

Terms of Reference for Puro.earth Advisory Body

Table of Contents

| | |
|---|---|
| TERMS OF REFERENCE | 2 |
| I. MISSION | 2 |
| II. MANDATE AND AUTHORITY | 2 |
| III. ORGANIZATIONAL SETUP | 3 |
| Duties and responsibilities of the Advisory Board | 3 |
| Change proposals | 3 |
| Members | 3 |
| Quorum | 3 |
| Chair | 4 |
| Secretary | 4 |
| Attendees | 4 |
| Training | 4 |
| Voting | 4 |
| Meetings and Minutes | 4 |
| Reporting | 4 |
| Responsibility of operative management of Puro.earth Oy | 4 |
| Review of Operations | 5 |

TERMS OF REFERENCE

The following summarizes the Terms of Reference (ToR) of the Advisory Body for Puro.earth (Bus. Id. [3114416-2](#)), and sets out the mission, mandate and operating principles of the governance crediting principles and methodologies for carbon removal.

I. MISSION

Puro.earth enables corporates to remove the residual emissions with high-quality carbon removals, but not to replace the actions to first reduce emissions in their own operations and value chain.

High-quality carbon removals are built on high-integrity standards. Trusted standards are vital to enable solid and liquid market to reach the gigaton scale needed. Puro.earth has been the pioneer in making newly discovered carbon removal methods commercially available and be the first to set methodologies and the eligibility requirements for crediting. The Advisory Body aims to continue this pioneering work.

1. Ensure that rules and procedures are in place to allow un-biased quantification of the true GHG removal impact of the projects to be credited
2. Ensure that recently discovered carbon removal methods become commercially available through science-based verification and crediting, before they become widely accepted or recommended by intergovernmental or industry self-regulatory bodies
3. Ensure that rules are based on reference to solid scientific understanding of the carbon removal mechanisms, or such understanding is discovered during the project to avoid over-crediting and reputation risks connected with the purchase of credit
4. Ensure that rules and procedures include the main ecological aspects of projects including especially impacts on biodiversity and water
5. Ensure that rules and procedures advocate socially fair transition from emitting practices to carbon removal practices that are suitable for the "Net Zero 2050 economy"
6. Ensure that rules and procedures enable bulk of the finance to flow to project implementation while keeping validation and verification costs down

II. MANDATE AND AUTHORITY

The Board of Directors of Puro.earth has separated the governance of Puro.earth Standard and Crediting Rules from the business operations. At the core of the mandate of the independent Advisory Board is ensuring high credit-level integrity and robust principles for science-based high-quality carbon removal verification. The Board of Directors authorizes the Advisory Board to independently manage the Puro.earth Standard and Crediting Rules.

Against this background, the Advisory Board shall:

- i. Host and curate Puro.earth Standard and Crediting Rules for carbon removals
- ii. Recommend alignments to Puro.earth Standard and Crediting Rules based on developments in science, relevant policies and standards

The Advisory Board has the right to seek any information it requires from employees of Puro.earth and to seek independent professional advice, subject to the budget.

Once the Advisory Board has approved any changes to Puro.earth Standard and Crediting Rules, the Puro.earth Management shall ensure the implementation and execution of those in the operations of Puro.earth.

III. ORGANIZATIONAL SETUP

The Advisory Board is the successor of the setup phase mechanism of Puro.earth, where the original signatories (22 organizations) jointly held the governance mandate to change the crediting rules. The Advisory Board operates following the normal practices of corporate governance: smaller number of members, regular meetings and secretarial resources. The Advisory Board members are compensated for their work. The budget of Advisory Board is decided annually

The Advisory Board will take over the existing Puro.earth standard as-is and gradually work on adding new methodologies and strengthening the existing principles and crediting rules. It is an iterative work and a moving target, as the voluntary carbon markets are in transition from the Kyoto world to the net-zero world. The Advisory Board members are selected based on their expertise and vantage point to the developments in the Voluntary Carbon Markets.

Duties and responsibilities of the Advisory Board

Review the integrity of the changes proposed to the Puro.earth Standard and Crediting Rules and individual methodology specific rules related to Puro.earth Registry procedures. Puro.earth Standard and Crediting Rules include project eligibility rules, quantification of carbon removal, validation and verification rules, conditions for issuance of credits and retirement of credits. Any rules related to purchase transactions and buyers or market intermediaries are not part of the mandate. Consequently, the Advisory Board shall:

- Accept / reject changes proposed to Puro.earth Standard and Crediting Rules. Provide written reasons for decisions.
- Make recommendations to align Puro.earth rules with the development of other relevant regulation, put the recommendations for elaboration to Puro.earth Management and public consultation when deemed applicable and for approval in subsequent Advisory Board meeting.

Change proposals

Puro.earth management submits change proposals to the chairman of the Advisory Board (the "Chair"). The Chair assesses proposals against priority criteria and the secretary maintains the meeting schedule with the reference to change proposals to be reviewed in each meeting.

Puro.earth management executes approved change proposals accordingly.

Members

The Advisory Board shall comprise at least three members and a maximum of seven, all of whom shall be independent, non-executive members with a mix of skills and experience.

The Advisory Board shall nominate new members as required. The Advisory Board will evaluate candidate members, and approve a new member to the Advisory Board (see "Voting").

The Advisory Board shall review succession planning annually and, if needed, propose new members independently.

Conflicts of interest shall be brought to the attention of the Chair, Board of Directors, as well as the Puro.earth management.

Quorum

The Advisory Board shall have quorum if at least three members are present. A duly convened meeting of the Advisory Board, which has quorum, shall be competent to exercise all or any of the powers exercisable by the Advisory Board. A member's participation in a meeting by video link or audio link shall be regarded as valid for these purposes.

Chair

The Chair will be appointed by the members among themselves. In the absence of the Chair, the remaining present members shall elect one among themselves to chair the meeting. The Chair will be responsible for leading the work of the Advisory Board and for ensuring the effective contribution of all members.

Secretary

A secretary nominated by Puro.earth, and approved by the Chair, shall act as the Secretary of the Advisory Board.

Attendees

The attendance at meetings shall be by invitation and shall be managed by the secretary as directed by the Chair. The person responsible for the proposed change or amendment will normally attend the meeting to present the proposal and answers any questions from the members. In addition, the person responsible for the proposal may invite experts to attend the meeting. The Advisory Board may invite any other person to attend any meeting(s) as it sees fit.

Training

The Advisory Board shall be provided with appropriate and timely training, in the form of an introduction programme for new members, to ensure they have the appropriate understanding of the current state of Puro.earth Standard and Crediting Rules. The Secretary shall ensure that this training is provided.

Voting

Only Advisory Board members have a right to vote on decision items at Advisory Board meetings. Where the Chair calls upon members to vote on any issue, decisions will be by way of simple majority. In the event of a split decision, the Chair shall exercise a casting vote to determine the outcome.

Meetings and Minutes

Meetings are generally held eight times per year. Additional meetings may be held as the Chair deems it necessary.

Notice shall be given to each member of the venue, time and date of the meeting. As a general rule, the agenda and supporting materials shall be circulated to members five business days in advance of the meeting.

The Secretary shall take minutes of the proceedings of all formal meetings of the Advisory Board. Draft minutes of meetings will be circulated to the Chair within a reasonable timeframe following the holding of each meeting for review and comment in advance of their formal circulation to the Advisory Board at the time of the next scheduled meeting for review and thereafter, approval.

Reporting

The minutes of the Advisory Board shall be accessible to the Puro.earth management and the Board of Directors as soon as they are approved.

Responsibility of operative management of Puro.earth Oy

The Advisory Board members shall be entitled to rely on the integrity and expertise of persons providing information to the Advisory Board and on the accuracy and completeness of such information. Puro.earth operative management will ensure that all information relevant to the mandate of the Advisory Board and its responsibilities is brought to the members' attention promptly. Such relevant information includes the process of enforcement of Puro.earth Standard by relevant oversight bodies.

Review of Operations

The Advisory Board shall conduct an annual review of the Advisory Board's effectiveness and Terms of Reference and make recommendations for changes as deemed appropriate.

Confidentiality

Members of the Advisory Board may in this capacity receive information about issues that are subject to confidentiality, including but not limited to inside information and trade secrets. A member of the Advisory Board may not under any circumstances pass this information on to others.