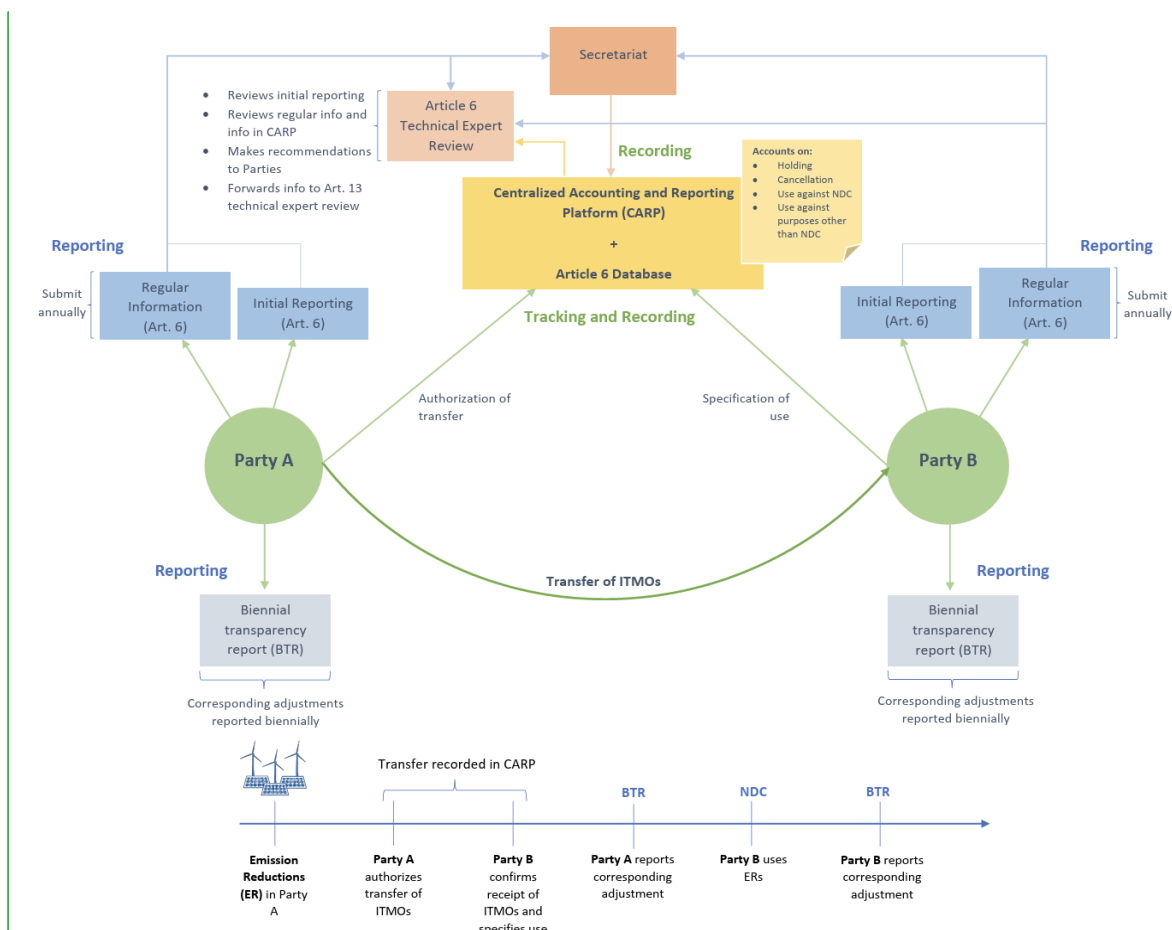
Corresponding adjustments are thus a vital component of the tracking and accounting systems for internationally transferred mitigation outcomes.

It is worth noting that, when assessing corresponding adjustments from said BTRs, care must be taken in considering their timing and triggers, as even when they are produced on a biennial basis, many NDC pledges feature single year targets and describe the achievement of a certain GHG emission reductions/enhanced removals at the end of the NDC period, including ITMOs accounting, which according to said paragraph 77 (d), would have to be reported on a biennial basis (Greiner et al. 2019).

Therefore, open and direct communication with each Party's structure in charge of producing such BTRs / corresponding adjustments is required to complement what such BTRs declare, to fully understand and assess a particular mitigation outcome's accounting status.

A summary of such timing and triggers of corresponding adjustments and its relationship to Article 6 structure and Centralized Accounting and Reporting Platform (CARP), as well as to Parties' reporting obligations is shown in **Figure 2**.

Figure 2. Corresponding adjustments timing and triggering



Source: Greiner et al. 2019.

As apparent from previous discussions, a robust accounting and consistent monitoring and follow-up on international mitigation outcomes' transfers is of paramount importance in preventing double claiming situations and in achieving transfers' required integrity.

Finally, as Article 6.2 of Paris Agreement incorporates elements regarding ITMOs transfers, although it does not address applicability of such transfers for other purposes, such as emissions offsetting under international initiatives or schemes, the question of whether such ITMOs' related provisions could be applied to such other purposes could be raised.

In that sense, the general interpretation criterion is that the provision in Article 4.13, which requires parties to ensure the avoidance of double counting (including double claiming) in accounting their NDCs, has a broader applicability scope as ensuring it in that context encompasses avoiding double counting between such NDCs and mitigation actions by other countries or under other international treaties or initiatives, such as CORSIA, which may be further supported by recalling that the scope and objective of the Paris Agreement includes all anthropogenic emissions, including those from international transporting media. (Schneider et al. 2017).

6 Double claiming prevention/risk mitigation requirements

The following requirements are understood as additional to a CCMP's full compliance with applicable provisions as per Cercarbono's regulatory framework, including those related to safeguards, UN's Sustainable Development Goals (SDGs) contribution, among others.

CCMPs participating in Cercarbono's certification cycle, aiming to use certified carbon credits either in the framework of Article 6.2 of the Paris Agreement or for mitigation actions or commitments under other related international schemes or treaties, (e.g., ICAO's CORSIA), or in general, shall inform, and provide evidence on:

- Full compliance with specific mechanism/programme/scheme regulatory framework's applicable provisions.
- Application of provisions regarding double counting, inter alia:
 - Demonstrating the mitigation outcomes are not included in the host country's NDC, through official attestation from host country's designated focal point or authority in charge of NDC operation, or
 - If the mitigation outcomes are included in the host country's NDC, demonstrating transferral of such mitigation outcomes has been authorized as per applicable Article 6.2 country-specific arrangements in place, by competent authorities in the host country and corresponding submissions have been made and received by UNFCCC's ad-hoc areas, authorities or officials.
 - Demonstrating the mitigation outcomes are not considered in the national GHG inventory reported in the host country's BTR.
 - Providing evidence showing corresponding adjustments have been performed and reported, or a timeline featuring milestones and responsibilities to perform them, either by the host and/or by the acquiring country, as applicable, including a schedule for progress reporting to Cercarbono.
 - Complying with progress reporting schedule, which shall include provisions for reporting progress at the time any milestone is reached or achieved and on a periodic basis, which must be at least biannually.
 - Other mechanism- or program-specific provisions on double counting prevention (e.g., CORSIA's required *Host Country Attestation on Double counting*).
- When established/required by the host country under Article 6.2 provisions, CCMP approval (sometimes referred to as letter of intent, pre-authorization or ex-ante authorization). Please refer to [Section 6.1](#) below.
- When established/required by the host country under Article 6.2 provisions, evidence of successful internal review of, or/and independent validation of CCMP design.
- When available for issuance by the host country, attestation of no-double claiming must be provided.
- Host country authorization letter, as described in [Section 6.2](#) below.
- Compliance with assurance requirements as per the modalities and options in [Section 6.3](#) below.

In case the mitigation outcomes are not included in host country's NDC, assurances as per in [Section 6.3](#) below shall still be provided, and applicable provisions as per [Section 7.3](#) of

the **Procedures of Cercarbono's Certification Programme** (available at: www.cercarbono.com), shall be followed.

6.1 Host country Letter of Intent (LOI) for project activity

This document, which is not required by every country, declares the host country authorization to the specific CCMP being implemented, acknowledging the aim of such CCMP to transfer its mitigation outcomes under the Paris Agreement / related mechanisms or schemes framework.

Main elements this LOI shall comprise are as follows:

- Host country entity / official representation description (national focal point)
- Identification of the subject document as a LOI.
- CCMP specific (issued to CCMP holder or authorized representative)
- Description of any actions and paperwork served as a background for granting the LOI to the subject CCMP.
- Applicability of NDC related provisions (if it is included in the NDC). Otherwise, a statement indicating the subject CCMP implementation does not require a corresponding adjustment, and providing the rationale for it.
- Clearly state endorsement or no objection to the implementation of the CCMP under Paris Agreement Article 6.2 framework.
- Description of additional provisions to be complied with by the CCMP (e.g., certification programme or standard regulatory framework, international initiative or scheme provisions, etc.)
- Clear statement declaring obligation and intention of the host country for applying corresponding adjustments, linked to any process or commitment for issuance of other relevant documents, inter alia, a letter of authorization for use of ITMOs.

6.2 Host country Letter of Authorization (LOA) for use of ITMOs

Cercarbono requests all CCMP participants or holders aiming to be part of an offset scheme where double claiming occurrence is possible, a written statement from the host country where the GHG removals or GHG emission reductions occurred.

The request is for the host country to issue a letter of authorization (LOA) declaring that carbon credits certified by Cercarbono may be used under a certain compliance plan, and stating that it will not claim the associated GHG removals or GHG emission reductions to account for them towards its mitigation targets, which will be linked to the information provided by countries regarding Nationally Determined Contributions (NDCs) and the need for the application of corresponding adjustments.

The host LOA shall be submitted in written form to Cercarbono before the CCMP holder requests the credits retirement; otherwise, it will not be possible to include them in the end-use options of compliance plans that require them. This declaration will be made publicly available on the EcoRegistry platform.

If such LOA is required to comply with certain formatting requirements as per requirements of Article 6 related mechanisms or schemes, then it is the responsibility of the project holder to apply applicable provisions as per such mechanisms or schemes rules.

Such authorization (preferably issued as irrevocable) shall feature at a minimum, the following sections and elements:

- Host country entity / official representation description (national focal point)
- CCMP specific (issued to CCMP holder or authorized representative)
- Statement referring host country is a Party to the Paris Agreement.
- Statement referring host country has in place arrangements / mechanisms for ITMOs transfers and authorizes them.
- Identification of the subject communication as a LOA for ITMOs transferral under cooperative approaches of Article 6.2 of the Paris Agreement.
- Statement on agreement of the host country, and acceptance by the CCMP representative of referred agreement.
- CCMP authorization / endorsement statement, based on compliance with applicable procedures, laws and regulations.
- Acknowledgement of CCMP's mitigation outcomes.
- Description of intended use of ITMOs resulting from CCMP implementation.
- Specification of the amount of authorized emissions/enhanced removals for transfer purposes (NDC achievement by acquiring country or other uses / mechanisms / schemes).
- Applicable vintage timeframe for emissions/enhanced removals generation.
- Statement with assurance that authorized ITMOs are not to be used to achieve host country's NDC or any other national GHG emissions targets.
- Obligation of host country, for performing corresponding adjustments, as applicable.
- Statement on authorization for transfer and trading according to intended use.
- Statement declaring the letter shall be made publicly available.
- Other arrangements or agreements entered into between the host country, the CCMP holder, or other stakeholders in the CCMP lifecycle.
- Reporting and information requirements imposed to the CCMP holder.
- Applicable legal jurisdiction notices.

The format and content of host country's authorization letters are defined according to the circumstances and needs of each country, and it is up to each nation to do so. That said, in order to enable the insurance policy and/or guarantee referenced in [Section 6.3](#) below, it is strongly suggested that such Letter of Authorization should:

- a. Fully align with the "Content of the authorization" requirements outlined under the UNFCCC's Art. 6.2 framework guidance.
- b. Constitute a legally valid, binding and enforceable agreement against the contracting entity(ies) of the host government, under the laws of the host country. For this, the Project Proponent and/or other relevant stakeholders should seek a legal opinion from local counsel as to the validity and enforceability of its terms;
- c. Contain clear governing law and dispute resolution provisions, including rights of recourse against the host government via arbitration, clearly setting out the actions

- required by each party to the contract and under what circumstances each can terminate the agreement;
- d. Clearly outline the circumstances under which the host government's non-compliance with its terms constitutes a material breach; and
 - e. The LOA specifically should contain the appropriate provisions outlining the host country's authorisation regarding the use of ITMOs towards other international mitigation purposes, and its commitment to apply and report the CAs in its accounting for NDCs under Article 6.2 Rules.

It is worth noting that, as explained before, an ITMO transfer authorization can only be issued once mitigation outcomes have been generated and verified, therefore, activity approval, as per ex-ante authorization, does not constitute, nor it is valid as, an ITMO transfer authorization.

As a preventive mechanism, Cercarbono guarantees public availability of the information required by countries to assess whether a specific CCMP's activities (GHG removals or GHG emission reductions) are included in NDC targets, thus facilitating the implementation of corresponding adjustments through its registry system so they can be described in the National Emissions Reports, as per Section IV of Article 6.2. Guidance of the Paris Agreement.

Cercarbono is open to adjust its procedures and requirements according to each country's NDCs and the periods those targets apply to, as well as to keep in line with national government decisions. However, it is important to clarify that it is only possible to accept credits under a compliance plan in cases where all information related to the use of such credits is available and with the consent of all involved actors. Likewise, Cercarbono is not responsible for the implementation of the corresponding adjustments, although it supports the necessary information for countries to perform them.

To ensure countries have correctly implemented the corresponding adjustments, Cercarbono will rely on the United Nations Framework Convention on Climate Change's (UNFCCC) Update Reports and National Communications on Climate Change.

6.3 Assurance requirements

Given several potential situations might be present, posing a risk on transferred outcomes' integrity or permanence, CCMPs aiming to transfer emissions under Article 6 of the Paris Agreement, or under related schemes or mechanisms, must provide Cercarbono with assurances covering potential need for replacement of Carboncers involved in such transfers.

Such assurances would be required, depending on the status of the transfer process of the mitigation outcomes, according to the following sections.

The above does not remove from the CCMP holder, the ultimate responsibility for complying with each and every legal, procedural and otherwise applicable requirements regarding CCMP development, ensuring all due process has been satisfactorily performed in each step and before each applicable instance, and taking all necessary steps to keep

Cercarbono free and safe from any liability arising from claims of any nature, relating to mitigation outcomes transfer process and trade agreements.

6.3.1 CCMP legally binding contract

A legally binding contract by means of which the CCMP holder or any other participating entity in the project lifecycle with due legal power and providing reasonable assurance of their capability to do so, commits to compensate involved Carboncers affected by any cause and in any amount, shall be provided by the project holder to Cercarbono.

Among above referred causes potentially affecting Carboncers and requiring a compensation action the following could be listed, which are not limited to:

- Corresponding adjustments not being applied by any participating Party.
- Misrepresentation of the host / acquiring party regarding status and applicability of NDC-related provisions and corresponding adjustments, based on which a specific authorization has been granted.
- LOA withdrawal or modification.
- Sanctions derived from non-compliance with international initiative for which mitigation outcomes transfer is performed or intended.
- Attestation of no-double claiming is revoked or modified.

Such legally binding contract is a prerequisite for all CCMPs intending participation in such Article 6 or related mechanisms / schemes involving transfers of mitigation outcomes to be registered acknowledging such conditions, independent on the mitigation outcomes' transfer status.

For Carboncers intending to participate in Article 6 related mechanisms / schemes which are not subject to corresponding adjustments, the legally binding contract scope shall cover remaining required assurances, not related to such corresponding adjustments.

6.3.2 Evidence of corresponding adjustments

Documented evidence and links related to finalized corresponding adjustments related to mitigation outcomes of the subject CCMP, included in the final version of the corresponding BTR(s) submitted to UNFCCC by the host country.

In case relevant information regarding the above is restricted due to confidentiality concerns or is not provided with an adequate level of granularity, additional documentation duly signed by UNFCCC officials in charge of processing and authorizing such BTRs is required.

If such evidence can be provided, no other forms of guarantee are required, even when signing of a legally binding contract similar to that described in [Section 6.3.1](#) with limited scope referring only situations of potential reversal of corresponding adjustments, is still required.

As a particular case of this guarantee, a CCMP whose mitigation outcomes have not been yet reflected in the host country's NDC in the form of corresponding adjustments could be still issued Carboncers, but they would remain blocked until such evidence can be provided to Cercarbono.

6.3.3 Insurance policies

Alternatively to evidence described in [Section 6.3.2](#) above, the CCMP holder can provide proof of an active insurance policy³ from a Cercarbono-approved insurance company. This policy must be approved as meeting the Cercarbono requirements, backing the ability of the signee of such legally binding contract and its scope, to comply with their defined obligations (see [Section 6.3.1](#)), covering involved Carboncers throughout project implementation and obligatory, post-crediting period monitoring period⁴, as applicable.

Such insurance shall be referred to the subject LOA in terms of the specific project from the moment Cercarbono designates it as eligible for the specific Article 6 or related mechanism/scheme.

Eligible insurance products must provide for either:

- a) A replacement of affected Carboncer by other eligible unit under the specific mechanism / scheme framework, complying inter alia, with project type, sector, vintage or other eligibility conditions originally intended to be fulfilled by such substituted Carboncers (In-kind replacement); or
- b) Financial resources, sufficient to allow the obliged subject to purchase eligible units as required by the specific mechanism / scheme framework or otherwise indemnify the counterparty to allow it due compliance with any such provisions on its own.
- c) In both instances of the above specified insurance claims payment – whether in-kind or in financial compensation, the eligible insurance policy must comprehensively support the signee of the Legally Binding Contract in meeting its obligations as set out under the CCMP Legally Binding Contract, and accommodate price increases for eligible replacement units over the policy term, based on available market data.

Insurance companies, to be approved by Cercarbono, must undergo a rigorous assessment process including final decision on it by a special-purpose committee, integrated at least by Cercarbono's CEO, Carbon Programme Director, Carbon Certification Director and Commercial Director, according to **Cercarbono's General Governance Overview**, available at: www.cercarbono.com, section: Documentation.

In any case, insurance companies, in order to be considered for Cercarbono's approval, must demonstrate, in addition to no conflict of interest with CCMP development or certification cycle involved parties⁵:

- An investment grade credit rating.
- Valid license to operate in the relevant jurisdiction(s).
- No affiliation with the Host Country Authority or the project proponents.
- Experience in designing and successfully delivering carbon-specific insurance products and/or related insurance projects.

³ Throughout this section, “insurance policy” or “policy”, refers to either a single insurance policy, multiple insurance policies covering each different risks, and renewals required thereof, due to differences between policy validity term and intended total scope / length of CCMP implementation and/or monitoring periods.

⁴ As provided for some AFOLU or geological sequestration baseline and monitoring methodologies.

⁵ E.g., the insurance company underwriter or reinsurance company being affiliated with host country government, project holder, developers or any other relevant party participating in the CCMP or acting as the signee of the legally binding contract.

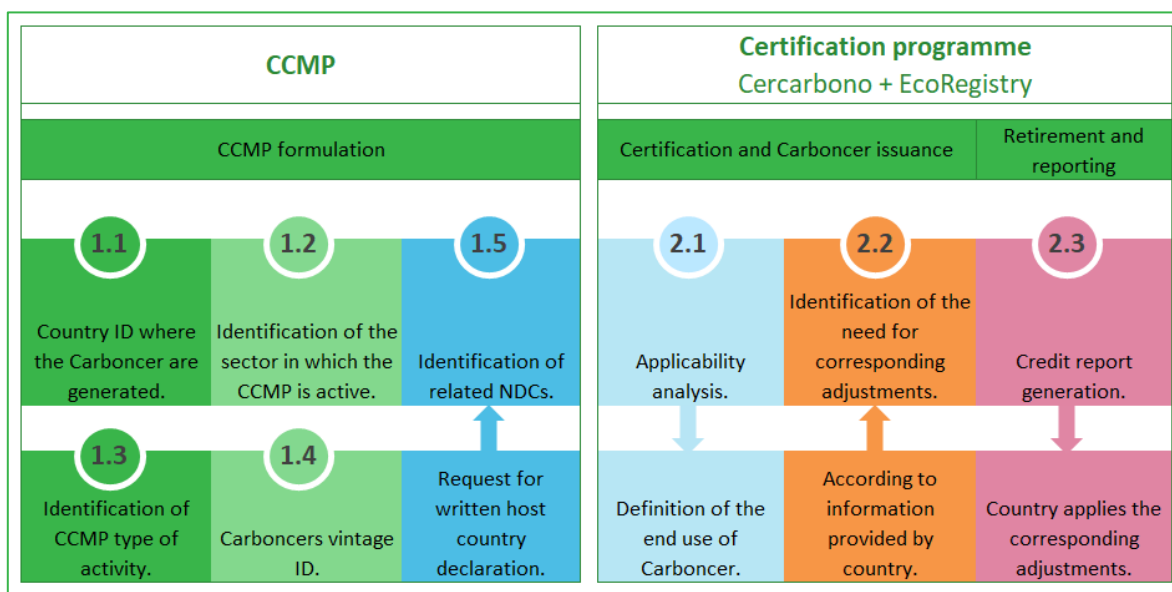
- Compliance with the full eligibility requirements mandated by Cercarbono.

7 Carbon credits attributes and intended use-related procedures.

Particular attributes of the Carboncers' serial numbers assigned by the registry system (which allow a unique identification of each certified carbon credit), facilitate double claiming prevention, as they feature the identification of the CCMP host country, and the year associated with the occurrence of the GHG removal or GHG emission reduction, according to **Section 6.2.3** of the **Procedures of Cercarbono's Certification Programme**, available at: www.cercarbono.com, section: Documentation.

Moreover, all CCMPs aiming to use their credits in international compliance schemes operating under an emissions trading system shall comply with the process portrayed in. The analysis of compliance with the guidelines and criteria ends when the CCMP is certified, including a statement at the time of issuance of corresponding Carboncer, but it could be performed later, if not possible at that time, for example due to delays in country reporting or another force majeure situation.

Figure 3. Definition of Carboncers use when corresponding adjustment is required



Points 1.1 to 1.4. Identification of country, sector, type of activity, and years in which the Carboncer was generated: when a CCMP holder registers an initiative, the registration system - EcoRegistry - assigns these attributes to the serial numbers that will be assigned to the certified credits. This information is public within each project's file in the registration platform.

Point 1.5. Identification of NDCs classified according to the type of CCMP: if the CCMP intends to apply its credits to any compliance scheme, that shall be declared before the programme or project is certified. Based on the guidelines established by the certification programme, the CCMP shall identify whether the GHG removals or GHG emission reductions associated with a carbon credit are covered by a communicated NDC target in the country the credits are generated. If covered, it is required to submit, along with the CCMP

documentation, the host country's authorization letter to ensure certified emissions reduction or removals achieved by such initiative as part of the CCMP's host country's NDC, as well as information related to the sectoral scope of the CCMP activity, geographical coverage and the GHGs measured in the GHG removals or GHG emission reductions.

Point 2.1. Applicability analysis within the certification process: in the process of certification and issuance of carbon credits, Cercarbono assesses the compliance level of these credits to correctly allocate their potential end-use. This ensures that Carboncer can only be used under compliance plans or markets duly assessed and approved by Cercarbono.

Point 2.2. Identification of the need for corresponding adjustments: this should be based on information on the activity, sectoral scope, and year the carbon credits were generated, and on the NDC related information provided by the countries. At the time of issuance of a carbon credit, which was previously included in the coverage of an NDC and for which the respective host country reporting was submitted, a special attribute is assigned to indicate the need for a corresponding adjustment as necessary.

Point 2.3. Credit reporting: once it has been verified in the retirement process that the offset associated with GHG removals or GHG emission reductions occurred within the applicable target period of a given country's NDC, and that retirement is clearly identified, irreversible, and permanently assigned to an end-use, countries shall apply the corresponding adjustments.

In its annual reports and in the information communicated on its website, Cercarbono will make publicly available the projects and credits that submitted host country authorization letters, to follow up on the need for countries to apply corresponding adjustments. This follow-up is necessary, given the corresponding adjustments are made after the retirement of the credits.

8 Issues related to authorizations/corresponding adjustments and resolution alternatives

For any issues related to host country authorizations, including, but not limited to: withdrawals or changes to LOIs or LOAs, errors in BTRs or in corresponding adjustments or failures in performing the latter, the project holder and/or the signee of the legally binding contract must inform Cercarbono or make sure Cercarbono is included in the subject communications.

Regarding any claims or damages caused, originated by Cercarbono not being informed in due course, even those in which Cercarbono might bear responsibility, about any such issues, such responsibility and liability for consequences or damages thereof is directly transferrable to the party failing to inform Cercarbono or to including it in the subject communications.

Depending on the nature of the issues raised or the potential affectations to issued Carboncers and their status, Cercarbono could determine a single or combined action, among them:

- Cancelling available eligible Carboncer from the same CCMP, if the issue refers to reducing the amount of mitigation outcomes authorized for transfer under Article 6 or related mechanisms / schemes and already traded Carboncer are below such new cap.
- Retiring Article 6 eligibility checkmark for affected mitigation outcomes, provided they have not been traded.
- In the instance that the LoA does not contain clear governing law and dispute resolution provisions, clearly setting out the actions required by each party to the contract and under what circumstances each can terminate the agreement: In the case no evidence of a corresponding adjustment has been provided by the next BTR submission of the CCMP host country, a warning will be issued to allow for proper action with a grace period of six months to address the issue and demonstrate the host country has already made necessary arrangements and considerations to include related Carboncer in the corresponding adjustment; after six months, if no adequate response is provided by the project holder, the available credits are blocked from further transactions until it is resolved and due communication is sent to the Article 6 related mechanism / scheme and the host country to allow taking appropriate preventive measures in prevention a potential double claiming situation. If the situation prevails by the second-next submission, all Carboncers issued and available for such CCMP shall be deemed as not eligible for international mitigation outcomes transfer, after a prudential timespan intended for the CCMP holder to pursue application of such corresponding adjustments to the host country. The approved insurance provider will be informed as outlined in its approved insurance wording throughout this process, enabling a timely insurance claim payment.
- In the instance that the LoA does contain clear governing law and dispute resolution provisions, clearly setting out the actions required by each party to the contract and under what circumstances each can terminate the agreement: In the case no evidence of a corresponding adjustment has been provided by the next BTR submission of the CCMP host country, a warning will be issued to allow for proper action to address the issue as outlined under the legally binding terms of the LoA. If after six months, no adequate response is provided by the project holder, the available credits are blocked from further transactions until it is resolved and due communication is sent to the Article 6 related mechanism / scheme and the host country to allow taking appropriate preventive measures in prevention a potential double claiming situation. If the situation prevails by the second-next submission, all Carboncers issued and available for such CCMP shall be deemed as not eligible for international mitigation outcomes transfer until the resolution of the dispute resolution proceedings outlined in the LoA, at which point an assessment will be made following the outcome of such proceeding. The approved insurance provider will be informed as outlined in its approved insurance wording throughout this process, enabling a timely insurance claim payment.
- Initiating a procedure, pertinent to the specific situation, in accordance with **Section 7.4** (Procedures in case of occurrence of double claiming), as per the document ***Procedures of Cercarbono's Certification Programme***, available at: www.cercarbono.com, section: Documentation. Application and enforcement of therein described "Forced compensation" is in place, potentiated with the legally binding contract described in **Section 6.3.1**, including in this an all applicable cases account activity suspension and

total blockage of available Carboncers until final resolution of the issue at Cercarbono's satisfaction.

Cercarbono shall assess the situation on a case-by-case basis, to determine required actions or decisions, if any, and the party(ies) responsible for performing them.

9 UNFCCC's Centralized Accounting and Reporting Platform (CARP) monitoring

The CARP features all documentation pertaining to Article 6 procedures, including that related to ITMOs transfers, authorization letters, and corresponding adjustments, as well as BTR submissions by the Parties.

Cercarbono is equipped to monitor CARP's-residing information, relevant to assessing appropriate application of corresponding adjustments for CCMPs participating in Cercarbono's certification cycle.

The information shall be made publicly available, and published in the subject CCMP minisite at EcoRegistry, Cercarbono's registry platform.

When a relevant NDC period expires, and the host country is no longer able to apply a corresponding adjustment, affected Carboncers still available for transfer will be retired the eligibility checkmark, making them not usable for transfers under Article 6 and related mechanisms / schemes.

In any situation involving the risk of retiring the subject eligibility checkmark from affected Carboncers, Cercarbono will make aware the project holders, the Article 6 related mechanism / scheme administrator, and the host country designated focal points on an urgent basis, prior to taking a final decision / action.

In addition and on an annual basis, Cercarbono will publish a monitoring report on Carboncers featuring authorization to be used as ITMOs. Communications to each involved host country's national focal point will be submitted, containing the same information and links to Cercarbono's website related publication, by November 1.

Information contained in such monitoring report shall feature, as a minimum:

- Information on authorizations (LOI and LOA) relating to specific CCMPs
- Implementation status for such CCMPs, including design or other relevant changes.
- Carboncers issued, eligible for ITMO related transfers, including individual serial numbers and key to interpreting them.
- Retirement of Carboncers eligible for ITMO related transfers, identifying the user, amount and intended use, which must be consistent with the related LOA.
- Information related to issues encountered on authorizations or corresponding adjustments.
- Information related to non-disclosed details or data for confidentiality reasons, and the applicable provisions in case such information is deemed as required by force of law.

10 References

Greiner, S., Krämer, N., Michaelowa, A. Espelage, A. (2019). Article 6 Corresponding Adjustments (Key accounting challenges for Article 6 transfers of mitigation outcomes). Climate Focus, B.V., Amsterdam/Perspectives Climate Group, Freiburg (2019), available at: www.carbon-mechanisms.de.

Schneider, L., Kollmuss, A., Lazarus, M. (2015). Addressing the risk of double counting emission reductions under the UNFCCC. In: Climatic Change, Volume 131, Issue 4 (2015), Page 473-486. DOI: 10.1007/s10584-0151398-y.

Schneider, L., Füssler, J., Kohli, A., Graichen, J., Healy, S., et al. (2017). Robust Accounting of International Transfers under Article 6 of the Paris Agreement (Discussion Paper). Deutsche Emissionshandelsstelle, Berlin (2017). Available at: www.dehst.de.

11 Document history

Version	Date	Comments or changes
1.0	03.03.2025	Initial version.

Annex 1 Eligibility requirements / checkmarks

Certified emission outcomes (Carboncers) from a CCMP under Cercarbono's voluntary carbon certification programme, shall comply with following requirements, concurrently with required documentation as outlined in this document, to be considered as eligible for participation in Article 6 or related mechanisms / schemes:

- a. Applicable timeframe: The temporary eligibility window, as established by Article 6 provisions and participating countries, or by the specific related mechanism or scheme must be complied with (i.e., eligible vintages for Carboncers).
- b. CCMP start date: The CCMP start date must be equal to or later than that specified by the specific Article 6 provisions or by the specific related mechanism or scheme ones.
- c. Sectoral scope eligibility: Carboncers intended for participation in Article 6 or related mechanisms / schemes as mitigation outcomes shall pertain to sectoral areas or scopes accepted or defined as eligible by the subject Article 6 or related mechanisms / schemes, and consistent with the sectoral areas or scopes Cercarbono is entitled to cover when participating in a specific Article 6 related mechanism / scheme.
 - Article 6 or related mechanism- or scheme-specific exclusions or limitations regarding a certain sectoral scope, as applicable, shall be considered to clearly state such limited eligibility conditions to ensure participating Carboncers pertaining to eligible sectoral scopes are not excluded from participation, nor do they fall outside the limited eligibility scope established for a certain sectoral scope.
 - Article 6 or related mechanism- or scheme-specific provisions on eligible methodologies among those approved by Cercarbono, shall be considered to clearly state which are the eligible methodologies under the specific mechanism / scheme, ensuring Carboncers intended for participating in such schemes were not generated by CCMPs using not eligible methodologies.
- d. Additionality: All CCMPs intended for participation in Article 6 or related mechanisms / schemes shall comply with additionality requirements as per Cercarbono's regulatory framework, including provisions in **Section 7.3.1 of Cercarbono's Protocol for Voluntary Carbon Certification**, and in Cercarbono's **Tool to Demonstrate Additionality of Climate Change Mitigation Initiatives** (both available at: www.cercarbono.com, section: Documentation). In case of legal additionality, independent of the level of compliance status or enforcement level of applicable legal provisions or requirements.
- e. Contribution to Sustainable Development Goals (SDGs): All CCMPs intended for participation in Article 6 or related mechanisms / schemes shall report on SDGs contribution as per provisions in **Sections 7.1 and 7.11 of Cercarbono's Protocol for Voluntary Carbon Certification**, **Section 4.5 of the Procedures of Cercarbono's Certification Programme**, and as per Cercarbono's **Tool to Report Contributions**

from Climate Change Mitigation Initiatives to the Sustainable Development Goals
(all available at: www.cercarbono.com, section: Documentation).

- f. Safeguards: All CCMPs intended for participation in Article 6 or related mechanisms / schemes shall comply with applicable provisions as per ***Safeguarding Principles and Procedures of Cercarbono's Certification Programme*** (available at: www.cercarbono.com, section: Documentation).

If warranted, due to the uniqueness and importance of an Article 6 related mechanism or scheme, Cercarbono will implement, through its registry platform, EcoRegistry, checkmarks for certified mitigation outcomes indicating Carboncers covered under a specific issuance certificate and for a particular vintage or timeframe, are likely to be eligible for such Article 6 related mechanism or scheme.

In addition, Cercarbono shall develop and make public a technical note on eligibility requirements, specific to each subject Article 6 related mechanism / scheme.

Notwithstanding this, as Cercarbono recognizes the final decision on acceptance or approval of such mitigation outcomes' participation is the exclusive power of the subject Article 6 related mechanism / scheme, and as during the timeframe between the issuance date of such Carboncers and the date they are intended to be used some additional provisions or restrictions affecting eligibility of the subject credits might have occurred, such checkmark shall be understood as informative, and not binding either for Cercarbono or for the specific Article 6 related mechanism / scheme.

As in the case of any Carboncers' transactions, which are exclusively managed through EcoRegistry, relevant information remains public, including the certificate itself, serial numbers of involved Carboncers, intended final use for them, acquiring party, transaction date, Carboncers involved in such transaction, along with other information, available at: <https://www.ecoregistry.io/projects-list/cercarbono-co2>. In such information, Carboncers' intended use information shall refer to the specific Article 6 related mechanism / scheme, to be eligible for such participation, provided it complies with all applicable eligibility conditions.