Carbon Market Watch inputs on SBM022 annotated agenda and related annexes

Brussels, 20 July 2026

Dear Members and Alternate Members of the Article 6.4 Supervisory Body,

Carbon Market Watch welcomes the Call for Input for the annotated agenda and related annexes of the next meeting of the Article 6.4 Supervisory Body. Unfortunately, given the number of open calls for input with short deadlines, we will not be able to comment on all the issues we would have wanted to address. We will therefore focus this submission on the conflict of interest issues in agenda item 3.1 of the Annotated Agenda.

With regard to paragraph 11 of the annotated agenda, the concept note "Governance arrangements for the Article 6.4 Supervisory Body and its expert panels" is mentioned. We welcome that this will be discussed, as we believe a major overhaul is needed regarding how conflict of interest is handled for expert panels. However, we are concerned that this concept note is not publicly available at the time of writing (neither on the SBM 22 agenda webpage nor the SBM 22 call for inputs webpage). We request the Supervisory Body to make this concept note publicly available, noting that governance matters related to expert panels must not be confidential.

Several members of the expert panels work for, are affiliated with, or provide consultancy services to companies or institutions with strong financial interests in carbon credit markets. This includes involvement in project development or work for other carbon crediting mechanisms.

Despite this, we have observed that conflicts of interest are rarely declared or declared inconsistently. For example, recently a Methodological Expert Panel (MEP) member declared a conflict of interest for specific agenda items in one meeting but declared no such conflict of interest on the same agenda items in the subsequent meeting. This raises serious doubts and concerns about how conflict of interest is currently being handled, let alone monitored, by the Secretariat and SBM.

It is necessary to declare a conflict of interest even in cases where MEPs have not been involved in a specific methodology under consideration but nevertheless have a strong financial interest in the outcome of the MEP and SBM. This holds, in particular, for general and overarching standards or procedures, such as the baseline standard or the standard on non-permanence, which will directly impact the preparation and approval or rejection of a range of future methodologies and projects. If members' companies or institutions have a financial interest in the outcomes of such standards or the overall work of the MEP and SBM, this too represents a conflict of interest. We find it highly concerning that this type of systemic conflict of interest is neither declared nor addressed and we hope that upcoming discussions on this matter will be held in an open, public manner and that these issues will be addressed properly.

Experts serving the Supervisory Body must not be affiliated with companies or organisations that are market actors, as this gives them an inherent, direct financial interest in the outcomes. Therefore, such systemic conflicts of interest should be addressed from the outset, by not nominating experts who have this type of conflict. There must also be regular, independent checks of conflict of interest declarations, to ensure that conflict of interests are actually being declared and that the SBM's existing rules are being upheld. At the very least, if experts with conflicts of interest are appointed, a much stronger governance mechanism must be developed in order to manage conflicts of interest.

Contact

Federica Dossi
Policy Expert on Global Carbon Markets
federica.dossi@carbonmarketwatch.org