Basis of Preparation

Principal Carbon & Brokerage

July, 2026



SCB Group - Basis of Preparation 2025

Introduction

Forvis Mazars SA has been selected to perform agreed-upon procedures (ISRS 4400 (Revised)) on SCB Group's CO_2 emissions abatement calculation procedures. The methodology summarized below is intended to ensure that our procedures are carried out in a systematic manner, using data whose sources are documented, and all practices are recorded and consistent. This Basis of Preparation document sets out how the quantification procedures have been prepared and reported.

Scope

The performance data includes all brokerage transactions in the biodiesel, ethanol, waste and carbon markets, including Principal Carbon transactions of renewable energy, carbon credits and sustainable aviation fuel certificates, during the calendar year 2025.

All SCB entity locations were considered in compiling the performance data. Locations exist in Puerto Rico, Singapore, Switzerland, the United Kingdom and in the United States. Where new SCB entities were formed during the relevant period, the data begins the first day a brokerage transaction in one of the above markets took place at that entity. For any SCB mergers, the data measures up to the date of merger for the non-surviving entity. Excluded SCB entities include those where no biodiesel, ethanol or carbon brokerage transactions took place during the relevant period.

Data Sources

A. Brokerage Transactions

With operations throughout the world, we felt it most appropriate to utilize two separate legislative bodies located in our largest geographical areas, the United States and Europe, as the framework of our CO_2 emissions abatement calculation for biodiesel and ethanol brokerage transactions.

All biodiesel, biomethane and ethanol brokerage transactions outside of the U.S. and the U.S. territory of Puerto Rico shall follow the criteria as published by the European Union's Renewable Energy Directive (RED). The RED documents several sustainability criteria that fuels must meet in order to be considered a biofuel, including the minimum greenhouse gas (GHG) savings rate from using a biofuel versus a traditional, non-renewable fuel source.[1]

Unlike Europe, the U.S. has no such policy as it relates to renewable energy. Each state however has its own regulations and guidelines. As California is known for having some of the most extensive guidelines, we have elected to follow the publications set forth by the Low Carbon Fuel Standard (LCFS) program, as governed by the California Air Resources Board (CARB) for U.S. biodiesel, ethanol and carbon fuel emissions transactions. The program is designed to reduce greenhouse gas emissions associated with the life cycle of transportation fuels. As part of its program, the LCFS determines the emissions of each baseline fuel and the corresponding alternative fuel sources, referred to as the carbon intensity (CI)[2].

[1] European Commission, Renewable Energy (RED III), https://eur-lex.europa.eu/eli/dir/2023/2413/oj/eng

[2] California Air Resources Board, https://ww2.arb.ca.gov/our-work/programs/low-carbon-fuel-standard

For Renewable Identification Number (RIN) transactions, which are brokered only in our U.S. locations, we have elected to follow the publications set forth by the Renewable Fuel Standard (RFS) Program, as governed by the U.S. Environmental Protection Agency (EPA). By statute, the RFS program includes four categories of renewable fuel, each with a specific fuel pathway requirement and RIN D-Codes.[3] Each RIN category requires a specific reduction in lifecycle greenhouse gas emissions as compared to traditional fuel sources.

European carbon brokerage transactions will follow three different frameworks depending on the product brokered. Renewable transport fuel certificates (RTFC) and greenhouse gas credits transactions will follow the UK Statutory Instrument, The Renewable Transport Fuels & Greenhouse Gas Emissions Regulations 2018 No. 374 (UK Statutory Instrument).[4] German Tickets and German Upstream Emissions Reduction transactions will follow the guidelines published in the German Legislation,[5] HBE Dutch Tickets and Dutch Upstream Emissions Reductions shall follow the guidelines as set forth by the Dutch Emissions Authority's Energy for Transport.[6]

B. Principal Carbon Transactions

The majority of our principal carbon transactions are verified carbon units (VCUs) traded via the VCS Program. As such, all VCS transactions will utilize the methodology presented by its registry platform, VERRA. Emission reductions certified by VERRA are eligible to be issued as verified carbon units, with one VCU representing one metric ton of greenhouse gas emissions reduced or removed from the atmosphere.[7]

Like the VCS program, Gold Standard,[8] American Carbon Registry[9] , the Clean Development Mechanism[10], Climate Action Reserve[11], and Italian Registry CO_2 Reduction (COR)[12] are also voluntary offset programs in which SCB participates. All transactions via these programs equally represent the reduction or removal of one ton of CO_2 equivalent (tCO_2e).

Transactions adhering to the International REC Standard (IREC), the Chinese National Energy Administration (CNEA), European Guarantees of Origin registries and North American REC registries follow the guidelines put forth in the country in which the credit originates and or the project takes place. As such, we obtained the emissions output data from the International Energy Agency (IEA)[13] for the countries with the majority of volumes transacted by SCB during the year through EACs (Argentina, Australia, Brazil, Cambodia, Canada, Chile, China, Guatemala, India, Malaysia, Mexico, Morocco, Nigeria, Peru, Philippines, Saudi Arabia, South Africa, Switzerland, Thailand, Turkey, United Kingdom, United Arab Emirates, United States), in order to

[3] United States Environmental Protection Agency, Fuel Pathways, https://www.epa.gov/renewable-fuel-standard-program/what-fuel-pathway#RIN

[4] Gov.uk, The Renewable Transport Fuels and Greenhouse Gas Emissions Regulations 2018, https://www.legislation.gov.uk/uksi/2018/374/regulation/45/made

[5] German Legislation, https://www.gesetze-im-internet.de/bimschv_38_2017/BJNR389200017.html

[6] Dutch Emissions Authority, https://www.emissionsauthority.nl/topics/renewable-energy-for-transport/obligations---renewable-energy-for-transport/reduction-obligation

[7] VERRA, https://verra.org/programs/verified-carbon-standard/vcs-program-details/#verified-carbon-units

[8] GoldStandard, https://www.goldstandard.org/market-initiatives-voluntary-carbon-markets

[9] American Carbon Registry, https://acrcarbon.org/resources_tag/carbon-markets-101/

[10] Clean Development Mechanism, https://cdm.unfccc.int/about/index.html

[11] CAR, https://climateactionreserve.org/how/program-resources/program-manual/

[12] COR, https://co2reduction.eu/co2_solutions_offsetting?o=1

[13] IEA, https://www.iea.org/data-and-statistics

calculate the overall emissions reduction. Individual IEA country-specific emission factors are applied to all IREC transactions where country data is available.

All remaining principal carbon transactions, not taking place on one of the above-mentioned registries, will take into consideration the European Residual Mixes as calculated by the Association of Issuing Bodies (AIB).[14] The 2025 residual mix is defined on a country level (34 European countries are considered) and as such, we have elected to utilize the emissions data from the respective country in which the registry is located, which in our case is, Great Britain, Norway and Switzerland.[15] For Biogas and Biomethane transactions, the criteria are published by the European Union's Renewable Energy Directive (RED). The RED documents several sustainability criteria that fuels must meet in order to be considered a biofuel, including the minimum greenhouse gas (GHG) savings rate from using a biofuel/gases versus a traditional, non-renewable fuel source.[16] In addition, SCB transacts Sustainable Aviation Fuel (SAF) certificates through Avelia, with each certificate representing 1 tCO_2e in accordance with the relevant Avelia Declaration of Environmental Contribution and the underlying SAF certification documentation retained in the GHG Emissions Audit.[17]

Data Preparation

A. Extraction of product volumes

All brokerage transactions, which include volumes, are exported from SCB's deal management system. The information contained in the deal management system has been subject to the 2025 annual audits of each respective entity. Brokerage transactions are classified into the appropriate product group, such as biodiesel, ethanol, carbon, etc. Volumes have been converted to a single unit of measurement, which for purposes of this analysis is metric tons. All transactions involving products not linked to GHG reductions have been excluded.

Principal carbon volumes are kept in megawatt hours (MWh), Verified Carbon Units (VCUs) and tons of CO_2 equivalent (tCO_2e).

As there are two sides to a transaction—the buyer and the seller—only the total quantity transacted, along with the corresponding spread quantity, if applicable, has been included in the calculation for brokerage transactions. For carbon principal deals, only sales transactions concluded during the calendar year are included. Any inventory purchased but not yet reserved for sale or sold to a buyer has been excluded and will be accounted for in the year the inventory is sold.

B. Determining the CO_2 emitted from non-renewable fuel sources on a per metric ton basis

SCB's mission is to promote the adoption of a low carbon future. As such the company's aim is to broker products that will assist in achieving this goal and therefore displace the use of non-renewable fuel sources. In determining the GHG emissions from each non-renewable source, SCB utilized the common CO_2

[14] AIB, https://www.aib-net.org/facts/european-residual-mix

[15] European Residual Mixes 2025, https://www.aib-net.org/sites/default/files/assets/eecs/Residual%20Mix/AIB_2025_Residual_Mix_Final%20Results_%2026052026.pdf

[16] European Commission, Renewable Energy (RED III), https://eur-lex.europa.eu/eli/dir/2023/2413/oj/eng

[17] Avelia, https://www.aveliasolutions.com/

conversion factors as published and agreed upon by the EPA, along with the Department of Transportation[18] below:

.010180 metric tons of CO_2e emitted per gallon of **diesel** consumed

.008887 metric tons of CO_2e emitted per gallon of **gasoline** consumed

As the CO_2 conversion factors above are calculated on a "*per gallon*" basis, the factors were further converted into a "*metric tons*" basis using the liquid fuel measurements and conversion interpreted by Iowa State University:

Diesel:

Where 1 gallon of diesel = .003192[19] metric tons, this equates to

3.1892 metric tons of CO_2 emitted per ton consumed

Gasoline:

Where 1 gallon of gasoline = .002791[20] metric tons, this equates to

3.1842 metric tons of CO_2 emitted per ton consumed

Note that the conversion factors for diesel and gasoline were only used for the brokerage transactions involving biodiesel and ethanol, including RINS. All carbon brokerage and principal carbon transactions utilized a factor of 1, the credits themselves represent a 1 MT CO_2 reduction in traditional fuel emissions.

C. Determining the CO_2 reduction rate of using renewable fuel sources on a per metric ton basis

Using the referenced legislative sources discussed under the Data Sources section of this document, SCB obtained the appropriate GHG reduction rate or CI for each renewable fuel source brokered during calendar year 2025.

The LCFS's CI[21] will vary by product type depending on feedstock and how the fuel is produced or manufactured.

Note that in regard to the CI published by the LCFS, only the direct emissions factor has been utilized in the emissions abatement calculation for U.S. products. The purpose of our calculation is to quantify the emissions that were abated (by substituting 100% gasoline or diesel with renewable fuel sources) as a result of assisting our clients close transactions. Indirect emissions factors were excluded as it refers to the carbon emitted in getting products into the state of California, which occurs after the deal is closed or potentially not at all if the product is going elsewhere or remains stationary.

---

[18] United States Environmental Protection Agency, https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references

[19] Iowa State University Extension & Outreach, https://www.yumpu.com/en/document/read/4241894/liquid-fuel-measurements-and-conversions-iowa-state-university-

[20] Iowa State University Extension & Outreach, https://www.yumpu.com/en/document/read/4241894/liquid-fuel-measurements-and-conversions-iowa-state-university-

[21] California Air Resources Board, https://ww2.arb.ca.gov/sites/default/files/2025-07/2025_lcfs_fro_oal-approved_unofficial_07162025.pdf?utm_source=chatgpt.com

Lastly, the CO_2 reduction rate was only referenced for the brokerage transactions involving biodiesel, waste and ethanol, including RINS. All carbon brokerage and principal carbon transactions again utilized a factor of 1, as the credits themselves represent a reduction of 1 metric ton of CO_2 or CO_2 equivalent.

D. Determining the CO_2 abated, as adjusted for the CO_2 reduction rate, on a per metric ton basis (B*C)

The CO_2 displaced per MT from using renewable fuel sources, such as the ones SCB brokers, is determined by multiplying the CO_2 emitted per metric ton of non-renewable fuel by the GHG savings rate or CI of using a renewable fuel source.

For principal carbon transactions, the CO_2 displaced per MWh from utilizing clean electricity sources (wind, hydro, solar, etc.), is determined by utilizing the CO_2 output of non-renewable energy sources within the country where the renewable energy project is located. If the location of the project is not available, or is not significant on an aggregate level, the country in which the registry is located was utilized.

E. Total metric tons of CO_2 abated as a result of transacting a renewable fuel source (A*D)

Lastly, the total metric tons of CO_2 emissions abated is calculated. The abated emissions are those that would have occurred, had SCB not assisted in transacting a renewable fuel source deal. This figure is determined by multiplying the total volume of product transacted during the period by the CO_2 abated per metric ton or MWh, as adjusted for the GHG reduction.