SENTINEL EARTH

CARBON INSIGHTS

MONTHLY EDITION · JULY 2026

IN THIS ISSUE

EU ETS REVIEW

A clearer path *forward.*

01

EU ETS · AVIATION · CORSIA

EU ETS review signals *greater clarity for CORSIA* and international carbon markets

The European Commission has unveiled its long-awaited review of the EU Emissions Trading System (EU ETS), proposing a measured expansion of aviation carbon pricing while providing greater clarity on the interaction between the EU ETS, CORSIA and international carbon markets. Under the proposal, the EU ETS would extend from 2029 to cover flights departing from the European Economic Area (EEA) to destinations within a 5,000 km radius, including Turkey, North Africa and parts of the Middle East, while longer-haul routes such as the United States, China and India would continue to be covered under CORSIA. The proposed 5,000 km boundary is intended to limit carbon leakage to competing aviation hubs while avoiding a broader extension to long-haul routes. To avoid double charging, airlines would be able to deduct the cost of CORSIA credits where both systems apply. This would prevent airlines from paying both EU ETS allowance costs and CORSIA offset obligations for the same emissions, allowing the two systems to operate in parallel. The proposal also includes a review in 2032 to assess CORSIA's effectiveness before considering any further expansion of the EU ETS.

Separately, the Commission recommended removing previously proposed restrictions on the use of certain CORSIA-eligible project types, including High Forest Low Deforestation (HFLD) and clean cooking projects, for the current 2024–2026 compliance period. Stricter eligibility criteria may still be introduced from 2027 onwards; however, the proposed changes significantly reduce near-term policy uncertainty for airlines and project developers. While the proposals will now be negotiated by the European Parliament and Member States before entering into force, the announcement itself prompted an immediate market response, with the resulting price movements explored further in the following section.

Beyond aviation, the review also reflects a broader evolution in the EU's approach to carbon markets. The Commission proposed the purchase of up to 260 million international carbon credits between 2036 and 2040, subject to a 2033 assessment confirming the availability of high-quality, high-integrity credits, and separately proposed integrating permanent carbon removals into the EU ETS. If adopted, the proposal would create a pathway for international carbon credits to contribute to the EU's longer-term climate objectives while reducing the cost of domestic decarbonisation.

5,000 km	>5,000 km	2029	2032
PROPOSED ETS EXTENSION RADIUS	LONG-HAUL FLIGHTS REMAIN UNDER CORSIA	PROPOSED IMPLEMENTATION	EU REVIEW OF CORSIA

CORSIA

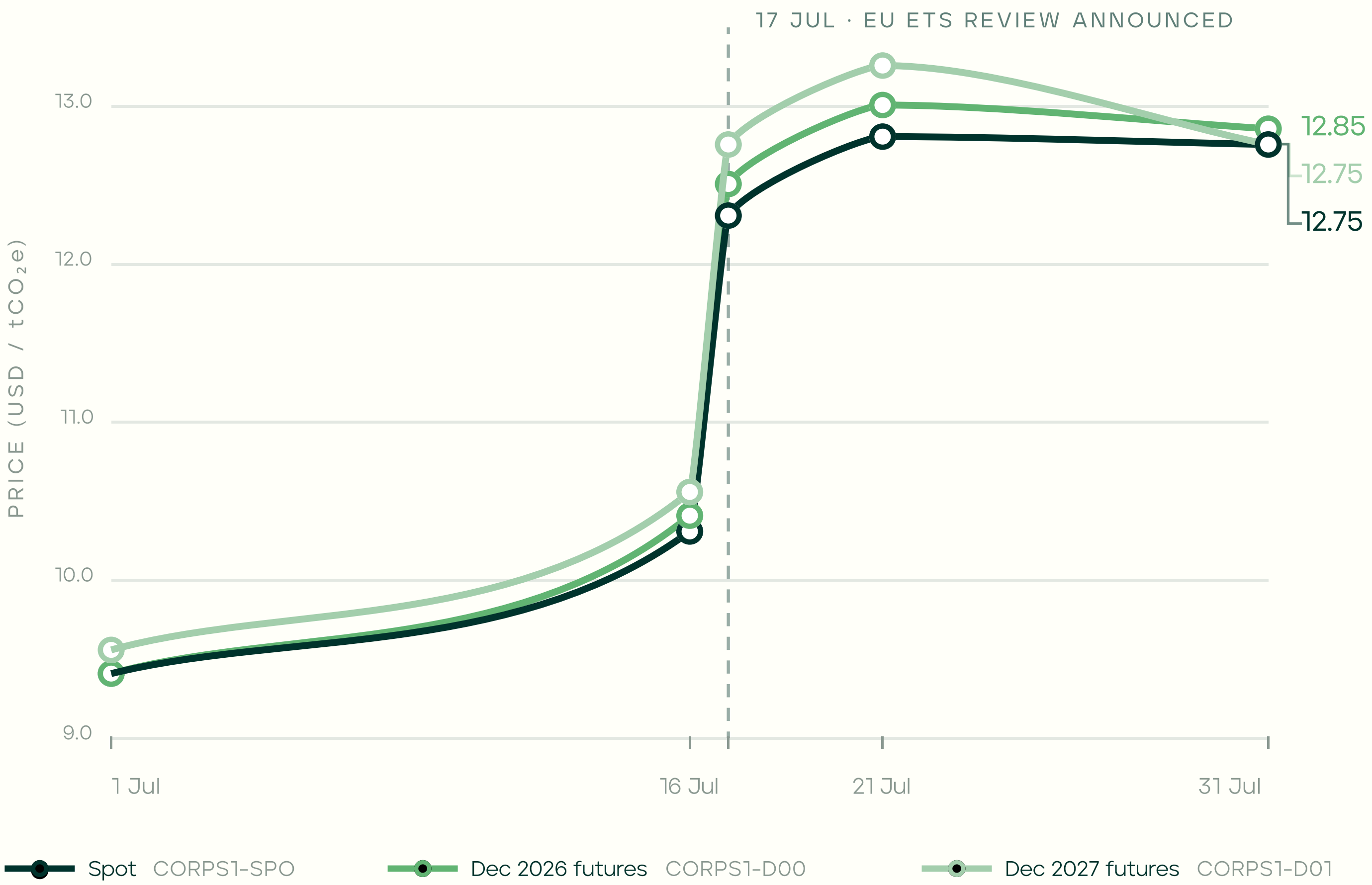
The market *responds.*

02

CORSIA · PRICING

Greater policy clarity reduced uncertainty in the CORSIA market during July. As uncertainty eased, prices increased across spot and futures contracts. The chart below illustrates the price response following the European Commission's policy proposals on 17 July.

CORSIA PHASE 1 PRICE PERFORMANCE · SPOT AND FUTURES, 1 TO 31 JULY 2026



Airline procurement activity during the month included major Asian carriers and the latest EMSURGE auction. While the European Commission's policy clarity was the main catalyst for higher prices, this procurement activity provided some additional support by signalling modest buyer interest. Spot prices firmed gradually from \$9.40/tCO_2e at the beginning of the month to \$10.30/tCO_2e by 16 July, before rising to \$12.30/tCO_2e following the announcement. Spot prices strengthened further to \$12.80/tCO_2e by 21 July before easing modestly into month-end, closing at \$12.75/tCO_2e on 31 July. December 2026 and December 2027 futures followed a similar pattern, reaching post-announcement highs of \$13.00/tCO_2e and \$13.25/tCO_2e, respectively, before consolidating to close at \$12.85/tCO_2e and \$12.75/tCO_2e.

CORSIA · PRICING

On 21 July, Climate Impact X (CIX) reported a new trading milestone for its CORSIA Phase 1 X contract, with 15,000 tCO_2e traded and cleared across multiple counterparties in Asia, Europe and the US. ICE CORSIA Phase 1 futures open interest also reached a record level during July, indicating increased positioning ahead of the January 2028 compliance deadline.

The price gains recorded in July reflected greater policy clarity rather than a material change in airline demand. Physical procurement remained limited, and whether these gains are sustained over the coming months will depend on broader purchasing activity.

KEY PRICING TAKEAWAYS

- Spot prices rose 36% over the month.
- Dec 2026 futures rose 37% over the month.
- Dec 2027 futures rose 34% over the month.
- ICE CORSIA Phase 1 futures open interest reached a record level during July.
- Prices held their post-announcement gains through month-end.

CORSIA · ELIGIBLE SUPPLY

CORSIA-eligible supply continued to expand during July, exceeding 42 million tCO_2e. Newly tagged projects during the month included cookstove projects in Madagascar and Nigeria. Looking ahead, Rwanda's Biennial Transparency Report (BTR), together with expected updates from other host countries, could unlock larger eligible volumes in the coming months. Separately, additional Letters of Authorisation awarded to projects in Bhutan, Gabon and Nigeria also support future supply.

TOTAL CORSIA-ELIGIBLE SUPPLY · AS OF JULY 2026

TOTAL TAGGED	AWAITING TAGS	TOTAL ELIGIBLE SUPPLY
41,291,415 tCO_2e	825,937 tCO_2e	42,117,352 tCO_2e

NEWLY TAGGED CORSIA PROJECTS · JULY 2026

NIGERIA · VCS2673

UpEnergy Social & Climate Impact Programme

Developer: UpEnergy

NEWLY TAGGED	40,134
TAG ROUTE	INSURANCE

MADAGASCAR · VCS3096

Uplifting of Malagasy Communities by Distributing Efficient Cooking Appliances

Developer: GSG Cleantech

NEWLY TAGGED	200,000
TAG ROUTE	BTR

CORSIA · ELIGIBLE SUPPLY

RECENT HOST COUNTRY DEVELOPMENTS SUPPORTING FUTURE CORSIA-ELIGIBLE SUPPLY · JULY 2026

ART · BHUTAN Bhutan REDD+ Jurisdictional Project	LETTER OF AUTHORISATION
ART · GABON Gabon REDD+ Jurisdictional Project	LETTER OF AUTHORISATION
GS11729 · NIGERIA Agasco Improved Cookstoves Nigeria	LETTER OF AUTHORISATION
BTR · RWANDA Rwanda Biennial Transparency Report	BTR UPDATE

Bhutan and Gabon authorised ART jurisdictional REDD+ programmes during July, while Agasco's Nigerian cookstove project also received a Letter of Authorisation. The ART programmes could unlock millions of CORSIA-eligible credits once operational, although these volumes are expected to materialise during CORSIA Phase 2. Separately, Rwanda's BTR is expected to support additional CORSIA tagging through Verra, unlocking larger eligible volumes over the coming months.

VOLUNTARY CARBON MARKET

03

Building the *backbone.*

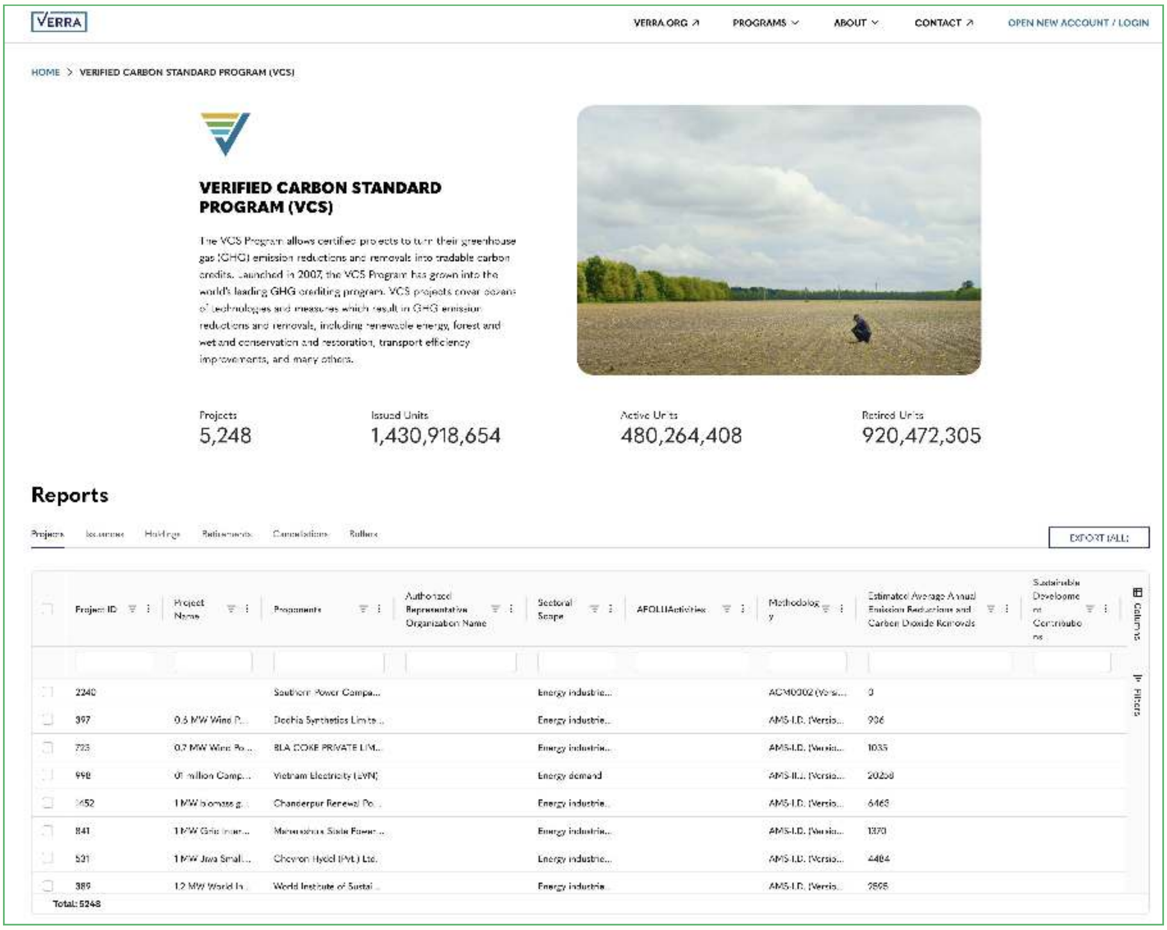
VERRA · REGISTRY · S&P GLOBAL

Verra completes registry migration *to S&P Global Platform*

Following last month's announcement, Verra has successfully completed the migration of its carbon registries to a new platform operated by S&P Global. The migration included approximately 5,900 projects, 10,500 account holders, 1.4 billion carbon credits and 125,000 documents, with the aim of improving functionality and enhancing the user experience for market participants.

The new registry is integrated with Verra's Project Hub, allowing users to manage projects across the full lifecycle, from pipeline listing and validation through issuance, transfer and retirement, within a single platform. Verra's Jurisdictional and Nested REDD+, Scope 3 and Climate, Community & Biodiversity (CCB) programmes now also operate under dedicated registries on the new platform, with application programming interfaces (APIs) expected to become available in the coming weeks.

The migration was completed with minimal disruption and marks a significant step towards a more modern, transparent and streamlined registry ecosystem, improving functionality for project developers, buyers and registry users.



SUPPLY, DEMAND & PRICING

04

The numbers behind the *month.*

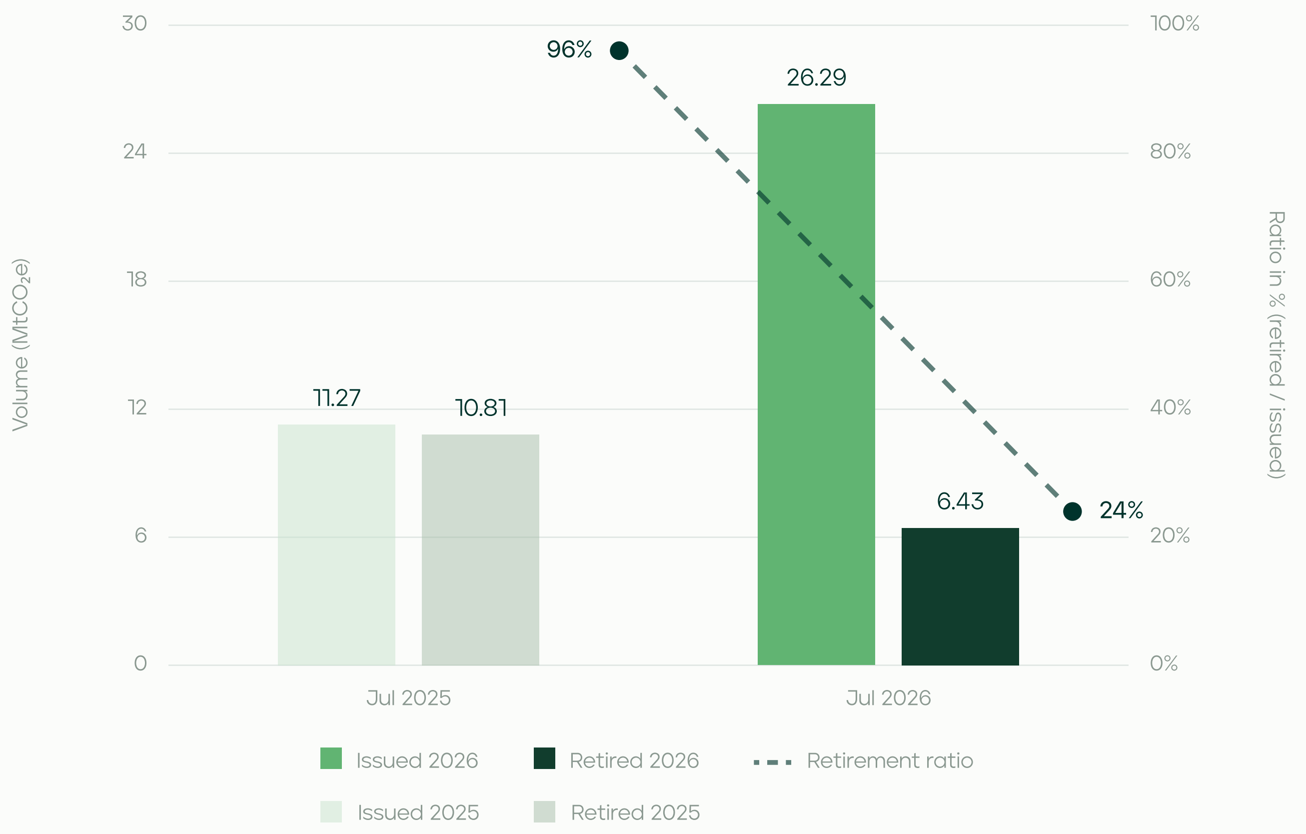
VOLUNTARY CARBON MARKET

Retirements fall *as supply builds*

26.29M tCO_2e ISSUED, JUL 2026	6.43M tCO_2e RETIRED, JUL 2026	24% RETIREMENT RATIO

Across the three major voluntary registries, issuance more than doubled year-on-year in July, although much of the increase was driven by a single 10.63 million tCO_2e issuance from the Katingan REDD+ project, representing around 40% of the month's total. Excluding it, underlying issuance increased by approximately 39% year-on-year. Retirements fell by 41%, reducing the retirement-to-issuance ratio from 96% to 24%.

MONTHLY ISSUANCE & RETIREMENT DYNAMICS, YEAR-ON-YEAR ($MtCO_2e$)

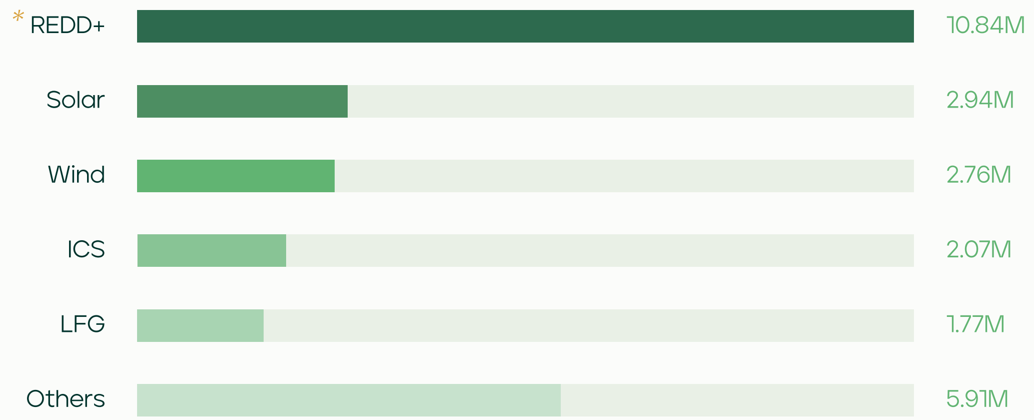


Source: Verra, Gold Standard, CAR, compiled by Sentinel Earth.

This chart presents a year-on-year comparison of issuance and retirement volumes for July 2025 and July 2026 (left axis, $MtCO_2e$), alongside the corresponding retirement-to-issuance ratio (right axis, %). The dashed line denotes the ratio computed as total retirements divided by total issuances for each respective period.

VOLUNTARY CARBON MARKET

ISSUED BY CATEGORY · JULY 2026 ($MtCO_2e$)

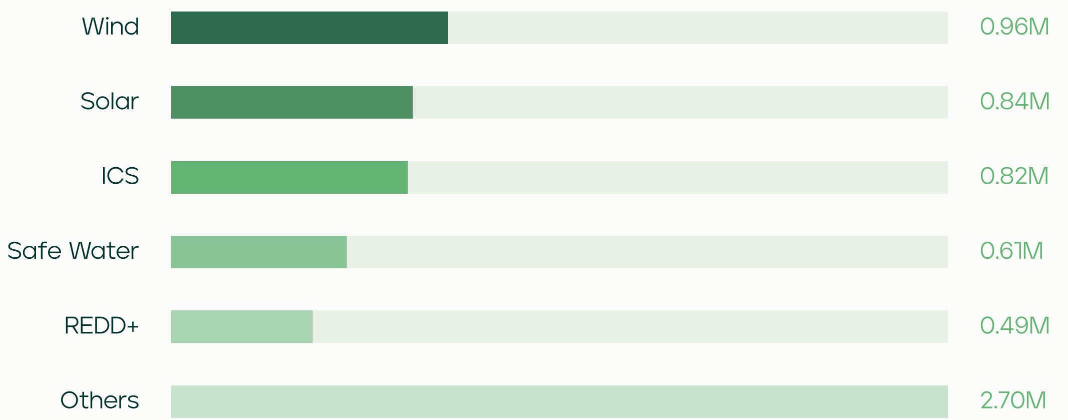


ICS = Improved Cook Stoves · LFG = Landfill Gas · REDD+ = Reducing Emissions from Deforestation and Forest Degradation

This chart presents the distribution of issued carbon credits by project technology for July 2026, with each bar representing the volume of monthly issuances by technology. 'Others' aggregates all project categories whose issuance volumes fall below those of the five leading technologies displayed in the chart.

** The REDD+ total was largely driven by the issuance of 10.63 million tCO_2e from the Katingan REDD+ project (VCS1477).*

RETIRED BY CATEGORY · JULY 2026 ($MtCO_2e$)

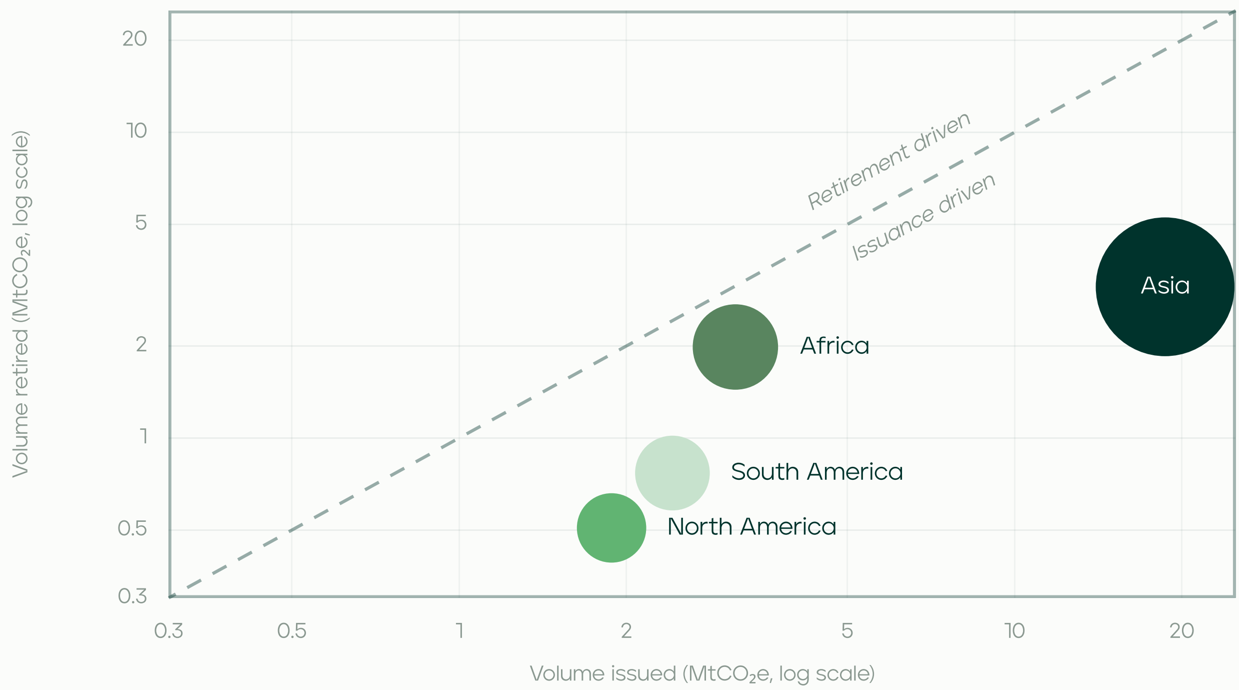


ICS = Improved Cook Stoves · REDD+ = Reducing Emissions from Deforestation and Forest Degradation

This chart presents the distribution of retired carbon credits by project technology for July 2026, with each bar representing the volume of monthly retirements by technology. 'Others' aggregates all project categories whose retirement volumes fall below those of the five leading technologies displayed in the chart.

VOLUNTARY CARBON MARKET

REGIONAL ISSUANCE VS RETIREMENT · JULY 2026 ($MtCO_2e$)



This bubble chart compares issuance (x-axis) and retirement (y-axis) volumes by region, with bubble size reflecting the scale of overall activity. Both axes use a logarithmic scale to accommodate the wide spread in regional volumes. Regions above the dashed diagonal are retirement-driven and regions below are issuance-driven. All four regions were issuance-driven in July, with Africa closest to parity.

TOP RETIREMENT BUYERS · JULY 2026 (tCO_2e)

01	PostPay	400,000
02	Lenovo	220,292
03	enPlus eG	165,000
04	Singapore Airlines	89,854
05	NaturStromHandel GmbH	76,327

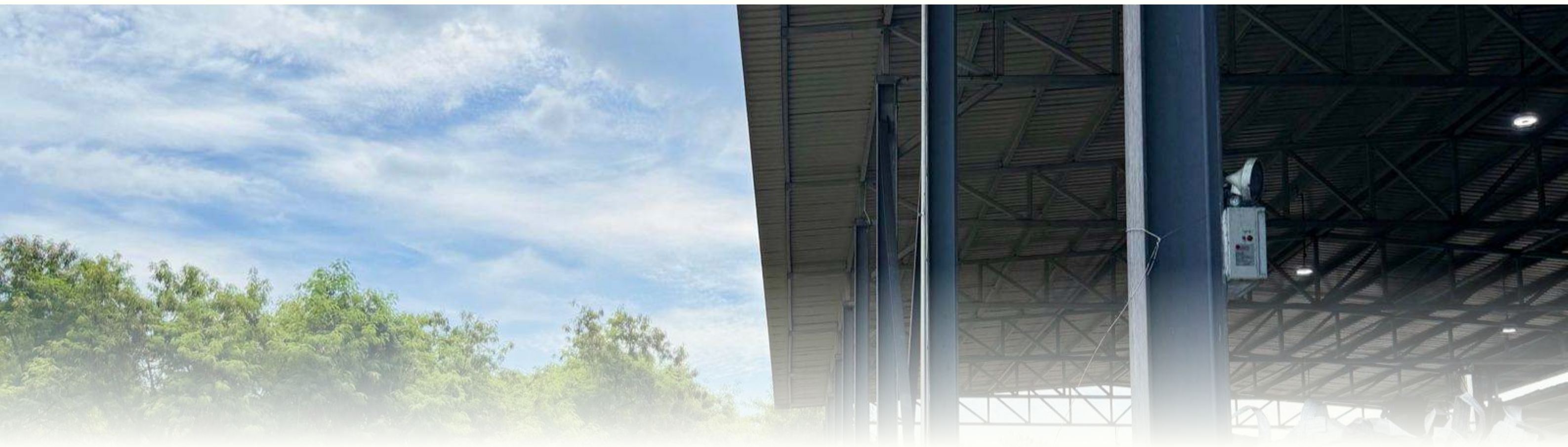
Top 5 individual retirement buyers, July 2026. Source: Sentinel Earth.

This chart presents the largest carbon credit retirement volumes recorded during the reporting period, ranked by entity on the basis of total retired volumes (tCO_2e).

OUR PROJECTS

05

Four projects.
Three continents.
One team.



SENTINEL EARTH ACTIVE PORTFOLIO

BIOCHAR REMOVAL · SINGAPORE

Dark *Earth*

Singapore's first urban biochar carbon removal project. Chicken manure, recycled wood chips and garden waste are converted through pyrolysis into stable biochar, locking carbon into Singapore's living walls and vertical gardens.

~9,400	Puro.earth
TCO_2E PER YEAR	REGISTRY

EV INSETTING · CHINA

Azure *Road*

Battery-swap e-truck network replacing diesel haulage across Inner Mongolia, Hebei, Sichuan and Yunnan, supported by a 4.5 MWp off-grid solar and swapping station.

44.2%	123Carbon	EACs
GHG REDUCTION	REGISTRY	AVAILABLE NOW

REGENERATIVE AGRICULTURE · UKRAINE

Seeds of *Recovery*

A regenerative agriculture and soil carbon programme with Kernel, Ukraine's largest agricultural producer, using the CCP-approved VM0042 v2.2 methodology across 15,000 hectares in Chernihiv, scaling nationwide.

~96,750	Verra VCS
TCO_2E PER YEAR	REGISTRY

F-GAS · ARTICLE 6.2 · MOROCCO

Föhn

Morocco's first integrated recovery-to-destruction system for high-GWP refrigerants from end-of-life cooling equipment. ITMOs transferred between Morocco and Switzerland, with up to 1.53 million tonnes of CO_2e avoided over 2026–2030.

~300k	Art. 6.2
TCO_2E PER YEAR	BILATERAL

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02 · CORSIA

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03 · VOLUNTARY CARBON MARKET

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