

A6.4-SBM017-AA-A01

Draft annual report of the Supervisory Body
for the mechanism established by Article 6,
paragraph 4, of the Paris Agreement to the
CMA

DRAFT

Version 01.0



COVER NOTE

1. Procedural background

1. In accordance with the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism),¹ the Supervisory Body for the mechanism (hereinafter referred to as the Supervisory Body) reports on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). This document is a draft of the Supervisory Body's report to CMA 7, pending the inclusion of the outcomes of the 17th meeting of the Supervisory Body (SBM 017).

2. Purpose

2. This report describes the work undertaken by the Supervisory Body between 10 October 2024 and 8 August 2025. It provides information on progress in implementing the Article 6.4 mechanism during its fourth year of operation and includes recommendations for consideration at CMA 7.
3. The report provides an opportunity for the Supervisory Body to make recommendations to and seek guidance from the CMA. Placeholders are included in this draft report for possible recommendations to the CMA. The recommendations agreed by the Supervisory Body at SBM 017 will be incorporated into this report after the meeting.
4. Given the limited duration of the reporting period and the likelihood of recommendations to CMA 7 arising from SBM 018, scheduled for 6 to 10 October 2025, an addendum to this report will be published to cover the period between 9 August and 10 October 2025 and will include the work undertaken during that period and any recommendations agreed on at SBM 018.

3. Impacts

5. The report describes the status of the Article 6.4 mechanism, highlights achievements relating to its operation, and provides information on its governance, management and financial status. The report will constitute an important basis for Parties' negotiations under the CMA agenda item on guidance related to the Article 6.4 mechanism.

4. Subsequent work and timelines

6. The outcomes of SBM 017 will be incorporated into this report by the secretariat in consultation with the Chair and Vice-Chair of the Supervisory Body after the meeting. The report will then be formatted and edited as an UNFCCC official document for consideration at CMA 7.

¹ Decision 3/CMA.3, annex, contained in document FCCC/PA/CMA/2021/10/Add.1, available at <https://unfccc.int/documents/460950>. The annex to the decision begins on p.29 (English-language version).

5. Recommendations for the Supervisory Body

7. The secretariat recommends that the Supervisory Body, at SBM 017:
 - (a) Consider and agree on this report, adjusted as necessary;
 - (b) Request the secretariat to finalize the report, reflecting the outcomes of SBM 017, in consultation with the Chair and Vice-Chair of the Supervisory Body.

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1. Introduction

1.1. Mandate

1. In accordance with the rules, modalities and procedures (RMPs) for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism),¹ the Supervisory Body for the mechanism is required to report annually to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). The CMA provides guidance to the Supervisory Body by taking decisions on, inter alia:
 - (a) Recommendations of the Supervisory Body relating to the RMPs;
 - (b) Matters relating to the operation of the Article 6.4 mechanism.

1.2. Scope of the report

2. This fourth annual report of the Supervisory Body covers the work carried out between 10 October 2024 and 8 August 2025. The report provides information on progress in implementing the Article 6.4 mechanism during the reporting period and includes recommendations for consideration by the CMA at its seventh session (CMA 7).
3. The report describes the status of the Article 6.4 mechanism, highlights achievements related to its implementation, and provides information on its governance, management and financial status.
4. Further information relating to the Article 6.4 mechanism and the Supervisory Body is available on the Article 6.4 mechanism web pages.²

1.3. Recommendations for the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement

5. The CMA is recommended to take note of this report and consider the recommendations contained herein, as appropriate.
6. The Supervisory Body recommends that the CMA:
 - (a) Note the progress of work of the Supervisory Body made in response to the mandates in decisions 3/CMA.3, 7/CMA.4 and 5/CMA.6 (see section 2.1 below);
 - (b) Note that the essential regulatory and operational framework has been completed, and the Article 6.4 mechanism is operational;
 - (c) Note the Supervisory Body's continued commitment to transparency and environmental integrity in its decision-making, upheld through ongoing stakeholder engagement in the development of standards, tools, and guidelines for the Article 6.4 mechanism;

¹ Decision 3/CMA.3, annex, contained in document FCCC/PA/CMA/2021/10/Add.1, available at <https://unfccc.int/documents/460950>. The annex to the decision begins on p.29 (English-language version).

² <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>.

(d) Note that, with the infrastructure for the Article 6.4 mechanism now in place, the Supervisory Body will consider how best to foster demand and enable participation over the next two years, with a view to ensuring that the mechanism fulfils its potential as a key tool for achieving the goals of the Paris Agreement.

(e) [Placeholder for SBM 017]

2. Work in the reporting period

7. To provide an overview of the issues to be considered by the Supervisory Body at each meeting and to identify and plan activities arising from the mandates from the CMA, the Supervisory Body develops annual workplans. The Supervisory Body at its 15th meeting (SBM 015), approved its workplan for 2025.

8. In the reporting period, the Supervisory Body focused on responding to the mandates that are to be delivered on by the time of CMA 7. Paragraphs 9–28 below provide information on the progress of the work conducted in response to those mandates. The remainder of this section discusses the progress of work arising from the Supervisory Body’s workplan for 2025, as well as progress in developing standards, guidelines and tools for operationalizing the Article 6.4 mechanism and facilitating the swift approval of related methodologies and the timely registration of activities under the mechanism.

2.1. Mandates from the Conference of the Parties serving as the meeting of the parties to the Paris Agreement

2.1.1. Operational support and expertise

9. CMA 6 requested the Supervisory Body and the secretariat to ensure that adequate technical and scientific expertise is available to support their work on methodologies, removals and related operational elements. It also requested the Supervisory Body to engage, in consultation with interested stakeholders, further independent scientific and technical expertise and local communities, and include the knowledge, sciences and practices of Indigenous Peoples, as relevant, to support its work, including through its expert panels, to review proposals as necessary and receive independent scientific and technical advice.

10. In response to the mandates above, the Supervisory Body, at its 15th meeting, selected additional experts for the roster of experts on methodologies. Further, the Supervisory Body agreed to launch a call for experts in specific areas of removals such as risk assessment, insurance and monitoring practices, and experts from the broader scientific community to join the roster of experts for methodologies.

11. In addition, SBM 016 agreed to explore ways to increase the pool of available experts through existing capacity-building programmes and initiatives undertaken by the Supervisory Body [Placeholder for SBM 017 – Information note: Governance issues of the expert panels] and took note of the planned webinar to be held with wider local communities and Indigenous Peoples stakeholders prior to SBM 017. [Placeholder for SBM 017 – Webinar.]

12. The CMA further requested the Supervisory Body to consider relevant international environmental agreements when carrying out its work. It also requested the Supervisory Body, while ensuring ongoing continuous improvements to reflect the best available

science, to strive to ensure regulatory stability by avoiding frequent substantive revisions to its adopted standards, tools, and procedures.

13. In response to the mandate above, the Supervisory Body adopted its workplan to ensure stability of regulatory documents by limiting substantive revisions, prioritizing essential updates and planning revision cycles. Additionally, the Supervisory Body adopted the “Procedure: Periodic structured legal and editorial review system of the Article 6.4 Supervisory Body’s Regulatory Documents” to define the process for future reviews. Furthermore, the Supervisory Body, at its sixteenth meeting, took note of the update on carbon markets and carbon crediting standards and the analysis of standards aligning with Article 6.4 of the Paris Agreement.

2.1.2. Methodological standards

14. The CMA requested the Supervisory Body to expedite its work on further standards, tools and guidelines relating to baselines, downward adjustment, standardized baselines, suppressed demand, additionality, and leakage, as well as non-permanence and reversals including aspects of post-crediting period monitoring, reversal risk assessments, and remediation measures.
15. It further mandated the Supervisory Body to accelerate the revision of the baseline and monitoring methodologies in use for the CDM with a view to applying them with revisions, as appropriate, for activities under the Article 6.4 mechanism.
16. In response to the above mandates, the Supervisory Body adopted three key methodological standards on baseline setting, additionality demonstration and leakage assessment. Further work on developing additional standards, methodologies, tools, and guidelines is ongoing (Refer to section 2.2.4.)
17. [Placeholder for SBM 017 – “Standard: Addressing suppressed demand in mechanism methodologies” and “Concept note: Applicability of removal guidance to emission reductions activities and vice versa”.]

2.1.3. A6.4 mechanism registry

18. The CMA requested the Supervisory Body and the secretariat to expedite establishment of the mechanism registry and relevant procedures and make it available for all Parties participating in the mechanism.
19. In response to the above mandate, SBM 015 considered and adopted the procedure for operation of the Article 6.4 mechanism registry.
20. While work on developing the registry software continued at pace, an interim offline solution was made operational in 2025 to all Parties participating in the mechanism. The Supervisory Body further requested the secretariat to provide information and guidance to interim mechanism registry users on how to use the interim mechanism registry and communicate with its administrator. This work is ongoing.
21. The Supervisory Body initiated discussions on the potential incorporation of a Know Your Customer (KYC) process within the Article 6.4 mechanism regulations and agreed that the consideration of this matter will continue at a future meeting. [Placeholder SBM 017].

2.1.4. Authorization

22. The CMA, at its sixth session, further clarified information contained in the statement of authorization and decided the host Party may authorize issued mitigation contribution Article 6.4 emission reductions for use towards nationally determined contributions or other international mitigation purposes by submitting a statement of authorization to the Supervisory Body within a specified timeframe, before any transfer occurs in or out of the mechanism registry, and applying corresponding adjustments, including for units forwarded for the share of proceeds for adaptation and those cancelled for overall mitigation. The CMA also requested the Supervisory Body to consider and determine whether, based on its experience, there is a need to set a time limit, from the date of issuance to when the host Party shall provide a statement of authorization, and report back in its annual report to the CMA.
23. The Supervisory Body considered and discussed the CMA request and possible options for time limits. However, the Supervisory Body noted, that no Party has to date provided a statement of authorization and the Supervisory Body. The Supervisory Body will reconsider this matter once it has gained experience with authorizations submitted by Parties and will report back to the CMA at a future session.
24. CMA 6 also requested the secretariat, with the approval of the Supervisory Body, to establish necessary guidelines for and operationalize the process as described in paragraph 22 above and to develop a template for the authorization statement.
25. In response to the above mandates, during the reporting period the Supervisory Body revised and adopted the activity standard, validation and verification standard and activity cycle procedure, for projects and for programmes of activities (PoAs), to provide procedural background for operationalization of the authorization process.
26. In parallel, work is under way to develop the timeline itself, establish the necessary guidelines, operationalize the submission process, and design a template containing the relevant elements to enable the identification of authorized Article 6.4 emission reductions in the mechanism registry. This work is ongoing, with further analysis and consultations planned to inform the Supervisory Body's recommendation to the CMA.

2.1.5. Special circumstances of the least developed countries and small island developing States with respect to the share of proceeds for adaptation

27. Further, in response to the CMA's decision, the above-mentioned revisions to activity cycle regulations include an exemption from the share of proceeds for adaptation for Article 6.4 mechanism activities hosted in least developed countries (LDCs) and small island developing States (SIDS), while allowing LDCs and SIDS the option not to apply this exemption.

2.1.6. Transition of clean development mechanism activities

28. In response to the CMA's decision allowing afforestation and reforestation project activities and PoAs registered under the CDM to transition to the Article 6, paragraph 4, mechanism under certain conditions, SBM 015 adopted revisions to the "Standard: Transition of CDM Activities to the Article 6.4 Mechanism" and the "Procedure: Transition of CDM Activities to the Article 6.4 Mechanism," which set out the procedural basis for this transition.

2.2. Regulatory and other matters considered by the Supervisory Body

29. While working to fulfil the mandates received from CMA 6, the Supervisory Body continued to advance the following ongoing tasks necessary to operationalize the Article 6.4 mechanism.

2.2.1. Governance

30. Further to the adoption of the “Procedure: Periodic structured legal and editorial review system of the Article 6.4 Supervisory Body’s regulatory documents” as referred to in paragraph 13 above, the Supervisory Body took note of the “Initial legal and structural review of regulations and procedures approved by the Supervisory Body” and initiated the review process during the reporting period.

31. SBM 015 agreed on revising its “Terms of reference: Article 6.4 expert panels” and change the terms “chair” and “vice-chair” respectively to “co-chairs”, which was adopted at SBM 016.

32. SBM 016 further revised the “Procedure: Selection and performance evaluation of members of the Article 6.4 expert panels” and the “Terms of reference: Article 6.4 expert panels” to reflect updates to the number of panel members for the Methodological Expert Panel (MEP) (Refer to section 3.2).

33. At the same meeting, the Supervisory Body adopted the revised “Procedure: Direct communication with stakeholders”, which includes a process for host Parties to communicate their approach to the operationalization of equitable sharing of mitigation benefits between participating Parties.

34. To support host Parties in navigating the activity cycle processes, and taking into account input from host Party designated national authorities (DNAs), SBM 016 took note of the “Article 6.4 manual for host Parties’ participation in the mechanism”. It requested the secretariat to continuously update the manual and ensure consistency between the manual and its webpage format.³

2.2.2. Accreditation

35. During the reporting period, no regulatory and procedural matters related to accreditation were considered by the Supervisory Body.

2.2.3. Activity cycle

2.2.3.1.1. Transitioning of clean development mechanism activities

36. Building on previous adoptions at SBM 006, SBM 008, and SBM 013, the Supervisory Body adopted during the reporting period revised versions of the “Standard: Transition of CDM Activities to the Article 6.4 Mechanism” and the “Procedure: Transition of CDM Activities to the Article 6.4 Mechanism” to reflect

- (a) Establishing the procedural basis for transitioning CDM afforestation/reforestation project activities and PoAs;

³ Available at: <https://manual-for-hpp-in-pacm.my.canva.site/>.

- (b) Provisions to avoid double issuance for provisional issuance requests and to require the use of re-evaluated values for the fraction of non-renewable biomass (fNRB) and the leakage discount factor for activities using CDM methodologies with non-permanence risks.

2.2.3.2. Article 6.4 activity standards for projects and PoAs and Article 6.4 validation and verification standards for projects and PoAs

37. The Supervisory Body, at its 16th meeting, adopted the revisions to the “Standard: Article 6.4 activity standard for projects” (AS-P), the “Standard: Article 6.4 activity standard for programmes of activities” (AS-PoA), the “Standard: Article 6.4 validation and verification standard for projects” (VVS-P) and the “Standard: Article 6.4 validation and verification standard for programmes of activities” (VVS-PoA). The revisions incorporate relevant elements that must be followed by activity participants to develop and monitor Article 6.4 mechanism projects and PoAs and by designated operational entities (DOEs) to validate and verify Article 6.4 mechanism projects and PoAs contained in the “Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies”, the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”, the “Standard: Demonstration of additionality in mechanism methodologies” and the “Tool: Article 6.4 sustainable development tool”. The revisions also clarify the eligibility date for the start date of Article 6.4 mechanism activities, elaborate aspects related to alternative monitoring and deviation processes for activity participants in cases when irremediable negative impacts have been detected; and reflect the outcomes of the structured editorial and legal review.

2.2.3.3. Sustainable development tool

38. [Placeholder SBM 017]

2.2.4. Methodological standards

39. Supported by the MEP, the Supervisory Body continued its efforts to develop methodological standards, tools and guidelines to facilitate the development of emission reduction and removal activities for registration under the Article 6.4 mechanism.⁴
40. During the reporting period, xx proposed new methodology submissions were submitted by stakeholders and are currently under process;⁵

⁴ See Methodological Expert Panel at: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep>.

⁵ <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/methodologies#submissions>.

41. During the reporting period, the SBM approved **xx** standards⁶ and the MEP published⁷ **xx** draft documents for stakeholder inputs.

42. [Placeholder SBM 017]

2.2.5. Rulings

2.2.5.1. Accreditation

43. During the reporting period, in accordance with the “Procedure: Article 6.4 Accreditation”, during the reporting period, the Supervisory Body accredited the first DOEs⁸ for a period of five years.

44. [Placeholder SBM 017]

2.2.5.2. Registration

45. During the reporting period and in accordance with the “Procedure Transition of CDM activities to the Article 6.4 mechanism” the Supervisory Body received and approved the first transition requests.⁹ It also approved **xx** transition requests with modifications.

46. [Placeholder SBM 017]

2.2.5.3. Issuance

47. No requests for issuance were received during the reporting period.

2.2.6. Other matters

48. [Placeholder SBM 017]

⁶ Standard: Demonstration of additionality in mechanism methodologies (<https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-003.pdf>); Standard: Setting the baseline in mechanism methodologies (<https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-004.pdf>); Standard: Addressing leakage in mechanism methodologies (<https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-005.pdf>).

⁷ Draft standard: Addressing leakage in mechanism methodologies (<https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/a64-calls-for-input/call-for-input-2025-addressing-leakage-in-mechanism-methodologies>); Concept note on applicability of removal guidance to emission reduction activities and vice-versa (<https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/a64-calls-for-input/call-for-input-2025-applicability-of-removal-guidance-to-emission-reductions-activities-and-vice>); Draft standard: Addressing suppressed demand (<https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/a64-calls-for-input/call-for-input-2025-addressing-suppressed-demand-in-mechanism-methodologies>); Draft Tool: Common practice analysis (<https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/stakeholder-engagement/calls-for-input/2025-common-practice-analysis>); Draft Standard: Addressing non-permanence/reversals (<https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/stakeholder-engagement/calls-for-input/2025-non-permanence-reversals>).

⁸ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/accreditation#DOEs>.

⁹ See List of CDM activities in transition at: https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM_transition/transition-list.

3. Governance and management

3.1. Supervisory Body

3.1.1. Membership

49. The rules of procedure of the Supervisory Body were adopted at CMA 4 (as contained in decision 7/CMA.4, annex II). New members and alternate members of the Supervisory Body subsequently signed the oath of service and made their curriculum vitae publicly available, and they provided statements of conflict of interest for each meeting.
50. Half of the current members and alternate members of the Supervisory Body were elected at CMA 6 for a term of two years. The seats for the other half of current members and alternate members will be up for election at CMA 7. The composition of the Supervisory Body in 2025 is presented in table 1.
51. During the reporting period, Helen Finney resigned as alternate member of the Supervisory Body, effective 9 January 2025.

Table 1. Members and alternate members of the Supervisory Body in 2025

Member	Alternate member	Group/constituency
Maria AlJishi ^(a)	Duan Maosheng ^(a)	Asia-Pacific States
Eduardo Calvo ^(b)	German Obando Vargas ^(b)	Latin American and Caribbean States
Benedict Chia ^(a)	Kishan Kumarsingh ^{(a), 1}	Small island developing States
El Hadji Mbaye Diagne ^(a)	Tirivanhu Muhwati ^(a)	African States
Piotr Dombrowicki ^{(b), 2}	Imre Bányász ^{(b), 2}	Eastern European States
Gebru Jember Endalew ^(b)	Olivier Ishimwe ^(b)	LDCs
Olga Gassan-zade ^{(a), 3}	<i>Vacant</i> ^{(c), 3, 4}	Eastern European States
Martin Hession ^(a)	Angela Friedrich ^{(a), 5}	Western European and other States
Felipe Rodrigues Gomes Ferreira ^(a)	Charles Hamilton ^(a)	Latin American and Caribbean States
Jacqui Ruesga ^(b)	Simon Fellermeier ^(b)	Western European and other States
Mkhuthazi Steleki ^(b)	Alick Muvundika ^(b)	African States
Zulfiqar Younas ^(b)	Kentaro Takahashi ^(b)	Asia-Pacific States

^(a) Term: 2 years, i.e. ending prior to the first meeting in 2026.

^(b) Term: 2 years, i.e. ending prior to the first meeting in 2027.

¹ Ms. Kristin Qui resigned effective 12 November 2024.

² Nomination pending from CMA 6 (Baku). Current member remains in office until nomination is received.

³ Nomination pending from CMA 5 (Dubai). Current member remains in office until nomination is received.

⁴ Ms. Maia Tskhvaradze resigned effective 1 September 2023.

⁵ Ms. Helen Finney resigned effective 9 January 2025.

52. At its first meeting in 2025, the Supervisory Body elected Martin Hession and Maria AlJishi as its Chair and Vice-Chair respectively. Their tenures in these roles will end just before the first meeting of the Supervisory Body in 2026.

3.1.2. Meetings

53. During the reporting period, the Supervisory Body held three meetings. The annotated agendas for the meetings, information under consideration, on-demand webcasts and reports containing all agreements adopted by the Supervisory Body are publicly available on the Supervisory Body's meeting web page.¹⁰ Table 2 lists all meetings of the Supervisory Body in 2025.

Table 2. Meetings of the Supervisory Body in 2025

Meeting	Date	Location
SBM 015	10–14 February	Thimphu, Bhutan
SBM 016	12–16 May	Bonn
SBM 017	4–8 August	Bonn
SBM 018	6–10 October	Bonn

3.2. Expert panels

54. SBM 010 established the MEP and the Accreditation Expert Panel (AEP) to assist in operationalizing the Article 6.4 mechanism. The workplans of those panels for 2025 were approved at SBM 015.¹¹
55. SBM 015 elected El Hadji Mbaye Diagne and Simon Fellermeier as co-chairs of the MEP, with their tenures in these roles to end immediately before the first meeting of the Supervisory Body in 2026.
56. Due to the increased workload of the MEP, the Supervisory Body also decided to
- (a) Increase the number of MEP meetings in 2025 from four to six;
 - (b) Increase the number of members of the panel from 10 to 14 and elected the experts to serve for a term of one year.
57. At the same meeting, the Supervisory Body elected Angela Friedrich and Mkhuthazi Steleki as co-chairs of the AEP, with their tenures in these roles also to end immediately before the Supervisory Body's first meeting in 2026.

¹⁰ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/meetings-of-the-supervisory-body>.

¹¹ Contained in Supervisory Body documents A6.4-INFO-GOV-015 and A6.4-INFO-GOV-014, available at <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-015.pdf> and <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-014.pdf> respectively.

58. During the reporting period, the MEP met four times and the AEP twice. The annotated agendas for the meetings, information under consideration and reports are publicly available on the relevant web pages.¹² Tables 3–4 list all meetings of these panels in 2025.

Table 3. Meetings of the Methodological Expert Panel in 2025

Meeting	Date	Location
MEP 004	27–31 January	Bonn
MEP 005	7–11 April	Bonn
MEP 006	26–30 May	Bonn
MEP 007	7–11 July	Bonn
MEP 008	1–5 September	Bonn
MEP 009	1–5 December	Bonn

Table 4. Meetings of the Accreditation Expert Panel in 2025

Meeting	Date	Location
AEP 003	3 February	Bonn
AEP 004	2–3 July	Bonn
AEP 005	11–12 September	Bonn

3.3. Host Parties

59. During the reporting period, xx Parties designated and communicated their national authority for the Article 6.4 mechanism to the secretariat, bringing the total number of DNAs to xx. As of 8 August 2025, xx countries have submitted information on fulfilling the host Party participation requirements.¹³ [Placeholder SBM 017.]
60. Following the establishment of the DNA Forum at SBM 010, the Forum held its inaugural meeting on the margins of Climate Week in May 2025, in Panama.
61. The Forum was attended by more than 130 registered participants including DNAs, United Nations entities, multilateral development banks, and Chair and members of the Supervisory Body. The Forum provides a space for participants to exchange views and knowledge while identifying best practices and common challenges DNAs may face in operationalizing the Article 6.4 mechanism.
62. The Forum adopted its terms of reference, which provide the governance framework for its operations, and elected Ms. Cristina Figueroa Vargas of Chile as co-chair representing developing countries. The co-chair seat for developed countries will remain vacant until a nomination and election are completed by the Forum.

¹² <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep/meetings> and <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/accreditation-expert-panel-aep/meetings>.

¹³ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/national-authorities>.

3.4. Transparency and interaction with stakeholders

3.4.1. Capacity-building programme

63. During the reporting period, the secretariat, in consultation with the Supervisory Body, continued implementing the five-year capacity-building work programme, both directly and through its regional collaboration centres and other partners. The secretariat provided periodic updates (twice per year) to the Supervisory Body and submitted a detailed information note to the CMA outlining the capacity building activities undertaken.
64. Updates on the capacity-building programme were provided at SBM 017 for the period November – May 2025. Updates on the capacity-building work programme for the period since May 2025 will be considered at SBM 018 and included in the addendum to this report.

3.4.2. Gender action plan

65. At SBM 008, the Supervisory Body agreed to regularly report on gender-balanced representation and how the Supervisory Body has addressed gender considerations in its work. During the reporting period, the Supervisory Body considered gender-balanced representation in its work, in particular during the selection of expert panel members. Further, gender considerations featured prominently in the work of the Supervisory Body through acknowledgment of the importance of adopting structured approaches to mainstream gender into its processes and decision-making.

3.4.3. Communications and outreach

66. The Supervisory Body continued to emphasize the importance of strategic communications in implementing the Article 6.4 mechanism. During the reporting period, it provided information through the PACM newsletter, the Article 6 LinkedIn group and UNFCCC social media channels, and reached out to media covering climate change including, through press releases. The aim was to reach target audiences with time sensitive information, provide stakeholders with opportunities to engage with the mechanism and ultimately build trust in the mechanism. In so doing, it continues to demonstrate its commitment to transparency, community outreach and meaningful engagement.
67. The Supervisory Body held a side event during the sixty-second sessions of the Subsidiary Bodies on the topic “Trust and Transparency in Carbon Markets: The Paris Agreement Crediting Mechanism (PACM).”, discussing the key features of the Article 6.4 mechanism, stakeholder perspectives on operationalization, and next steps for 2025.
68. The Supervisory Body allowed registered observers to follow the proceedings of its meetings in person or virtually and made time for interaction with them (in person and virtually) during the meetings.
69. Observers continued to show considerable interest in the meetings of the Supervisory Body. On average, 10 observers per meeting were registered. A list of registered observers is made publicly available as part of the documentation for each meeting.
70. The Supervisory Body considered public inputs received on matters on the agendas for its meetings held during the reporting period. In addition, the Supervisory Body called for

inputs from stakeholders on topics and issues to assist it in its deliberations.¹⁴ During the reporting period, the Body received more than xx [Placeholder SBM 017] inputs on various topics.

3.4.4. Appeal and grievance process

71. Following the adoption of the appeal and grievance procedure at SBM 011, the secretariat, at the request of the Supervisory Body, initiated work to operationalize the appeal and grievance process. A call for experts to join the appeal and grievance roster of experts was open from 21 February to 26 April 2025. The selection process is under way to appoint 30 experts to the roster. No appeal or grievance cases were submitted to the secretariat during the reporting period.

3.5. Financial status of the Article 6.4 mechanism

72. SBM 016 took note of the shortfall in funds to adequately cover costs of operations in 2025 and 2026 and agreed to adjust downward the planned expenditures for 2025 and aim to implement only 72.8 per cent of the initial budget. The Supervisory Body invites the CMA to assist in fundraising and to request the CMP for additional fund allocations from the Trust Fund for the Clean Development Mechanism, by tapping into any available surpluses.

73. During the reporting period, the Supervisory also revised its strategic vision and goals included in the Article 6.4 mechanism two-year business and resource allocation plan 2026–2027

74. [Placeholder SBM 017 RAP 2026/27].

75. During the reporting period, the Supervisory Body received income of USD 106,100. Table 5 presents the expenses incurred by the Supervisory Body between 1 January and 30 June 2025.

Table 5. Expenditure of the Supervisory Body between 1 January and 30 June 2025

Item	Amount (USD)
Staff and other personnel costs	3 387 510
Contractual services	2 740 079
Travel	514 381
Operating and other direct costs	1 031 055
United Nations programme support costs	997 493
Total	8 670 518

76. Table 6 presents the expected balance on 31 December 2025. The projected 2025 expenses of USD 14.4 million will be fully met from the existing balance. However, the year-end projected balance of USD 1.1 million will not be sufficient to cover the estimated resource needs for 2026–2027.

¹⁴ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.

Table 6. Projected balance on 31 December 2025

	2024	2025
Item	Amount (USD)	Amount (USD)
Carry-over from previous year	25 915 250	15 403 621
Add: income to 30 June 2025	—	106 100
Less: expenses	10 511 629	14 432 466 ^(a)
Total: previous year's carry-over plus income and less projected expenses	15 403 621	1 077 255

^(a) Projected

4. Abbreviations and acronyms

Table 5. Abbreviations and acronyms

AEP	Accreditation Expert Panel
Article 6.4 mechanism	mechanism established by Article 6, paragraph 4, of the Paris Agreement
CDM	Clean Development Mechanism
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
KYC	Know Your Customer
LDC	least developed country
MEP	Methodological Expert Panel
PACM	Paris Agreement Crediting Mechanism
RMPs	rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

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