



RESOLUTION OF THE BOARD OF DIRECTORS (the “Board”) OF THE ARCHITECTURE FOR REDD+ TRANSACTIONS (“ART”)

**Adopted by Board vote
June 23, 2022**

RECITALS

WHEREAS, TREES 1.0 was published in February 2020 and TREES 2.0 subsequently published in August 2021. Both versions of TREES specify that subnational governments that meet scale eligibility requirements may participate directly in ART until 2030 if they obtain a letter of authorization to do so from the national government. The intent of this requirement was to avoid potential double counting for reductions that may be counted toward more than one country’s NDC;

WHEREAS TREES Section 3.1.1 that details requirements for national authorization of subnational participation in ART references that the authorization letter “will attest that the national government will support the Participant by aligning accounting and reporting as required under the Paris Agreement and towards NDCs, including addressing double counting provisions outlined in Section 13 of this Standard and other relevant provisions;”

WHEREAS, TREES Section 13 Avoiding Double Counting states that “TREES will incorporate by reference relevant future decisions and guidance on accounting and reporting in the UNFCCC for the Paris Agreement;”

WHEREAS, Article 6 of the Paris Agreement was finalized in November 2021 at COP26 in Glasgow including specifying that host country authorization is required for (post 2020) emission reductions / removals that are transferred for use under Article 6.2, Article 6.4 towards NDC achievement as well as for other international mitigation purposes such as ICAO’s CORSIA, and that those authorizations also imply an agreement for the Host Country to make a corresponding adjustment for those transfers. Transfers for use in voluntary carbon markets (and for results-based payments) do not require an authorization or corresponding adjustment;

WHEREAS, after careful consideration and discussion, the Board approves the publication of official Guidance to clarify TREES requirements for national authorization for subnational participants such that the scope of the authorization is consistent with Paris Agreement requirements per the Article 6 decisions as well as with inherent authority of subnational governments, if relevant, in a country’s national legal and regulatory context (“National Authorization Guidance”). Specifically, the National Authorization Guidance will clarify in TREES Section 3.1.1 will state:



Where the TREES Participant is a subnational government that can demonstrate inherent authority via law, statute or resolution to participate in ART, the subnational government must notify the national government of the terms of participation. Such notification should be in conformance with applicable legal requirements in the country. If a subnational government cannot demonstrate inherent authority via law, statute or resolution to participate in ART, the national government must provide the Participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

For transactions of TREES Credits for use in meeting NDCs under Article 6 of the Paris Agreement or for other compliance purposes, including for CORSIA, host country authorization and agreement to make corresponding adjustments are required. In these instances, the authorization letter will attest that the national government will support the Participant by aligning accounting and reporting as required under the Paris Agreement and towards NDCs, including addressing double counting provisions detailed in the Paris Agreement and outlined in Section 13 of this Standard, as well as any special requirements for and exceptions to the authorization. The host country may also elect to authorize transactions for non-compliance purposes.

NOW, THEREFORE, BE IT

RESOLVED, that the National Authorization Guidance is hereby authorized and approved;

RESOLVED, FURTHER, that such Guidance constitutes part of the Operative Documents, with which ART Participants are required to comply under the ART Terms of Use Agreement;

RESOLVED, FURTHER, that such Guidance will be formally incorporated into TREES upon the publication of the next version of the Standard.