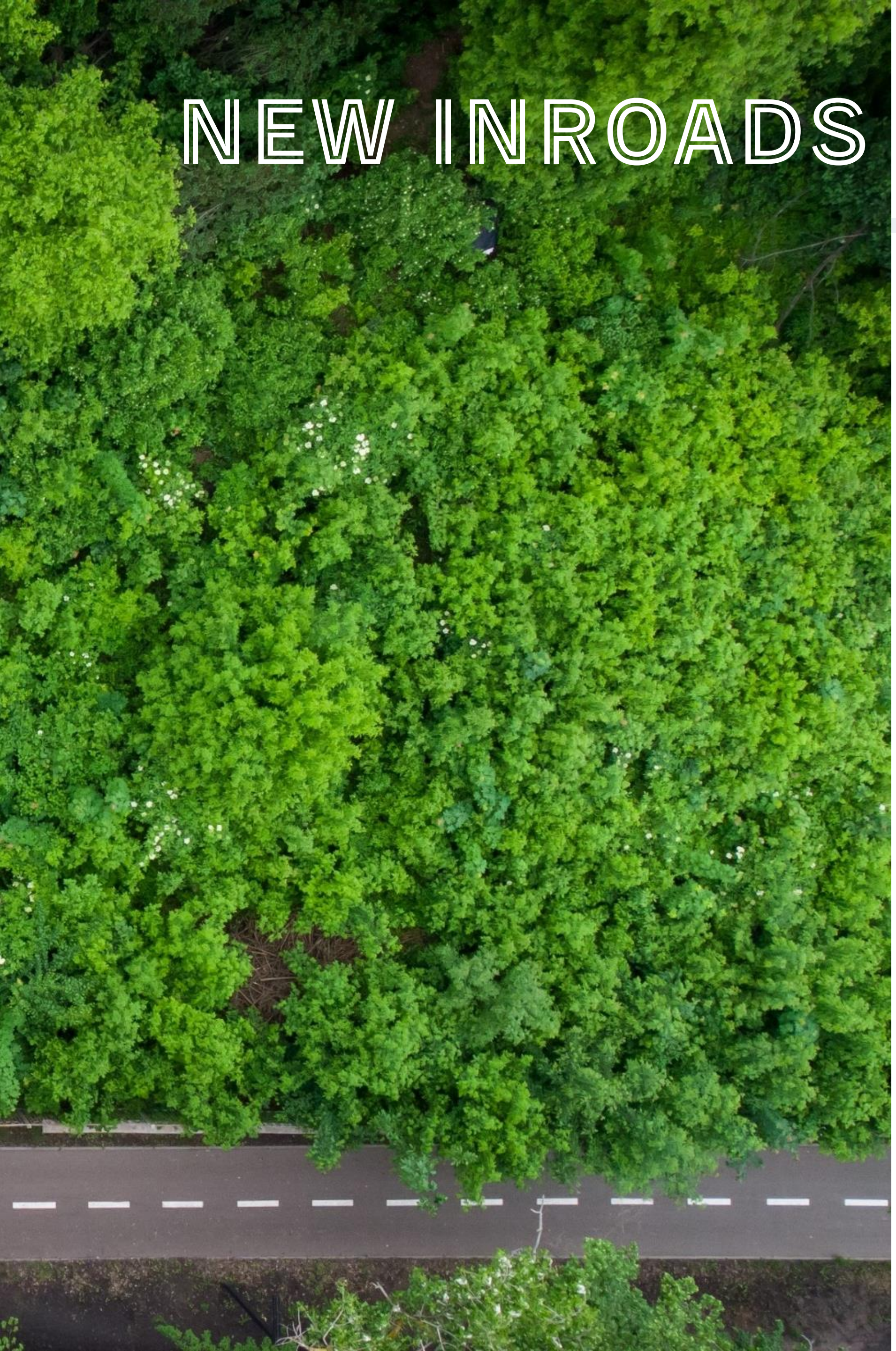
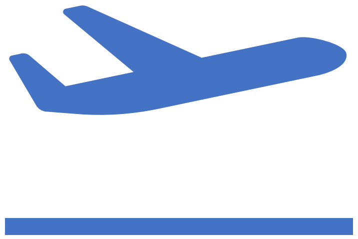
Transport Emission Reduction Certificate

NEW INROADS TO CARBON REDUCTION

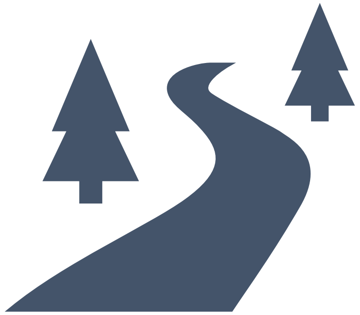


DECARBONIZATION THROUGH EXPANDING MARKET-BASED MECHANISMS FOR THE VOLUNTARY MARKET



Aviation Applications

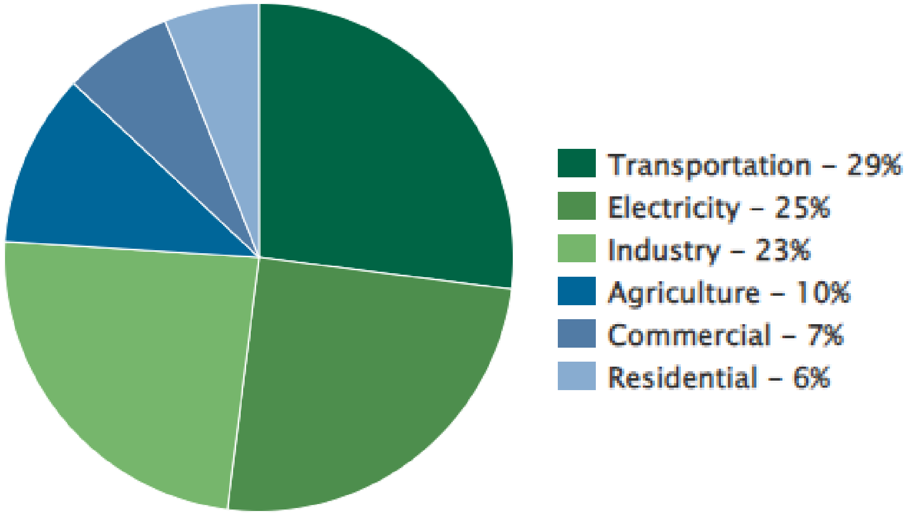
Maritime Applications



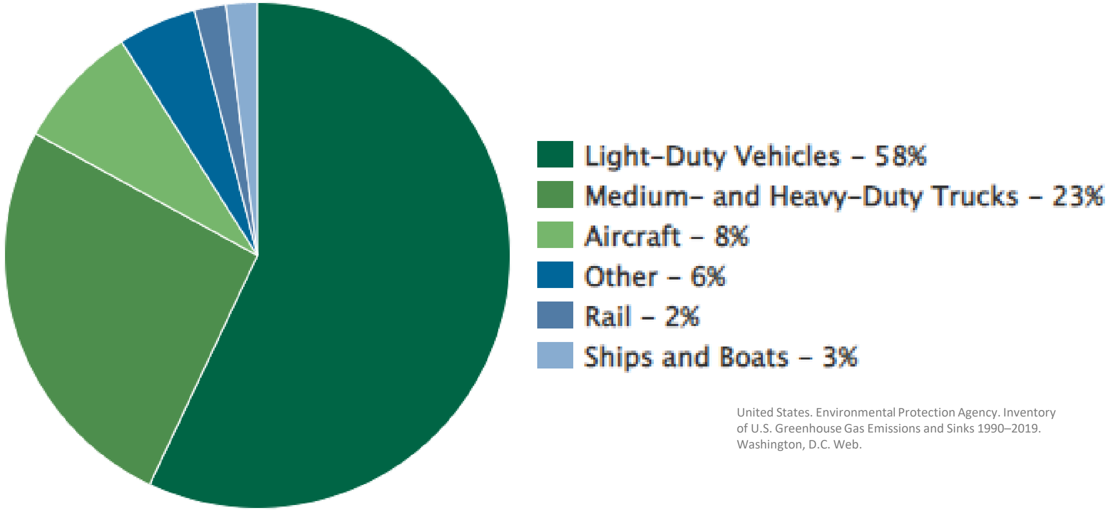
On-Road Applications

GHG FROM TRANSPORTATION

2021 U.S. GHG Emissions by Sector



2021 U.S. Transportation Sector GHG Emissions by Source



United States. Environmental Protection Agency. Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990–2019. Washington, D.C. Web.

Distribution

Companies transporting food and goods from manufacturer to retail or end-user. Delivery services.

Employee Travel

Companies with a large company car fleet or Scope 3 GHG footprint from employee travel.

Retail Gas

Retail gas chains with the imperative reduce their customers' emissions at the tank.

WHAT IS A TERC?

Transport Emission Reduction Certificates (TERCs) are tradable digital certificates that offer buyers the ability to achieve corporate sustainability goals while supporting the deployment of low-carbon fuels in the U.S. The program incentivizes alternative, non-fossil fuel producers to lower the carbon intensity of their product and provide credible GHG claims to buyers.

1 TERC = 1 Metric Ton CO_2 Equivalent

TERC IN THE CARBON LANDSCAPE

Voluntary Credits

Beginning in 1997 with the Kyoto Protocol, Carbon Crediting and Trading was introduced to reduce emission by industrialized countries. These credits are issued by a governing program based with a Baseline and Credit approach. The voluntary carbon market emerged later in 2005 making environmental claims available to those investing in climate action.

Renewable Energy Credits

RECs followed with an approach at incentivizing investments into renewable energy. These Book and Claim systems involve domestic grid operations. Renewable Energy Certificates (RECs) manage the indirect emissions for large corporations around the globe. With charge toward carbon neutral operations, these initiatives have become very popular worldwide.

LCFS Credits

Low Carbon Fuel Credits affect the transportation industry directly by reducing the carbon intensity (CI) of the fuels produced. Certain markets like California and Canada use a Benchmark and Credit system to compare the fuel CI against a set benchmark required for trade. These regulations have had great success in these current jurisdictions.

TERC leverages aspects of regulated low carbon fuel programs in the voluntary market to support the perpetuation of cleaner fuels nationwide. The program incentivizes alternative, non-fossil fuel producers to lower the carbon intensity of their product, at the same time, provide credible carbon claims to buyers. By purchasing TERCs, buyers are investing in the future of the low carbon fuel markets.

TERC

LEVERAGING LCFS

LCFS programs are designed to reduce GHG emissions in the future below a certain level. They score the lifecycle carbon footprint of alternative fuel volumes and compare it against a decreasing annual carbon intensity baseline. The resulting difference is reflected as a total volume of CO2e reduced. These programs have proven successful at decarbonizing the fuel mix in regions where they operate.

CALIFORNIA LCFS SUCESS

49 Percent

Reduction in carbon intensity of ethanol fuel in CA through 2022 since 2011. (1)

8.6B Gallons

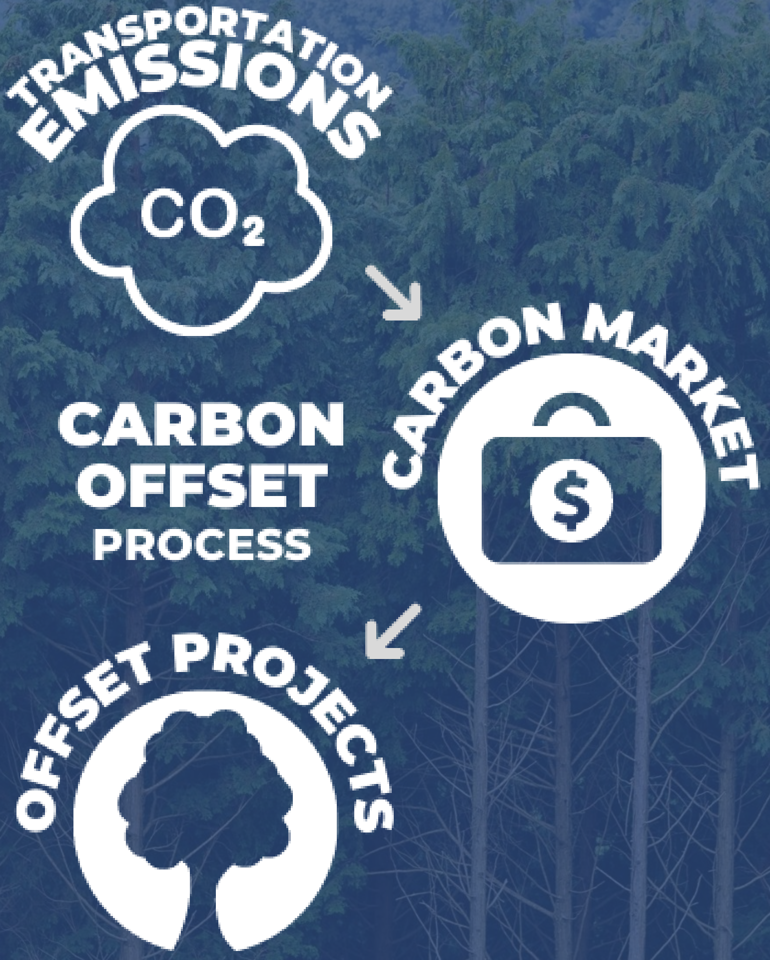
Diesel replaced since start of the program through beginning of 2023. (2)

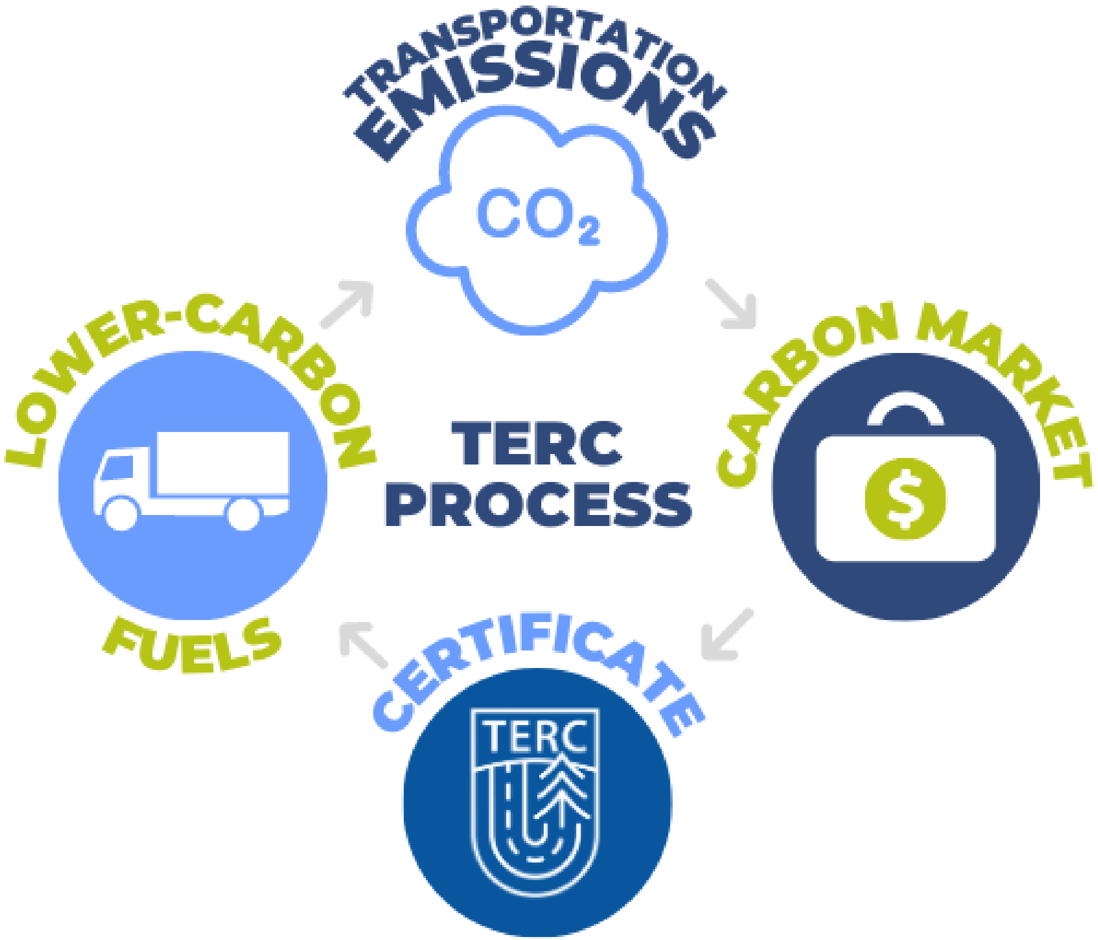
8B Dollars

In estimated savings from pollution-related health costs by 2025 along with Cap & Trade. (3)

(1-2) California Air Resources Board.
(3) O'Connor, T., Hsia-Kiung, K., Koehler, L., Holmes-Gen, B., Barrett, W., Chan, M., & Law, K. (2014). Driving California Forward: Public Health and Societal Economic Benefits of California's AB 32 Transportation Fuel Policies - LCFS and Cap-and-Trade Regulations. Environmental Defense Fund; American Lung Association in California; Tetra Tech.

CORRELATED LOW CARBON INVESTMENT





BUYER CLAIMS REPORTING

CLIMATE ACTION

Reporting Advice: The climate action represents investments aimed at greenhouse gas mitigation beyond the company's direct fuel value chain to support efforts to limit global warming. Under SBTi this is referred to as Beyond Value Chain Mitigation.

+ INTERNAL CARBON PRICING

Reporting advice: The purchase of TERCs and matching volume with carbon footprint, or a share thereof, represents an effective Internal Carbon Pricing model. Under CDP, this initiative is reported under C11.3a in the climate change questionnaire.

+ CONTRIBUTES TO SUSTAINABLE DEVELOPMENT GOALS

Beyond SDG 13 (climate action), the TERC program benefits the livelihood of communities in the US in the following ways:

SDG 3: Good Health and Well-Being

SDG 7: Affordable and Clean Energy

SDG 8:Decent Work & Economic Growth

SDG 9: Industry, Innovation, & Infrastructure

PRODUCT INTEGRITY

THROUGH PARTNERSHIP

ClimatePal

weaver
Assurance • Tax • Advisory

eco-energy
FUELING SOLUTIONS

Xpansiv

ADVISORY BOARD

Credibility

Valuable Expertise

Reduced Risk

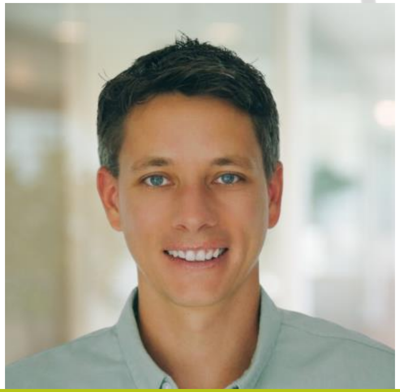
Governance Oversight

Steffen Mueller, PhD

Energy Economist

Anthony Reed

FGS Global

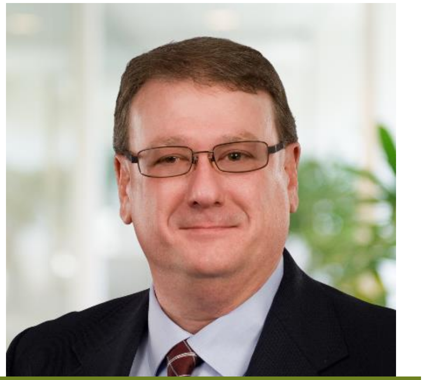


Benjamin Munzel

ClimatePal/ ISCC

Angela Tin

Illinois Alliance for Clean Transportation & IEPA Emissions Reduction Market System



Tim Winters

Western New York Energy

TERC

CORE

COALITION OF ORGANIZATIONS REDUCING EMISSIONS

Forward-thinking stakeholders

Committed to positively impacting the environment

Influencing the future direction of the TERC Program

Market Signaling

Program Innovation

Education & Policy Support

Impactful Change

TERC

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