

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINISTRY OF ENVIRONMENT, REPUBLIC OF PANAMA
AND
THE CALIFORNIA AIR RESOURCES BOARD OF THE STATE OF CALIFORNIA
OF THE UNITED STATES OF AMERICA
TO REDUCE GREENHOUSE GAS EMISSIONS AND ADDRESS CLIMATE
CHANGE**

The Ministry of Environment of the Republic of Panama ("MiAMBIENTE") and the California Air Resources Board of the State of California of the United States of America ("California"), collectively referred to as "**the Participants**," state as follows:

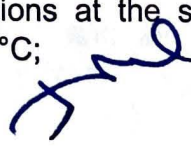
WHEREAS Under Law 8 of March 25, 2015, MiAMBIENTE was created as the guiding entity of the Republic of Panama in matters of protection, conservation, preservation, and restoration of the environment and the sustainable use of natural resources, ensuring compliance and enforcement of the laws, regulations, and the National Environmental Policy, and has among its responsibilities that of representing the Republic of Panama in the area of its competence;

WHEREAS California law designates the California Air Resources Board (CARB) as the State agency charged with monitoring and regulating sources of emissions of greenhouse gases (Health and Safety Code Section 38510) and directs CARB to consult with the federal government and other nations to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and to facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs (Health & Safety Code Section 38564);

WHEREAS The Participants recognize the urgent need to reduce greenhouse gas emissions in accordance with the latest findings of the Intergovernmental Panel on Climate Change and the importance of adapting to climate impacts, and intend to support the full implementation of the Paris Agreement;

WHEREAS The Participants affirm their common intent to transition toward net-zero greenhouse gas emissions at a minimum, while creating new quality jobs in low or zero-emission sectors and facilitating a just transition for people impacted by the shift towards an economy based on carbon neutrality;

WHEREAS The Participants understand the importance of the use of carbon pricing instruments and the reform and phase out of environmentally harmful subsidies, as efficient and critical tools for reducing greenhouse gas emissions at the scale necessary to limit the global average temperature increase to 1.5°C;



WHEREAS The Participants have engaged regularly since 2019 to share best practices and lessons learned on carbon pricing instruments, with a commitment to ensure rigorous accounting, monitoring, and verification of emissions and sequestration activities in their respective carbon pricing policies and programs, and aim to further leverage their ongoing collaboration on carbon pricing through this Memorandum of Understanding;

Therefore, the Participants have reached the following understanding:

SECTION I Objective

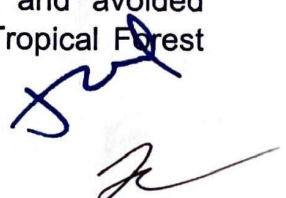
The purpose of this Memorandum of Understanding is to establish a flexible framework between the Participants in order to deepen their existing collaboration on their respective carbon programs and carbon pricing instruments. In doing so, the Participants share the following common objectives:

- a) Continue the sharing of information, experiences, knowledge, and best practices on the implementation of respective strategies, policies, and programs in various carbon pricing and carbon inventory practices.
- b) Foster research, development, deployment, and exchange of various clean technologies.
- c) Promote the environmental integrity of carbon pricing instruments to reduce greenhouse gas emissions worldwide.

SECTION II Areas of Cooperation

The Participants intend to deepen their existing collaboration on their respective carbon pricing programs and instruments through initiatives focused particularly on, but not limited to, the following areas of cooperation:

- a) California's Cap-and-Trade Program to reduce greenhouse gas emissions;
- b) Measurement, reporting, and verification systems;
- c) Greenhouse gas inventories at subnational and national scales;
- d) Standards to quantify carbon sequestration and reduced and avoided emissions of greenhouse gases, particularly the California Tropical Forest Standard;



- e) Carbon sequestration through nature-based solutions;
- f) Greenhouse gas emission reductions from industrial sources;
- g) Aligning incentives and investments to support and bolster climate action, with attention to California's experience with the California Climate Investments Program;

SECTION III Coordination

The Participants respectively designate MiAMBIENTE and the California Air Resources Board to establish the creation of an action plan to implement the objectives of this Memorandum of Understanding.

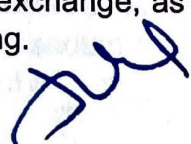
SECTION IV Specific Activities

Specific activities to achieve the objectives of this Memorandum of Understanding for the key sectors and initiatives identified in Section II may include:

- a) Information sharing and staff exchanges to discuss and advance each Participant's carbon pricing instruments, programs, and other applications.
- b) Workshops and technical trainings as needed, including with other jurisdictions interested in or preparing to implement carbon pricing, or the use of the California Tropical Forest Standard.
- c) Any other cooperative activity that the Participants deem appropriate, subject to a prior written arrangement.

SECTION V Points of Contact

MiAMBIENTE and the California Air Resources Board will also serve as the respective contact points for communication and information exchange, as well as any notice submitted under this Memorandum of Understanding.



For MiAMBIENTE:

Director of the Climate Change Directorate or any successors or designees

Address: Headquarters, Diego Dominguez Street,
Building 804, Albrook, Ancon, Panama.

P.O. Box: Apartado C, zona 0843 Balboa, Ancón

E-mail: jmartinezc@miambiente.gob.pa,

aurena@miambiente.gob.pa

Telephone numbers: (507) 500-0855 / 500-0802 /
500-6055

**For the California
Air Resources
Board**

International Advisor, Executive Office or any successors or designees

Address: 1001 I Street

Sacramento, CA 95814

Email: SarahJo.Szambelan@arb.ca.gov

Telephone number: +1 (279) 842-9117

SECTION VI

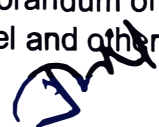
No Legal Obligations, Rights, or Remedies

This Memorandum of Understanding is a voluntary initiative. It does not create any legally binding rights or obligations and creates no legally cognizable or enforceable rights or remedies, legal or equitable, in any forum whatsoever. In addition, the commitments in this Memorandum of Understanding are not conditioned upon reciprocal actions by other Participants; each Participant retains full discretion over implementation of its commitments in light of the Participant's individual circumstances, laws, and policies; and each Participant is free to terminate the Memorandum.

SECTION VII

Availability of Personnel and Resources

This Memorandum of Understanding does not involve the exchange of funds, nor does it represent any obligation of funds by either Participant. All costs that may arise from activities covered by, mentioned in, or pursuant to this Memorandum of Understanding will be assumed by the Participant that incurs them, unless otherwise expressly stated in a future written arrangement in accordance with applicable laws. All activities undertaken pursuant to this Memorandum of Understanding are subject to the availability of funds, personnel and other resources of each Participant.




The personnel designated by a Participant for the execution of this Memorandum of Understanding will work under the orders and responsibility of that Participant and any other organization or institution to which the personnel already belongs, at all times maintaining any preexisting employment relationship only with that Participant and organization or institution, and not with any other Participant.

SECTION VIII

Compliance with Applicable Laws

This Memorandum of Understanding will be construed consistent with all applicable laws, and activities undertaken in connection with this Memorandum of Understanding will be subject to, and will be undertaken in a manner consistent with, all otherwise-applicable laws.

SECTION IX

Interpretation and Application

Any difference that may arise in relation to the interpretation or application of this Memorandum of Understanding will be resolved through consultations between the Participants, which will endeavor in good faith to resolve such differences.

SECTION X

Intellectual Property

The Participants acknowledge that the information or knowledge contributed by each Participant remains the property of the contributing party. The Participants acknowledge they may use information generated under this Memorandum of Understanding for non-commercial dissemination purposes, provided proper acknowledgment is given to the authors and to the contributions of each Participant. Additionally, the Participants intend to respect copyrights, patents, and other applicable intellectual property ensuring that the information and products used during the collaboration have the necessary licenses and authorizations.

In the event of publication of the information, studies, data, documents, publications, and resulting products generated under the collaborative activities established in this Memorandum of Understanding, the Participants will coordinate the terms of disclosure to ensure the protection of any sensitive or confidential information, as well as compliance with applicable intellectual property laws.



SECTION XI
Interinstitutional Coordination in the Republic of Panama

MiAMBIENTE, as the focal point in the Republic of Panama, will coordinate with the competent national public entities any actions under this Memorandum of Understanding that may require the participation, approval, or collaboration of other Panamanian authorities, in accordance with applicable law. Nothing in this Memorandum of Understanding shall affect the legal mandates or competencies of other governmental institutions of the Republic of Panama.

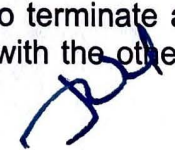
SECTION XII
Final Provisions

This Memorandum of Understanding is effective from the date of its signature, for a two year period, unless renewed or extended by the Participants in the same manner that the Participants may otherwise modify this Memorandum of Understanding.

This Memorandum of Understanding may be modified at any time by mutual consent of the Participants. Any modification will be made in writing and specify the date on which such modification is to become effective.

Either of the Participants may, at any time, terminate this Memorandum of Understanding by providing written notice to the other Participant(s). A Participant that intends to terminate this MOU will endeavor to provide notice of such termination to other Participants 30 days in advance.

The termination of this Memorandum of Understanding will not affect when activities initiated while this Memorandum of Understanding is in effect will conclude, unless a Participant expressly states otherwise. A Participant that intends to terminate a previously initiated activity will endeavor to reach an understanding with the other Participant concerning such termination.



IN WITNESS WHEREOF, the undersigned, duly authorized for this purpose, have signed this Memorandum of Understanding in San Francisco, California on May 12, 2025, in two original copies in both English and Spanish, both versions being equally valid.

**FOR THE MINISTRY OF ENVIRONMENT
OF THE REPUBLIC OF PANAMA**

Signature:

A stylized handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

Juan Carlos Navarro
Minister of Environment, Republic of Panama

**FOR THE CALIFORNIA AIR RESOURCES
BOARD OF THE STATE OF CALIFORNIA
OF THE UNITED STATES OF AMERICA**

Signature:

A handwritten signature in blue ink, featuring a large initial 'L' followed by a series of loops and a long horizontal stroke.

Liane M. Randolph
Chair of the California Air Resources Board