

ARTICLE 6.2 CREDITING PROTOCOL

CONTENTS

| | |
|---|----|
| CONTENTS | 2 |
| 1 - Introduction | 3 |
| 1.1 - Purpose..... | 3 |
| 1.2 - Scope and applicability..... | 4 |
| 1.3 - Evolution..... | 5 |
| 2 - Approach..... | 6 |
| 2.1 - Carbon credits and ITMOs..... | 6 |
| 2.2 - Roles and responsibilities..... | 8 |
| 2.3 - Cooperative Approaches | 8 |
| 2.4 - Authorization..... | 9 |
| 2.5 - First Transfer..... | 12 |
| 3 - Communication | 14 |
| 4 - Authorization and use processes..... | 15 |
| 4.1 - Authorization..... | 15 |
| 4.2 - Labelling of credits as Article 6 authorized | 18 |
| 4.3 - Use of credits for Article 6 purposes | 19 |
| 4.3.1 - Use by retirement..... | 20 |
| 4.3.2 - Use by transfer of control | 21 |
| 4.4 - Use of Article 6 labelled credits for non-authorized purposes | 22 |
| 5 - Reporting and Tracking..... | 23 |
| 5.1 - Ensuring consistency in reporting and tracking | 23 |
| 5.2 - Annual reporting by ICP to Parties | 23 |
| 5.2.1 - Managing inconsistencies with registry data..... | 23 |
| 5.3 - Public ICP registry data..... | 24 |
| 5.3.1 - Authorizations | 24 |
| 5.4 - Tracking reporting and corresponding adjustments | 24 |
| 5.4.1 - Tracking Annual Information..... | 25 |
| 5.4.2 - Tracking biennial information | 26 |
| 6 - Annexes | 27 |
| 6.1 – Annex 1: Glossary of Terms | 27 |
| 6.2 – Annex 2: Overview of relevant decisions adopted by the CMA..... | 30 |

1 - INTRODUCTION

1.1 - Purpose

The Article 6.2 Crediting Protocol aims to increase the mobilization of finance for climate action by streamlining and harmonizing the implementation of Article 6.2 of the Paris Agreement across Parties and across independent crediting programmes (ICPs). Article 6.2 provides a crucial framework for undertaking and accounting for international cooperation that involves Parties and the private sector.

This document – the cornerstone of the Protocol documentation – sets out core processes of the Protocol that are designed to implement Article 6.2 in a way that clarifies the roles of governments, ICPs and private sector entities and enables them to work together in a way that is straightforward, efficient and coordinated while ensuring high integrity and transparency.

The Protocol is a voluntary initiative established by the Government of Singapore, Verra and Gold Standard in response to interest among governments in using existing and proven ICP infrastructure for registering mitigation activities, conducting their measurement, reporting and verification (MRV), and issuing and managing the resulting carbon credits. The Protocol builds on requirements established under the Paris Agreement for Article 6.2 by elaborating the next level of process detail on how Parties and ICPs can work together in a harmonized manner. In setting out clear and pragmatic pathway on how to implement Article 6.2, it is hoped many Parties and ICPs will choose to join and contribute to the evolution of the Protocol. The Protocol will be refined over time, through the piloting experiences of interested Parties and ICPs.

Box 1 – Rationale for using independent crediting programmes

Governments have significant flexibility in how they engage under Article 6.2 of the Paris Agreement, and manage the verification of mitigation outcomes. There are several benefits for mutual cooperation between governments and ICPs in implementing Article 6.2 cooperations, including:

- Established frameworks: Ability to rely on existing and proven frameworks for the certification of mitigation outcomes.
- Administration: Governments can choose to rely on the ICPs and approved validation and verification bodies for certification and review processes, thereby reducing their own administrative burden and potentially expediting processes.
- Familiarity: Familiarity of project developers and validation and verification bodies with established independent crediting programmes, enabling efficiency.
- Recognition: Recognition of certain independent crediting programmes under CORSIA and other compliance regimes, providing market demand for credits authorized under Article 6.
- Diversification: Diversified options for countries seeking to engage in Article 6, with a variety of methodologies available under different independent crediting programmes.

1.2 - Scope and applicability

Three uses of mitigation outcomes may be authorized by Parties under the Paris Agreement and their transactions therefore fall within the scope of this Protocol:

1. Use towards the purpose of a Party meeting its ***nationally determined contribution*** (NDC)
2. Use towards ***international mitigation purposes*** other than NDCs, of which the only current example is use by airlines under the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) established by the International Civil Aviation Organization (ICAO)
3. Use toward ***other purposes***, which could include use by companies for their voluntary emissions reduction commitments

Such mitigation outcomes may be generated by activities registered under an ICP, including projects and jurisdictional programmes, that are issued as carbon credits in the ICP's registry.¹ Such carbon credits are therefore a representation of the mitigation outcomes from undertaking these activities.

Any Party **hosting** a mitigation activity and authorizing the use of the mitigation outcomes represented by carbon credits for any of the three purposes above must include information on them when accounting for the achievement of its NDC target, once the "first transfer" event (see section 0) that it has selected in its authorization occurs. Where such credits are used towards NDCs and international mitigation purposes (including CORSIA), this authorization is required under both Article 6 and CORSIA rules. Where credits are used towards other purposes (including in the context of the voluntary carbon market), the host Party may choose whether to authorize and therefore include these in its NDC accounting. In cases where a host Party does authorize credits, they must then apply a corresponding adjustment in accordance with Article 6 rules.

Any Party **acquiring** carbon credits representing authorized mitigation outcomes that uses them towards its NDC achievement also includes information on them in its NDC accounting. An acquiring Party may make this acquisition in different ways. Some may have bilateral agreements with host Parties under which carbon credits issued by an ICP are procured directly. Other acquiring Parties may implement carbon pricing instruments – such as an emissions trading system (ETS), offset requirement, or carbon tax against which carbon credits may be used – through which private sector entities obtain carbon credits and surrender them to the government, which may use these towards its NDC achievement.

The scope of this Protocol therefore includes any carbon credits issued for projects or jurisdictional programmes registered by a participating ICP which generate mitigation outcomes in the jurisdiction of a host Party that are authorized by that Party under Article 6 of the Paris Agreement. The implementation of the Protocol is voluntary and relies on use by ICPs and participating Parties.

The guidance contained in this Protocol is intended to be directly applicable and of interest to:

- Parties to the Paris Agreement, in particular officials responsible for implementing cooperative approaches under Article 6.2, which may incorporate Protocol approaches into policy, regulations, cooperation approaches, and infrastructure arrangements
- ICPs, which may incorporate Protocol approaches into their program documentation and infrastructure arrangements
- Project developers as they implement activities to generate mitigation outcomes

¹ The use of the term "Project" in this document encompasses jurisdictional programmes.

The protocol may also be relevant and informative for other entities, including infrastructure providers, Validation and Verification Bodies (VVBs) and technical expert reviews teams under the Paris Agreement.

1.3 - Evolution

As more Parties, ICPs and market participants choose to leverage the Protocol to cooperate on and scale the use of carbon markets under Article 6.2, the Protocol may evolve to meet more diverse needs and market demands. Some key areas of evolution for the Protocol could include:

- Broadening the scope of this Protocol to include plurilateral cooperative approaches
- Developing the processes to facilitate shares of proceeds and overall mitigation of global emissions in Article 6.2 cooperations using ICPs
- Reconciliating data held by ICPs and Parties and addressing any inconsistencies
- Standardizing a data exchange protocol to enable fast and accurate communication, reduce workload and strengthen transparency, integrity confidence in Article 6.2 implementation
- Maintaining alignment with guidance adopted under the United National Framework Convention on Climate Change (UNFCCC) as this evolves

We invite Parties, ICPs and stakeholders interested in participating in the piloting or the further development of the Protocol to contact any of the following:

- National Climate Change Secretariat (Singapore): climate_cooperation@pmo.gov.sg
- Verra: secretariat@verra.org
- Gold Standard: help@goldstandard.org

2 - APPROACH

This section sets out key features of the approach taken in the Protocol and its processes, reflecting and building in particular on an understanding of concepts embodied in Article 6.2.

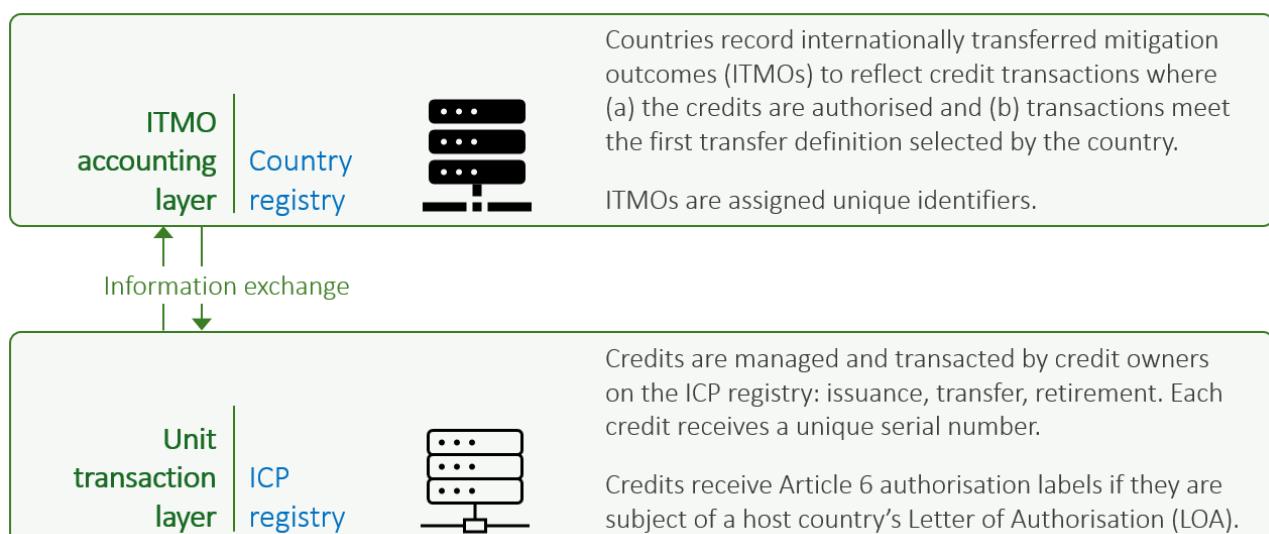
The Protocol should be read alongside relevant UNFCCC guidance, as articulated in decisions adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) under the UNFCCC. This Protocol complements and remains consistent with these CMA decisions and the Article 6 requirements they contain. Relevant decisions are indicated in Annex 1 and provisions are referenced in footnotes throughout this document.

2.1 - Carbon credits and ITMOs

The Protocol draws a clear distinction between carbon credits and internationally transferred mitigation outcomes (ITMOs), as defined by the UNFCCC. A credit and an ITMO represent the same mitigation outcome – a reduction or removal of greenhouse gas emissions resulting from a project – but represent it on two separate tracking “layers” (see Figure 1):

- **Unit transaction layer:** A carbon credit is a tradeable unit, representing one tonne of CO₂ equivalent emissions (tCO₂e) reduced or removed by an activity, that is subject to market transactions, including issuance, transfer, cancellation, and retirement. Transactions of credits are tracked in transaction registries, including those operated by ICPs.
- **ITMO accounting layer:** An ITMO is an accounting concept developed for Article 6 to translate unit transactions into the accounting implications for the achievement of Parties’ NDCs under the Paris Agreement, where the units transferred internationally under the transaction are subject to both authorization by the host Party under Article 6.3 and the first transfer event defined by the host Party. After first transfer, ITMOs are no longer counted towards achieving the NDC of the host Party but may be counted towards achieving the NDC of an acquiring Party.

Figure 1 – Credits versus ITMOs



For example, after issuance of a credit in an ICP registry, it might be transferred to the account of a company which then retires it for its own voluntary purposes or against obligations under its country's carbon tax. This all occurs at the unit transaction layer.

In parallel, in the ITMO accounting layer, the host Party tracks the authorization and first transfer in the registry that it is required under Article 6 to maintain (or at least have access to) and applies a corresponding adjustment in its next Biennial Transparency Report (BTR) so that the mitigation does not count towards achievement of its NDC. In the acquiring Party, the surrender of the credit against the carbon tax does not itself have accounting implications, but the acquiring Party also needs to apply a corresponding adjustment in its next BTR if it chooses to use the mitigation outcomes represented by the surrendered credits towards achieving its NDC.

ICP registries manage only credit transactions on the unit transaction layer. ICP registries and national registries must therefore communicate to ensure that records of credit transactions and ITMOs remain consistent. This enables corresponding adjustments to be traced back to the original credits that in turn are backed by real and verified emission reductions or removals.

Parties report information to the UNFCCC on these ITMOs, and actions related to them, in two parts:

- **Annual information:** An annual submission using the agreed electronic format (AEF) on events with potential implications for NDC accounting, including authorization, holdings, international transfers and acquisitions, cancellations, use (retirement), and first transfers
- **Regular information:** A submission of information via BTRs on authorizations, first transfers, and the application of corresponding adjustments in relation to ITMOs

The UNFCCC records information submitted by Parties in the Article 6 database and the public centralized accounting and reporting platform (CARP). These systems have several roles, including identifying information inconsistencies, supporting their reconciliation, supporting the technical expert review process, issuing cooperative approach identifiers, and publishing Article 6 authorizations.

Carbon credits and ITMOs are therefore deeply connected, representing the same underlying emission reduction or removal, and carrying unique identifiers that need to be associated with each other.

The registry services that Parties maintain (or at least have access to) are to be through a registry it establishes itself, a registry provided by a third party, or the international registry under the UNFCCC. The primary function of a national registry is to track ITMOs to be taken into account when assessing the Party's NDC achievement, for which the registry will track all relevant accounting events such as authorizations, first transfers, and when Parties transfer, acquire and use mitigation outcomes towards their NDCs. This ITMO information forms the basis of the Party's reporting of corresponding adjustments in BTRs that are taken into account when determining if the Party has achieved its NDC.

These registries used by Parties may connect to other registries that manage the unit transaction layer, such as those operated by ICPs, either directly or through an intermediate layer. Registries managing tradeable assets such as carbon credits require complex systems to manage user accounts, allow controlled access, connect to trading platforms and other registries, and need to ensure security levels comparable to financial markets. Registries used by Parties may similarly rely on emissions trading registries to track allowance trades. Where a Party wishes to establish additional functions for its registry to engage directly in issuing, holding and transacting credits, it would manage both the credit transaction and ITMO accounting representations of mitigation outcomes and should keep these clearly distinguished from each other.

2.2 - Roles and responsibilities

The Protocol addresses the roles of several types of entity involved in implementing Article 6 with the use of ICPs. These may be summarized as follows:

Parties to the Paris Agreement:

- Authorize mitigation outcomes for use towards specific purposes under Article 6, including through the issuance of the relevant official documents (e.g. letter of authorization)
- Track relevant accounting events, such as authorizations, first transfers and when Parties transfer, acquire and use mitigation outcomes towards their NDCs
- Exchange information with ICPs to ensure the accurate association of credits and ITMOs,
- Report to the UNFCCC through Initial Reports, annual information and BTRs, with the latter including corresponding adjustments to reflect first transfers that occur

Independent crediting programs:

- Certify mitigation outcomes according to their requirements and in alignment with Article 6.2 rules
- Issue and manage credits in their registries, including through giving public information regarding the authorization status of credits under Article 6 and if corresponding adjustments have been made
- Exchange information with Parties' national registries to ensure the accurate association of credits and ITMOs and to support Parties in their ITMO accounting and reporting to the UNFCCC

Project proponents:

- Implement projects according to ICP requirements
- Convey information on Article 6 authorization from Parties to ICPs
- Request credit issuance and other transactions

ICPs and Parties should identify a focal point to be the contact for communications and to coordinate the sharing of information and resolution of any data inconsistencies between them.

2.3 - Cooperative Approaches

"Cooperative approaches" were first raised in Article 6.2 to refer to voluntary cooperation between Parties involving the use of ITMOs towards NDCs. In keeping with the open approach of Article 6.2, the term has not been defined but a number of actions and attributes have been established. For example, Parties are to give notification of their cooperative approaches in their Initial Reports to the UNFCCC², which will provide unique identifiers for them³, and are to define first transfer conditions consistently across each cooperative approach⁴. BTRs are also to contain information demonstrating specific attributes of cooperative approaches have been met.⁵

² Decision 2/CMA.3, annex, paragraph 18(g).

³ Decision (CMA.4)

⁴ Decision 4/CMA.6, paragraph 15.

⁵ Decision 2/CMA.3, annex, paragraph 22.

This Protocol takes the cooperative approach as the cornerstone of all tracking, in that all projects, authorizations, issuances and other transactions are linked to a specific cooperative approach identifier.

Cooperative approaches may for instance equate to:

- The **overall cooperation** between two Parties represented by a bilateral agreement. Such a cooperative approach would be specific about the countries involved in the cooperation and may include further information about the mode of the cooperation of allowed crediting programs. In principle, this could be extended to more than two Parties under a plurilateral agreement.
- The use of a **specific mechanism**, such as specific ICP or emissions trading system. This would be specific about the mode of the cooperation (e.g., the specific ICP) and may not be specific about which Parties may acquire and use the resulting credits. A precedent set for this method has been set for the Paris Agreement Crediting Mechanism, which carries the [001] cooperative approach identifier.
- An **individual project** or other mitigation activity. This approach has been taken by several Parties.

Box 2 – Encouraged approach to defining cooperative approaches

Interpreting cooperative approaches as individual projects may quickly overload the system with cooperative approach identifiers without indicating the relationship between projects and the specific mechanisms or bilateral arrangements under which they operate. Although the Protocol can work with cooperative approaches defined at the project level, **Parties are encouraged to consider a more aggregated level through use of a specific ICP, mechanism or bilateral/multilateral agreement as the cooperative approach**. This would simplify accounting for NDCs and Article 6 and ease reporting burdens on Parties and follows also the approach taken to the Paris Agreement Crediting Mechanism.

2.4 - Authorization

Article 6.3 established the concept of authorization by requiring that the use of ITMOs to achieve NDCs must be authorized by Parties participating in the cooperation to ensure that Parties have control over the NDC accounting implications of transactions that occur. Authorization was broadened at CMA 3 (Glasgow, 2021) to include three potential uses cases for ITMOs:

- “Authorized for use towards an NDC”, as originally foreseen in Article 6. This authorization and subsequent corresponding adjustments are required from both the transferring and using Party.
- “Authorized ... for use for international mitigation purposes other than the achievement of an NDC”. This refers to international treaties that receive mitigation outcomes from the Paris accounting system. The only current example is the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) established by the International Civil Aviation Organization (ICAO), which requires authorization and corresponding adjustments by the transferring Party.
- “Authorized for other purposes”. These purposes are determined by the host Party and may include use by companies towards goals established on a voluntary basis. Where a transferring Party has elected to authorize such use under Article 6 and a first transfer event occurs, the Party is required to apply corresponding adjustments in its NDC accounting.

The implication of all three authorization cases is that, once a first transfer event occurs, the mitigation outcome has been transferred away and may no longer be used by the transferring Party toward its NDC achievement. The corresponding adjustment undertaken by the transferring Party involves adding the equivalent quantity of first-transfer emissions to its inventory emissions level for the relevant period, thereby cancelling out the impact of the project in reducing emissions. The emission reductions or removals are therefore free to be used by the acquiring Party, airline or company instead of the transferring Party, ensuring that no double claiming of the mitigation outcomes occurs.

Authorization was further clarified at CMA 6 (Baku, 2024) to include three subjects of the authorization:

- **Authorization of the cooperative approach.** No further guidance was provided for this aspect of authorization. This Protocol assumes that a Party's notification of the cooperative approach to the UNFCCC constitutes its authorization of a cooperative approach.
- **Authorization of the use of ITMOs,** as originally foreseen in Article 6.3 and elaborated above
- **Authorization of Party(ies) and entities participating in a cooperative approach.** No further guidance was provided for this aspect of authorization

This authorization has been provided by host Parties to project proponents in the form of Letters or Authorization (LOAs), which are then uploaded to ICPs registries to indicate the authorization of credits.

Some host Parties have opted to provide LOAs prior to the mitigation taking place and Letters of Positive Examination (LOPEs), or similar letters, after verification of the mitigation and its issuance as carbon credits. While they are not a requirement under UNFCCC guidance, host Parties may use LOPEs to confirm that conditions they set out in LOAs have been met and therefore that the authorization remains valid.

The Protocol adopts the approach of maintaining a cumulative authorization record for each cooperative approach, as identified by the cooperative approach identifier issued by the UNFCCC. Information may be added at different times to build up an integrated record of the cooperative approach:

- A Party's notification of the cooperative approach to the UNFCCC confirms its authorization of the cooperative approach and prompts the UNFCCC to issue a cooperative approach identifier. This identifier is thereafter consistently referenced when providing authorization information.⁶
- Information on the authorization of credits toward specific Article 6 uses is added over time. This may relate to new activities under the cooperative approach or to different time periods.
- Authorization for entities may be given as a blanket statement upfront in the authorization process or may be added to the authorization record at a later point.

The cumulative approach to authorization allows Parties to add information over time and make changes to previously recorded information if necessary. The approach ensures all relevant authorization information, including on projects and credits, is associated with the relevant cooperative approach and is made public in a coherent and consistent manner. All new or changed information is recorded and encouraged to be time-

⁶ Early LOAs have often not contained cooperative approach identifiers as these were not yet issued by the UNFCCC. In such cases, the ICP should receive the cooperative approach identifier later and link it to other information for the cooperative approach.

stamped as additions to the authorization record, to build an immutable record of the authorization and ensure full tracking and transparency of changes.

Changes by a host Party to previous authorization information may be made before the first transfer. If the first transfer has already occurred, changes are only possible if the applicable terms, conditions and process for such change were specified by the host Party in its LOA.

ICPs indicate the Article 6 status of credits through labels on the credit records in registries:

- *Authorized* labels indicate that the credits have been authorized by the relevant host Party. Such labelling requires a minimum set of authorization information in the relevant authorization record, including: the cooperative approach name and identifier; date of authorization; competent authority designated by the host Party to issue authorizations, representative and contact information; issuing program of the credit, project identification and project location; and the Article 6 authorized use or uses and selected first transfer event (see Section 0). Where the host Party makes authorization contingent on LOA conditions being met and a LOPE being issued, *Authorized* labels should not be applied to credits until the LOPE has been provided.
- *Revoked* labels indicate that a previously authorized credit has had its authorization withdrawn by the host Party. This *Revoked* label is typically applied in addition to the *Authorized* label to maintain the record that the credit was once authorized but this has now been revoked.
- *Adjusted* labels indicate when the host Party has made the applicable corresponding adjustments for the credits in its BTRs submitted to the UNFCCC.

Box 3 – Encouraged approach to Letters of Authorization and Letters of Positive Examination

LOA templates have proven useful in standardizing and clarifying the information to be included in LOAs. Parties are encouraged under this Protocol to use the [UNFCCC LOA template](#) for the purpose of promoting a common LOA approach across all countries implementing Article 6 and engaging in international carbon markets. This may be as a standalone document or an annex to a further document, for instance where this may be required for the insurability of the commitment. This template incorporates all information required by CMA decisions, although it should be noted that some information is optional or may not be required at the beginning of an authorization process.

Parties are encouraged under this Protocol to preserve as much certainty as possible for project investors and credit buyers through:

- Where possible, avoiding the need for a LOPE in addition to an LOA, such that the ex-ante authorization provided by an LOA conveys full certainty that the authorization is valid.
- Where Parties consider a Letter of Positive Examination (LOPE) is necessary, limiting the conditions on which authorization is contingent to those relating to the fulfilment of host Party project criteria that are clearly specified within the LOA. These may include adherence of the project to safeguards, the achievement of SDGs or the payment of fees to relevant jurisdictions. It is important that the LOA commits the host Party to the authorization and application of corresponding adjustments, subject to the specified conditions being met, and that the LOPE does not introduce other decision points or uncertainty.

ICPs hold further information on credits that may also be managed and made public, particularly as system automation advances, such as that the first transfer event for an authorized credit has taken place, and that the host Party has submitted the record of the first transfer to the UNFCCC through its annual information. Such information does not confer a particular status to the credit but is important for identifying the accounting implications for host Parties' reporting to the UNFCCC.

The Protocol regards the host Party's record of authorization, as communicated in LOAs (and any LOPEs) as being the authoritative version of the authorization. ICPs should strive to ensure their authorization records reflect Parties' authorization records accurately, to support holding consistent authorization records across Parties, ICPs and the CARP.

2.5 - First Transfer

The "first transfer" event represents the point at which the host Party becomes obliged to conduct a corresponding adjustment for the ITMOs represented by the credits, thus recognizing that it may no longer use the mitigation outcome towards its own NDC. Once the first transfer event has occurred for an authorized credit, the host Party is required by UNFCCC guidance to report the first transfer in its next annual reporting using the AEF and to include the corresponding adjustment in its next BTR.

The host Party indicates the first transfer event in its LOA. Different first transfer events apply, depending on the purpose or purposes that are being authorized by the host Party:

- In the case of authorizations for NDC use, the first transfer event is always the "first international transfer" of a mitigation outcome (this basic case was in fact the origin of the term "first transfer"). A first international transfer may involve the transfer of credits to the registry of another Party but may also involve the transfer of credits within the ICP registry if this internal transfer results in the credits being attributed to a Party other than the host Party (see following paragraph).
- In the cases of authorization for "international mitigation purposes" or "other purposes", the host Party may specify one of the following first transfer events in its LOA:
 - Authorization of the mitigation outcome
 - Issuance of the mitigation outcome
 - Use of the mitigation outcome
- Where multiple purposes are authorized that include NDC use as well as either "international mitigation purposes" or "other purposes" (or both), the first transfer is the earlier of:
 - The first international transfer (as set out above), or
 - The authorization of the credit, issuance of the credit, or use of the credit, as specified by the host Party

Importantly, there are several events that may constitute the international transfer of a mitigation outcome, not all of which involve a transfer to another registry. These include:

- The external transfer of a credit to a national registry of a Party other than the host Party,
- The internal transfer of a credit in an ICP registry to an account of a Party other than the host Party, where a Party chooses to open such an account.
- The cancellation of credits in an ICP registry in order that equivalent units may be issued in the registry of a Party other than the host Party

- The retirement of credits in an ICP registry for compliance purposes, such as against an emissions trading or carbon tax obligation, in relation to a Party other than the host Party

Given this, a Party should clarify from the start when it intends to recognise the first international transfer as having occurred, to avoid uncertainty for involved entities.

Box 4 - Encouraged approach to the selection of first transfer events

Where a choice of first transfer events is possible, the selection has implications for the timing and quantity of corresponding adjustments to be applied. Selecting authorization as the first transfer event will result, for example, in corresponding adjustments being obliged of the transferring Party earlier than if it had selected the use (retirement) of the credit as the first transfer event – and may also result in a greater level of corresponding adjustments if all authorized volumes are not issued or used.

In the event that credits are being authorized for “international mitigation purposes” or “other purposes” Parties are encouraged to consider selecting issuance as the first transfer event. Selecting issuance means that corresponding adjustments will typically be reported earlier to the UNFCCC in BTRs than if a Party were select ‘use or cancellation’, therefore reducing lead times for corresponding adjustments to be carried out and eliminating any market uncertainty that such adjustments will be caried out. Regarding the quantity of corresponding adjustments, it is reasonable to assume that all issued credits will eventually be used towards one of the Article 6 authorization purposes, such that any difference between issued and used credit quantities will generally be smaller than differences between authorized and used credit quantities.

3 - COMMUNICATION

The Protocol sets out processes for coordinating the actions and communications between Parties, ICPs, project participants and other stakeholders. Regulating the manner, timing and information content of the communications, as well as error management, is crucial to the Protocol's effective operation and value.

It is expected that communications under the Protocol will proceed in two broad phases. Initially, manual processes will be used in the form of emails and spreadsheet attachments. With time, it is intended to establish electronic communications in the form of Application Programming Interfaces (APIs) to enable actors' systems to automate communications to exchange data, features and functionality.

4 - AUTHORIZATION AND USE PROCESSES

This section elaborates processes to be followed by ICPs, Parties and project participants in the implementation of this Protocol, with a view to clarifying and coordinating the roles of actors and enabling them to work together in a streamlined and harmonized manner. The processes in this section therefore define actions to be taken by each actor, the sequence of actions and the information to be communicated between the actors in each action.

4.1 - Authorization

As set out in section 2.4, authorization follows the approach of a cumulative authorization record in that information may be added over time. The authorization record shows the sequence of information accepted and added, including the use of date/time stamps. Such an authorization record should be maintained by both the ICP and host Party.

The authorization information provided and added to the record includes authorization of the cooperative approach, credits representing mitigation outcomes from specified projects, or participating entities.

The general process is as follows, as shown in Figure 2:

1. A project proponent (PP) requests an authorization from a host Party in the form of an LOA for a project or for further issuance from a project (start 1).
2. The host Party provides an LOA to the PP, which forwards it to the ICP, and updates its own authorization record. The LOA must meet minimum requirements for authorization information for the LOA to be accepted by the ICP, including the ID or name of the cooperative approach (see table 1). If the ID of the cooperative approach is not available when authorization information for a cooperative approach is first provided, it should be provided as soon as possible.
3. Additions of new authorization information can be provided at any time. Generally, this will be in response to a further PP request but may also be information provided proactively by the host Party, such as for entity authorization or changes to previous authorization information.
4. The ICP assesses the authorization against the minimum requirements for authorization information. The name and ID of the cooperative approach and the first transfer event should be checked against the CARP, as this information should be consistent across all authorizations for a cooperative approach. Once accepted, the ICP adds the information to its authorization record and publishes the new or updated authorization record.
5. If a host Party provides authorization information directly to the ICP instead of via the PP, the ICP shares such information with the PP.

Box 3 contains reference to the [UNFCCC LOA template](#), use of which is encouraged under this Protocol.

Changes by a host Party to previous authorization information may be made. However, under Article 6 rules, this is only possible after the first transfer event has occurred if the applicable terms, conditions and process for such change were specified by the host Party in its LOA. Where LOAs contain information or conditions that are not relevant to the authorization or the maintenance of that authorization, this information does not need inclusion in authorization records and changes to such information need not be provided to ICPs.

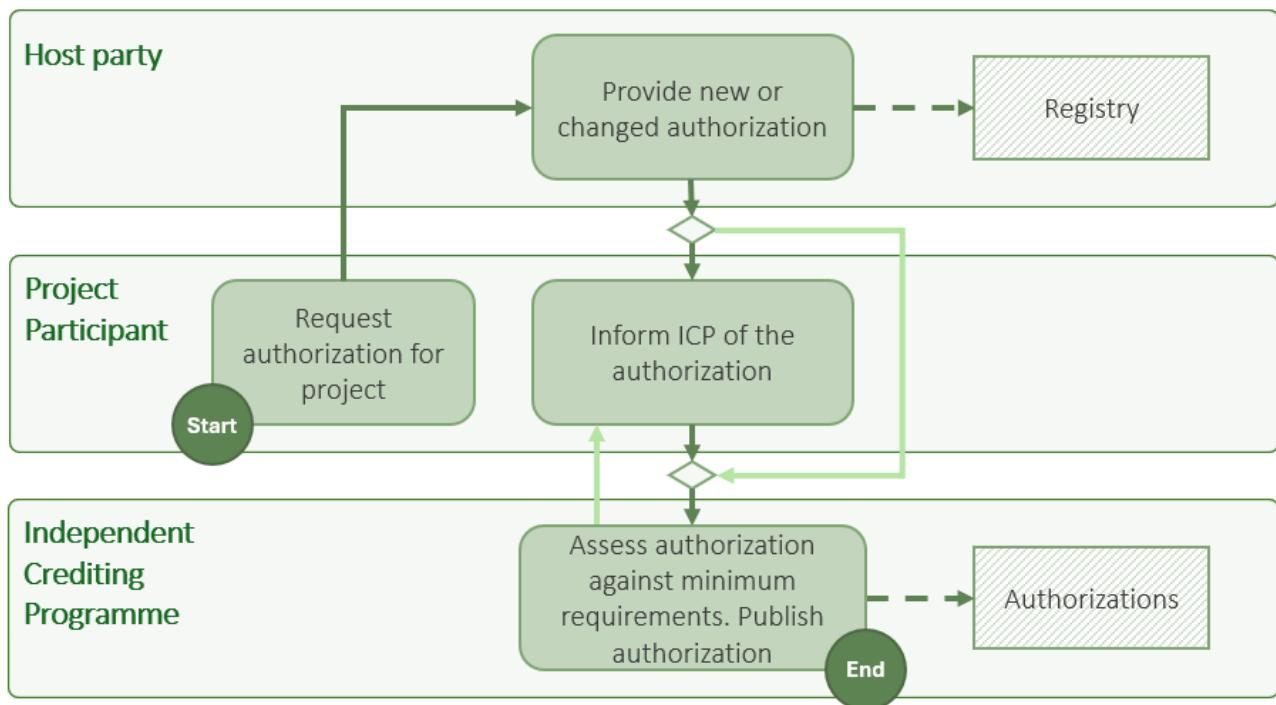
Figure 2 – Authorization processes

Table 1 indicates the information host Parties may provide to ICPs through LOAs and identifies information that is required for an ICP to label a credit as *Authorized*. The information may be built up from a single LOA or from multiple LOAs over time. Importantly, the ICP must be able to identify the cooperative approach that has been authorized, and with which new authorization information must be associated, and whether specific credits fall within the scope of the cumulative authorization record.

Table 1 – Requirements for authorization of an ITMO

| Authorization information | Required | Example |
|--|-----------------|--|
| Authorization IDs (of LOAs), authorization date, effective date (clarifying the authorization information that is provided with each)* | Yes | Date: “1 January 2026” |
| Duration of the authorization, including the final date for mitigation outcomes to be issued or to be used or cancelled, in connection with the selected first transfer event * | Yes | Duration: “1 January 2026 – 31 December 2030” |
| Name(s) of other participating Parties, if known* | No | “Germany” |
| Name(s) of entities, if known* | No | “Project developer Y” |
| Selected first transfer event* | Yes | “Issuance of the mitigation outcomes” |
| Authorized uses* | Yes | “NDC”, “OIMP” |
| Identification of underlying regulations, frameworks, standards or procedures, including any specific methodologies (decision 4/CMA.6, annex, para 5(f))* | Yes | “Gold Standard for the Global Goals”, “Verified Carbon Standard” “Carbon Market Regulations (General) of Country X, 2024” |
| Information on the circumstances in which any changes to the authorization may occur, and how this will be managed to avoid double counting* | No | Refer to past authorizations on CARP |
| Quantity of ITMOs (if applicable)* | No | “400,000” |
| Registry the Party is using to track and record ITMOs* | Yes | “National Carbon Registry of Country X” / “International Registry” |
| Registry/ies containing mitigation outcomes and tracking their status and actions (if applicable)* | Yes | “Gold Standard Impact Registry”, “Verra Registry” |
| Vintages covered by the authorization* | Yes | “2024, 2025, 2026, 2027, 2028, 2029, 2030” |
| Greenhouse gases covered by authorization* | Yes | “GHG (t CO2 eq)” |
| Sector(s) and activity type(s) covered by authorization* | Yes | Sector: “Energy generation” Activity type: “Solar”, “Wind” See common nomenclatures here . |
| Name of competent authority# | Yes | “Ministry of Environment, Country X” |
| Competent authority representative# | Yes | Name and position |
| Competent authority representative email address# | Yes | “Article6@ministry.gov.xx” |
| ICP Project ID# | Yes | “GS7043” |
| Commitment to not using the mitigation outcomes towards Party’s NDC and to accounting for mitigation outcomes# | Yes | Refer to past authorizations on CARP |
| Authorization IDs (of LOAs), authorization date, effective date (clarifying the authorization information that is provided with each)* | Yes | Date: “1 January 2026” |

* Required under Decision 4/CMA.6, paragraph 5

Required by ICPs

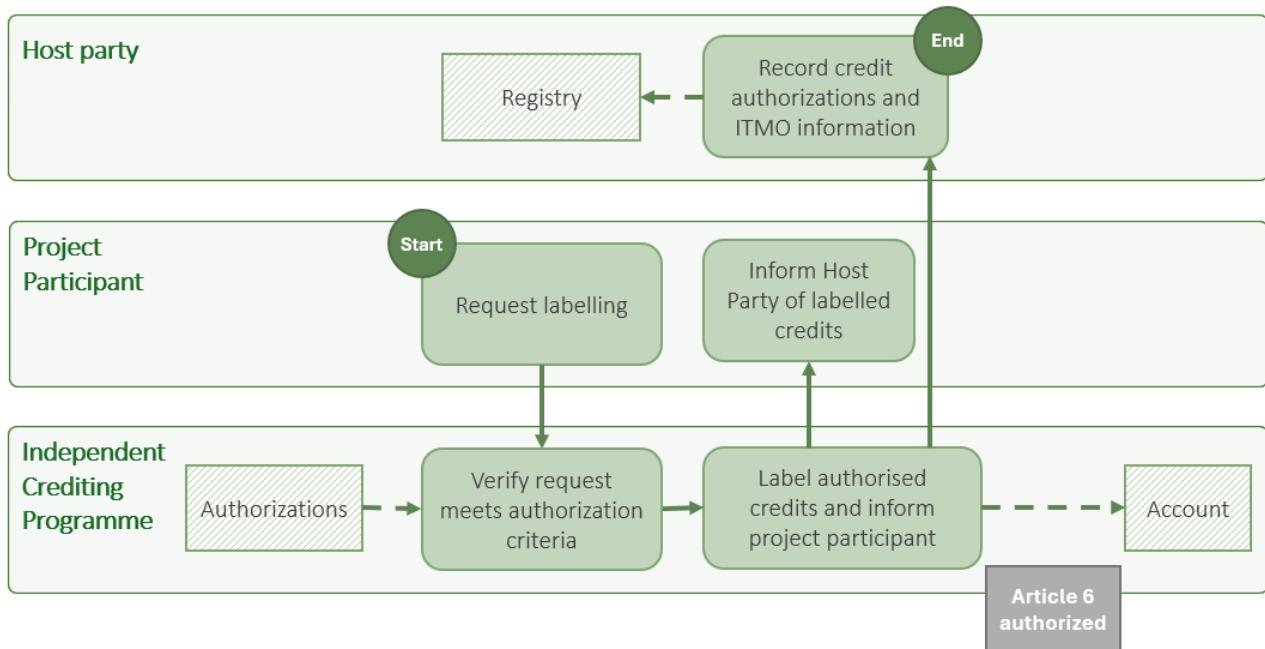
4.2 - Labelling of credits as Article 6 authorized

ICPs use labels to show credits are authorized for use towards Article 6 purposes, usually at the request of the PP. There are two scenarios for the labelling process, and these are described below and set out in Figures 3 and 4.

In the first labelling scenario, sufficient authorization information has previously been received or is received as part of the labelling request. This allows the authorization of the credits without further interaction with the host Party. The general process is as follows, as shown in Figure 3:

1. The PP requests an ICP to label credits as authorized by the host Party for one or more Article 6 uses. If the PP has not yet provided sufficient evidence that the requested credits are authorized, it must be provided at this point (see Table 1).
2. The ICP validates the requested credits against the authorization information it has received and as contained in its authorization record. If the request meets the authorization criteria, the ICP applies the Authorized label to the credits. If the first transfer event is selected as authorization or issuance, the credits will already at this stage be considered first transferred.
3. The ICP informs the PP and host Party of the labelling so that their records can be updated.

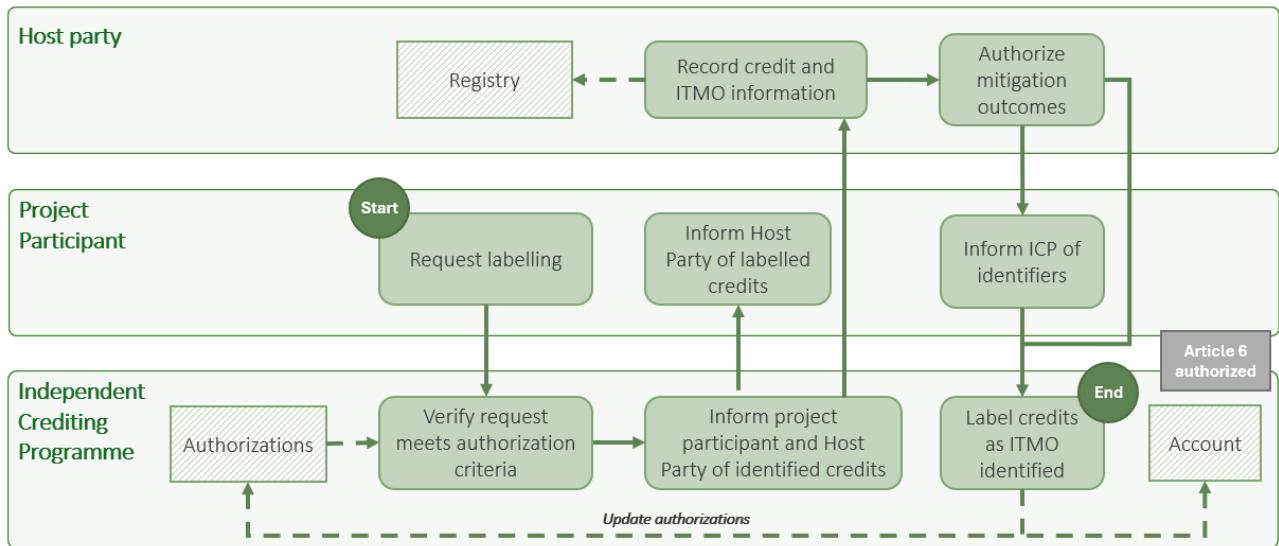
Figure 3 – Labelling based on Authorization Criteria



In the second labelling scenario, further interaction is needed with the host country before credits may be labelled because the host Party has signalled in its LOA that it wishes to have opportunity to confirm that appropriate conditions have been met by the project. Section 2.4 and Box 3 highlight where some countries wish to issue a LOPE prior to credit labelling. In this case, after verification of the emission reductions or removals is complete, the host Party generally provides the LOPE to the PP which forwards it to the ICP. The process therefore broadly follows that shown in Figure 3.

Alternatively, as shown in Figure 4, if the ICP has insufficient information to perform the labelling, it may inform the PP and host Party of which credits meet the authorization criteria without yet labelling them as authorized. The host Party responds with further information to confirm which credits are specifically authorized, for example through a LOPE. The ICP will then label the credits as authorized and record and publish the authorization.

Figure 4 – Labelling based on credit specific authorization



4.3 - Use of credits for Article 6 purposes

ICPs require registry account holders to specify the retirement purpose when retiring credits, including authorized credits. This information on retirement purposes is stored by ICPs and may be available on their public registry interfaces. ICPs also have controls on their registries which restrict the use of credits to ensure they cannot be used towards an Article 6 use case that has not been authorized.

While terminology may vary, ICPs applying this protocol intend to transition towards the below list of potential retirement purposes in relation to Article 6 to support tracking by authorizing governments:

1. **Retirement for NDC achievement, with specification of using country:** To be used in cases where a national government authority, or an entity operating directly on their behalf, retires authorized credits for direct use towards the achievement of the country's NDC.
2. **Retirement for national compliance, with specification of the compliance programme:** To be used when an entity retires authorized credits for use towards a compliance obligation established by the government in their jurisdiction. These credits may subsequently be accounted by the government towards achievement of the country's NDC.
3. **Retirement for CORSIA:** To be used in cases where an aeroplane operator, or an entity acting on their behalf, retires authorized credits for use towards a compliance obligation under CORSIA. CORSIA is a form of “international mitigation purposes” as defined under UNFCCC guidance.
4. **Retirement for Other Purposes:** To be used in cases where an entity retires authorized credits for use towards purposes other than NDC achievement, compliance with a national policy or CORSIA. This

could, for instance, be voluntary use of authorized credits by a company towards its corporate climate claim.

5. **Overall Mitigation in Global Emissions (OMGE):** To be used in cases where an entity (governmental or non-governmental) retires authorized credits with the intent that these are not used towards any compliance obligation or voluntary claim. No entity is permitted to receive environmental benefit for the underlying emission reduction or removal.

ICPs will track the use purpose of authorized credits retired on their registries and include this information as part of their reporting to Parties (see section 5).

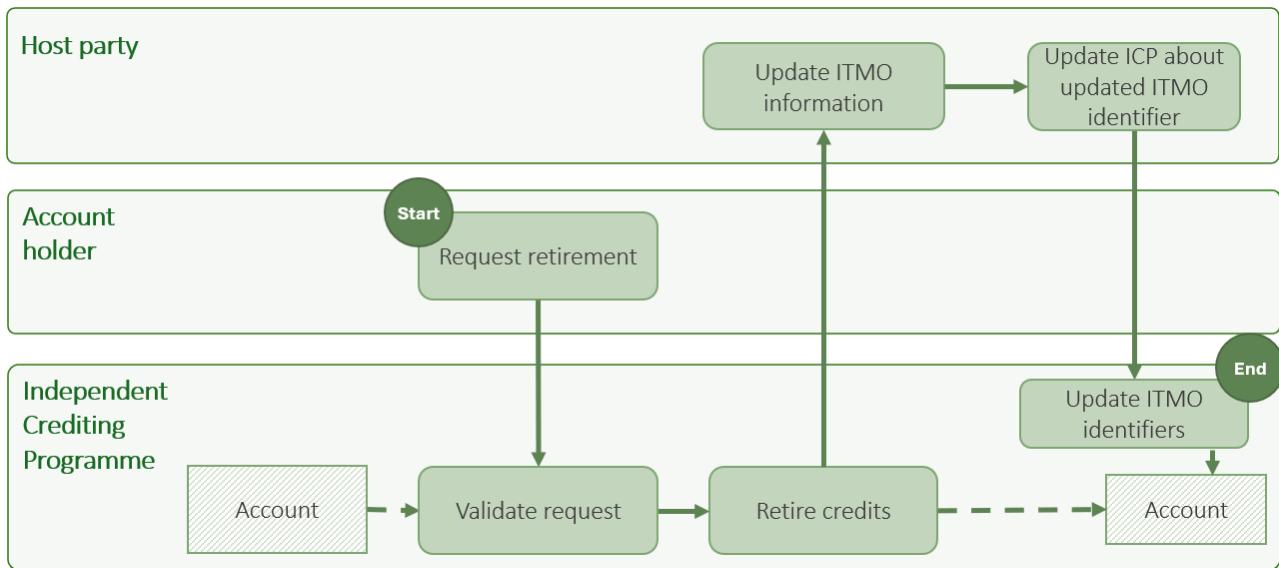
4.3.1 - Use by retirement

Retirement of a credit in an ICP registry makes a claim on the environmental benefit represented by the credit and prevents further transactions on the credit from taking place. Where the credit is authorized, its retirement has an associated purpose defined under Article 6 and, where applicable, information that identifies the beneficiary. The reason given for the retirement must align with one of the authorized uses defined for Article 6. Retirement is always a first transfer event if the credit has not been previously first transferred (at authorization, issuance or first international transfer).

The general process is as follows, as shown in Figure 5:

1. The process starts when a retirement is requested by the Account Holder.
2. The ICP validates that the retirement reason given is permitted by the Authorization, that any additional identifying information of the retirement beneficiary has been supplied, and that any other criteria associated with the reason are met.
3. Once validated, the credits are retired and recorded as first transferred by the ICP if they have not already been first transferred.
4. The host Party is informed of the retirement so it can update its records. It also informs the ICP of any changes to the ITMO identifiers associated with the retired credits so that the ICP and host Party records are aligned.⁷
5. The ICP updates its records with any changes to ITMO identifiers reported by the host Party.

⁷ ITMO identifiers may have changed due to any transfers or retirements that may have impacted the unit blocks.

Figure 5 – Use by retirement for Article 6 purposes

4.3.2 - Use by transfer of control

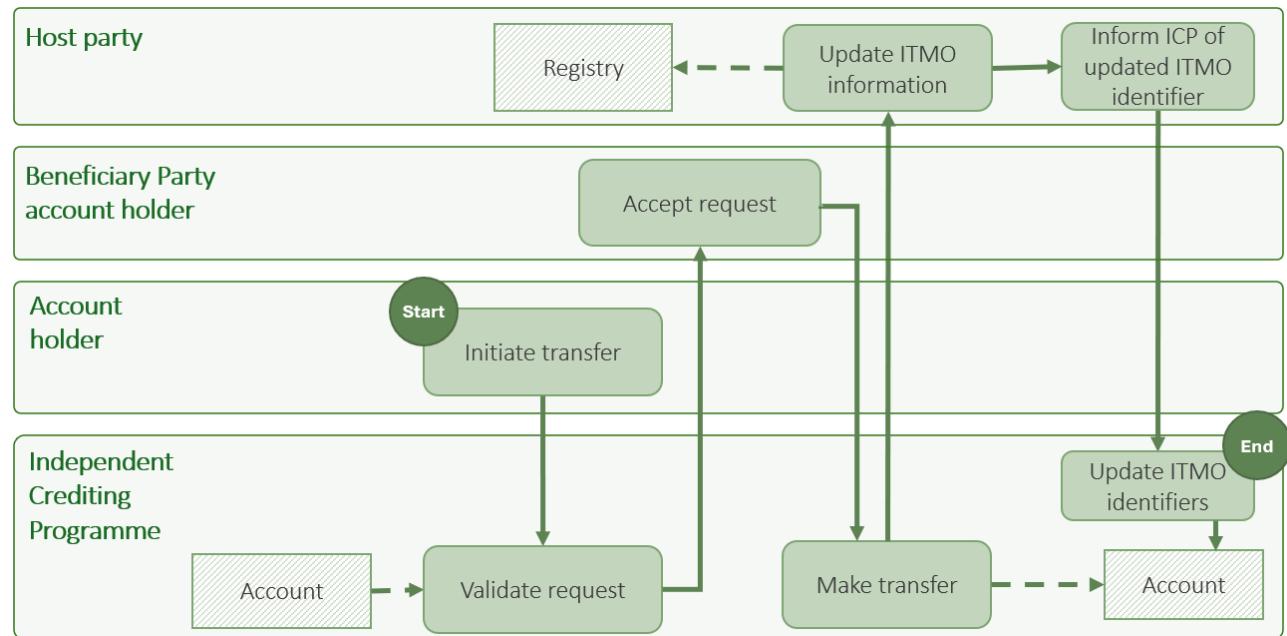
Transfer of control refers to credit transfers within a registry to accounts that are associated with a Party other than the host Party. Credits may be transferred to accounts managed by another government or credits may be retired for compliance purposes related to another Party's jurisdiction. There are also special cases of transfer of control that do not involve other Parties but nevertheless carry obligations to apply corresponding adjustments, such as credit transfers to accounts managed by the Adaptation Fund. For credits authorized for NDC use, ICPs treat such transfer of control of the credits as the first transfer event, where first transfer has not already occurred with authorization or issuance.

For these purposes, it is necessary that ICPs are able to identify accounts that are controlled by Parties and the Adaptation Fund.

The general process is as follows, as shown in Figure 6:

1. The process starts with a transfer request by the Account Holder.
2. The ICP registry will check that the transfer request is valid and that the authorized uses are appropriate for transfer to the recipient's account. This is typically an automated check and, if passed, the credits are locked preventing other actions on the credits.
3. The receiving account holder is informed of the transfer and can accept or reject the transfer:
 - a. If rejected, the transfer is halted and the credits remain in place and are unlocked,
 - b. If accepted, the ICP will execute the transfer.
4. If the credits are authorized for NDC use or transferred to an Adaptation Fund account, they are recorded as first transferred if they have not already been first transferred.
5. The host Party is informed of the transfer so they can update their records. The host Party also informs the ICP of any changes to the ITMO identifiers associated with the retired credits, so that the ICP and host Party records are aligned.⁸
6. The ICP updates its records with any changes to ITMO identifiers reported by the host Party.

⁸ ITMO identifiers may have changed due to any transfers or retirements that may have impacted the unit blocks.

Figure 6 – Use by transfer of control for Article 6 purposes

4.4 - Use of Article 6 labelled credits for non-authorized purposes

In cases where an entity wishes to use authorized credits for Article 6 purposes that are not authorized by the host Party, the ICP requests that they engage directly with the host Party to seek an amendment to the authorization to enable their intended use Article 6 purpose. This could take the form of a change to the authorization to permit an additional purpose. For example, for a credit to be used for NDC achievement or CORSIA obligations, it must first be authorized under Article 6 for such purposes.

Authorized credits may always be retired for uses that do not require Article 6 authorization, such as use by entities towards voluntary claims. In case of such retirement, the ICP will inform the host Party so they know the outcome of the credit.

5 - REPORTING AND TRACKING

5.1 - Ensuring consistency in reporting and tracking

As cooperative approaches may encompass several ICPs, it is important that ICPs and Parties collaborate to ensure consistency of the information they hold. This in turn facilitates Party reporting to the UNFCCC.

Section 2.4 sets out standard labels to identify credit status in relation to Article 6 in a manner that is additive (instead of removing labels) and reflects a credit's progress towards corresponding adjustment:

- Authorized
- First transferred
- Reported in annual information
- Revoked
- Adjusted

As set out in Section 4.3, Parties and ICP should align on common retirement reasons to facilitate consistent reporting by ICPs to Parties and simplify the preparation of Party reports to the UNFCCC. This consistency is also needed for future automation and simplifies accounting audits. The key points of collaboration are when Parties create national compliance schemes or want to explicitly retire credits for use in their NDC.

5.2 - Annual reporting by ICP to Parties

To support Parties' accurate submission of annual information by no later than 15 April, ICPs will send an annual report with the information of the relevant Article 6-authorized carbon credits in the preceding year to relevant Parties by 15 February. This report should be in machine-readable format and where possible ICPs should employ or work with public registry systems that enable the export of annual information by Parties at any time.

The information should be based on ICP registry data and aligned with the draft version of the agreed electronic format (AEF). To ensure comprehensiveness of the annual report and minimize the risk of inconsistencies due to miscommunication, ICPs should avoid omitting information that it assumes the Party already has.

5.2.1 - Managing inconsistencies with registry data

If an ICP or a Party becomes aware of any inconsistency between information tracked in the registry of an independent crediting programme (including any labelling of carbon credits) and information tracked in a registry used by a Party and/or reported to the UNFCCC, the focal point will notify the focal point of the other affected Party. The identification of such inconsistencies may, for instance, occur as a result of a Technical Expert Review conducted in accordance with relevant Decisions adopted by the CMA.

If there are any inconsistencies between the annual report provided by ICP and the Party's record and registry data, the Party should flag them to the ICP by 15 March. ICP and the Party(ies) should endeavour to resolve the inconsistencies prior to the reporting deadline of 15 April, in a manner that does not undermine the environmental integrity of the carbon credit and the integrity of Article 6.2 market.

The Party and ICP will seek to resolve any inconsistency efficiently and amicably, and to notify any stakeholders affected by the original inconsistency or its correction without undue delay. This may include a public notification.

5.3 - Public ICP registry data

ICPs participating in the Protocol will make information related the use of their programs under Article 6 publicly available. This information will provide an ICP perspective on the information Article 6 requires for initial, annual and regular reporting that is made public by the UNFCCC. This transparency will facilitate navigation from an ICP, its programs, projects, and verified carbon credits to their use under Article 6.2.

The main sets of information are:

- Approved authorization in time sequence order
- Participation of projects in an authorized cooperative approach
- Credits representing mitigation outcomes that have been authorized
- Entities that have been authorized to use mitigation outcomes by a host Party
- National and internal compliance schemes that the ICP recognises as uses under Article 6

5.3.1 - Authorizations

ICPs will make public, for each host Party and cooperative approach, the authorizations they have received and the sequence based on date of approval by the host Party. This includes the authorization of the cooperative approach itself, authorization of internationally transferred mitigation outcomes, and authorization of entities. The ICP should clearly show registry and projects within the scope of the authorization. Authorizations will be reported annually to the UNFCCC, in the format described in decision 4/CMA.6, Annex II, Table 2: Authorizations.

ICP should display or make available Article 6.2 information about verified carbon credits alongside other credit information. It should include:

- The authorized uses for the credit (NDC, IMP, OP)
- Any constraints on authorized use, for example a particular IMP
- Credit status (active/retired/first transferred/cancelled)
- The ITMO identifier, if available
- For credits that have been first transferred, it should show:
 - The first transfer action and date.
 - If the first transfer was a retirement reason, it should show the reason for the retirement and the retirement beneficiary.
- The ICP Public Registry Reports should report on Article 6 usage by host Party, mirroring what will be supplied to a Party to support annual reporting. This should cover:
 - Actions on authorized credits, which will be reported by the host Party to the UNFFCC in the format described in decision 4/CMA.6, Annex II, Table 3: Actions.
 - Holdings of authorized credits, which will be reported by the host Party to the UNFFCC in the format described in decision 4/CMA.6, Annex II, Table 4: Holdings,
 - Queries of registry's Article 6 data: by project identifier; by VCC serial number; and by ITMO Identifier

5.4 - Tracking reporting and corresponding adjustments

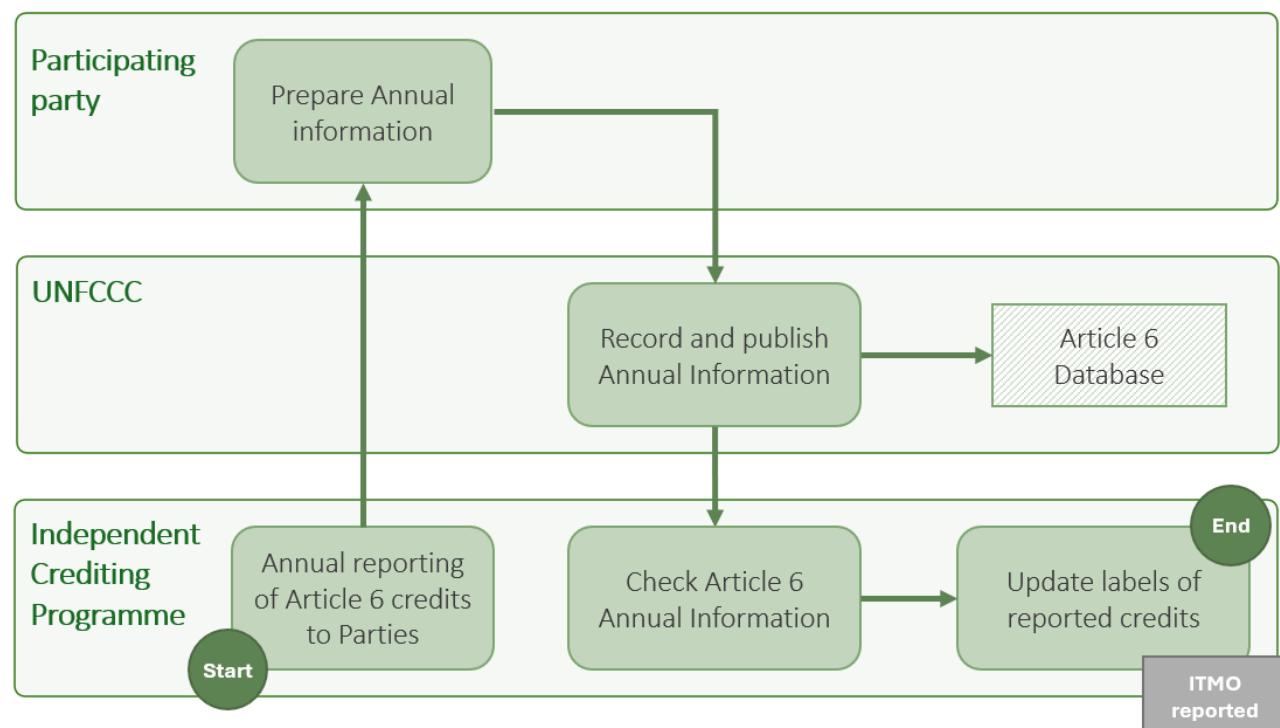
ICPs will, either directly or through a supporting organisation, track reporting and accounting by host Parties in relation to authorized credits issued by the ICP. As part of this, ICPs will track:

1. **Initial reports:** To ensure that the host Party has published a complete initial report, or updated initial report where applicable, which accurately reflects the authorization.
2. **Annual Information:** To ensure that the host Party has published complete Annual Information in the Agreed Electronic Format, which accurately reflects the authorization and subsequent activity associated with authorized credits.
3. **Biennial Transparency Reports:** To ensure that the host Party has published Regular Information as part of its BTR and, when required, has applied a corresponding adjustment for authorized credits that have been first transferred.

5.4.1 - Tracking Annual Information

ICPs will review the publicly available annual information and identify the credits that have been reported along with their ITMO Identification, as shown in Figure 7. The ICP may label the credit as *Reported in annual information*.

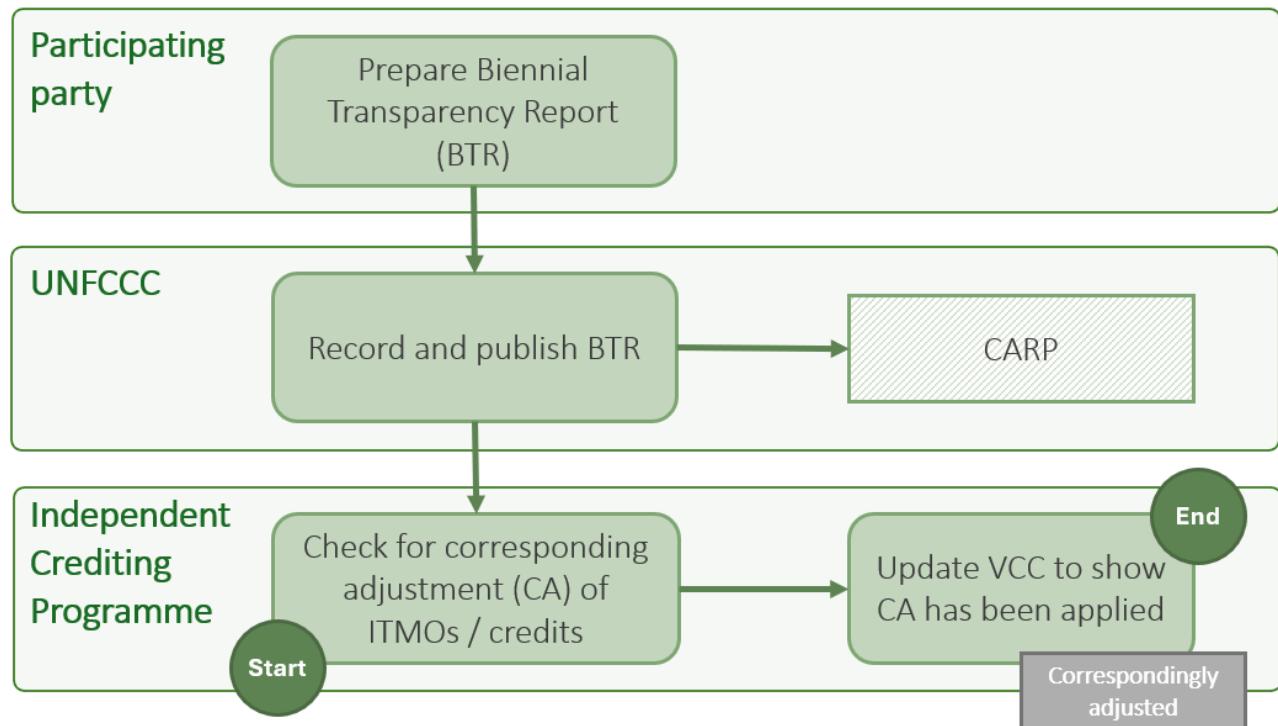
Figure 7 – Tracking annual information



5.4.2 - Tracking biennial information

As shown in Figure 8, ICPs review publicly available BTRs to identify and trace the credits that have been included in corresponding adjustments before labelling credits by a corresponding adjustment as *Adjusted*.

Figure 8 – Tracking biennial information



The host Party demonstrates corresponding adjustments of the authorized credits that have been first transferred through reporting of the underlying unit identifiers (serial numbers) of the authorized credits issued by the ICP and covered by a corresponding adjustment. The ICPs will check that corresponding adjustments have been applied for the authorized credits that have been first transferred.

ICPs may take steps in response to a failure by a host Party to submit a required report, or failure to apply a corresponding adjustment in a BTR, on time (or within a reasonable period). In addition to engagement with the host Party, this may include temporary removal of Article 6 labels on the ICPs registry or application of a public flag on the registry, until such time that the host Party has fulfilled its reporting obligation.

In the event that a host Party does not apply a corresponding adjustment in a BTR, ICPs may take additional steps following engagement with the host Party. For example, any authorized credits retired for use towards CORSIA are subject to requirements under ICAO's Eligible Emissions Unit Criteria to ensure the avoidance of double counting. ICPs supplying authorized credits for use towards CORSIA will be obliged to trigger provisions under their rules to address an instance of double counting risk, in the event of a sustained non-application of a corresponding adjustment by a host Party.

Host Parties may seek information from ICPs to support the preparation of reports associated with their use of Article 6. ICPs will supply regular information to host Parties through their reporting described in section 4.6 but may also be able to provide supplementary information to support accurate and complete reporting.

6 - ANNEXES

6.1 – Annex 1: Glossary of Terms

| Term | Definition |
|--|---|
| Account Holder | An entity that has an account in the ICP registry. Project Proponents may be an account holder or designate another entity to be the account holder that receives issued credits. |
| Application Programming Interface (API) | A set of rules or protocols that enables software applications to communicate with each other to exchange data, features and functionality. |
| Article 13 Guidance | Guidance for operationalizing the modalities, procedures and guidelines for the enhanced transparency framework referred to in Article 13 of the Paris Agreement, as adopted by the CMA in decision 5/CMA.1. |
| Article 6.2 Guidance | Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, as set out in the Annex to decision 2/CMA.3. |
| Authorization for mitigation outcomes | A Host Country's authorization of mitigation outcomes for use towards all purposes, including the use towards the achievement of an NDC and other international mitigation purposes, required for the issuance of ITMOs as set out under paragraph 1 of the Article 6.2 Guidance. |
| Authorized mitigation outcome (AMO) | An authorized mitigation outcome that has not been first transferred. |
| Authorization of mitigation activities | A Host Country's authorization in order for a mitigation activity to be covered under the cooperative approach. |
| Biennial Transparency Reports or BTR | Refers to the reports submitted by a Party to the Paris Agreement pursuant to Article 13 of the Paris Agreement with the modalities, procedures and guidelines referred to in Article 13, paragraph 13, of the Paris Agreement. |
| Cancellation | When a carbon credit <u>no longer</u> represents a verified reduction in, or removal of, one tonne of CO ₂ equivalent. For example, a reversal such as a release of CO ₂ from geologic storage for a CCS project. The carbon credit is removed from circulation within a registry system and no claim can be made against the environmental benefit. Note: Retirement is used to remove a credit from circulation and record a claim against the environmental benefit. |

| | |
|---|---|
| Carbon credit | Represents a verified reduction or removal of one tonne of CO ₂ equivalent because of a carbon mitigation project that has been issued by an ICP and has been recorded in a VCC registry using a unique identifier. |
| CMA | Conference of Parties serving as the meeting of the Parties to the Paris Agreement. |
| Cooperative approach | Cooperation between two Parties to the Paris Agreement involving the use of internationally transferred mitigation outcomes towards nationally determined contribution targets. |
| Corresponding Adjustments | Adjustments applied by a Party to the Paris Agreement in the context of reporting on its national inventory to avoid double-counting in the implementation of Article 4, paragraph 13, Article 6, paragraph 2, and Article 13, paragraph 7, of the Paris Agreement, in line with Part III of the Article 6.2 Guidance and further relevant decisions adopted by the CMA |
| Credit block | A set of carbon credits issued to the same activity and of the same vintage, that are represented by a serial number that encompasses all individual carbon credits within the credit block. The credits in a block are identical in all respects other than the identifying serial number, which are contiguous. |
| First transfer | First transfer of a mitigation outcome, as defined under paragraph 2 of the Article 6.2 Guidance. |
| Independent crediting programme (ICP) | An independent standard body that certifies and issues mitigation outcomes as carbon credits, based on a set of robust rules and requirements prescribed transparently to ensure environmental integrity: |
| International Registry | Registry system developed by the UNFCCC and available to Parties participating in Article 6, in accordance with relevant CMA decisions. |
| Internationally Transferred Mitigation Outcomes (ITMO) | An accounting concept developed for Article 6 to translate unit transactions into the accounting implications for the achievement of Parties' NDCs under the Paris Agreement |
| ITMO identifier | The unique identifier of an ITMO as required by 6/CMA.4 para 4 and composed of the elements described 6/CMA.4 para 5 that renders ITMO traceable to the mitigation outcome it represents. |
| Letter of Authorization (LOA) | A letter issued by the responsible entity within a Party to the Paris Agreement that confirms authorization of the transfer of mitigation outcomes under Article 6 of the Paris Agreement and commits that Party to the application of a corresponding adjustment following first transfer of mitigation outcomes. |

| | |
|--|--|
| Letter of Intent | A letter issued by a Party to the Paris Agreement that expresses an intent by the Party to authorize the transfer of mitigation outcomes under Article 6 of the Paris Agreement but does not confirm this authorization. |
| Letter of Positive Examination (LOPE) | A letter issued by the responsible entity within a Party to the Paris Agreement to confirm that conditions it set out in LOAs have been met and therefore that the authorization of the transfer of mitigation outcomes under Article 6 of the Paris Agreement remains valid. |
| Mitigation outcome | A real, verified and additional emission reduction or removal measured in metric tonnes of carbon dioxide equivalent (tCO2e) complying with the criteria set out under paragraph 1 (a), (b), (c) and (e) of decision 2/CMA.3. |
| Overall Mitigation in Global Emissions (OMGE) | A net-reduction in global GHG emission achieved through the cancellation of a portion of verified carbon credits without their being used towards achievement of an NDC or other climate mitigation target. |
| Project | A time bounded mitigation activity that was developed to a standard whose emissions reductions and removals are monitored, reported, and verified as meeting the standard. |
| Project proponent | The entity with legal ownership of a project that is registered or seeking registration with an independent crediting programme. |
| Retirement | The permanent removal of a carbon credit from circulation within a registry system to denote that the environmental benefit has been claimed by the Retirement Beneficiary. |
| Retirement Beneficiary | The entity that has claimed the environment benefit that a retired credit represents and has recorded that claim in the ICP registry that holds the retired credit. |
| Revocation (of a carbon credit) | When a carbon credit <u>never</u> represented a verified reduction in, or removal of, one tonne of CO2 equivalent. For example, in the case of fraudulent misrepresentation of a project. Note: This has been introduced by UNIDROIT, but typically ICP do not distinguish between the revocation and cancel. |
| Serial number | A universally unique identifier of a contiguous set of credits, sometimes referred to as a block, assigned by the crediting programme that issues the credits. |

6.2 – Annex 2: Overview of relevant decisions adopted by the CMA

Decision 2/CMA.3 defines ITMOs and their use, and corresponding adjustments and their application. This introduces the underlying fundamentals of the processes for the authorization, first transfer, use, and corresponding adjustments of ITMOs. The decision also lists the tracking and reporting obligations of participating Parties, such as initial report, annual information, and BTR, to ensure transparency and robustness of the ITMOs. UNFCCC will provide the tracking and reporting infrastructure – Centralized Accounting and Reporting Platform, Article 6 Database and International Registry.

Decision 6/CMA.4 provides further guidance on the forms and functions of the tracking and reporting infrastructure that UNFCCC would provide, the required information for the various Article 6 reports, and the guidelines for the Article 6 technical expert review process. This decision also lists the information that is needed to identify and track an ITMO.

Decision 4/CMA.6 provides greater clarity on the process, timing and content of authorization, while clarifying the application of first transfer and the timing and sequencing of reporting. It explicitly states how corresponding adjustments would be affected if there are changes to authorization, as well as the circumstances that authorization could be changed. It also updated the agreed electronic format for annual information and requested the UNFCCC Secretariat to provide Parties with an optional authorization template.