

Governance Rules of Carbon Standards International AG

1. Basics

Based on Art. 15 para. 2 of the Articles of Association, these Governance Rules govern the organisation and management of **CARBON STANDARDS International AG (CSI)**. They define the basic tasks and competences of the management bodies and other bodies of CSI.

2. Governing bodies

The governing bodies of **CSI AG** are:

- the Board of Directors (BoD);
- the managing director (CEO);
- the Management Board (MB).

An organisation chart shall be maintained and be part of the QM documentation of CSI.

3. The Board of Directors (BoD)

3.1 Constitution

With the exception of the President elected by the General Assembly, the BoD constitutes itself. It shall appoint a Vice-President. It shall make arrangements for mutual deputisation. A corresponding organigram shall be kept up to date.

3.2 Composition

To ensure independence (the BoD also serves as a steering body), it must be ensured that the following criteria are taken into account in the composition of the BoD:

- Prevent individual interests from dominating
- Ensure that no conflict of interests occurs
- Ensure representation of interested parties.

3.3 Tasks

3.3.1. Board of Directors

The Board of Directors is responsible for the ultimate direction of **CSI AG** and the supervision of the management within the meaning of Art. 14 and 15 of the Articles of Association. It determines the business policy and issues the necessary directives. It adopts the governance rules of the company.

3.3.2 Organisation

In organising the operational processes, the BoD pays particular attention to the proper separation of business procedures, and conflicts of interest that may arise. It shall organise appropriate controlling.

3.3.3 Finance

The BoD oversees the organisation of the accounting system, financial control and financial planning. It approves the annual budget and the annual financial statements.

3.3.4 Human Resources

The BoD shall make the following personnel decisions:

- Election and dismissal of the CEO;
- Confirmation of the heads of division and members of the Management Board;
- Confirmation of the Quality Manager;

The BoD determines the remuneration of the employees in a salary regulation. It regulates the occupational pension scheme and insurance.

3.3.5 Authorisation to sign

The BoD regulates the power of signing. The members of the Board of Directors, the CEO and his deputy are authorised to sign. Changes must be entered in the commercial register without delay.

3.4 Special tasks and competences

It guarantees and annually reviews the independence and impartiality of the company. The composition of the Board of Directors ensures its impartiality and effectiveness. Resolutions and decisions of the Board of Directors are documented in writing.

In doing so, the Board of Directors shall perform the following tasks:

- Active representation of the company and promotion of its awareness and image
- The Board of Directors is authorised to pass resolutions on all matters that are not reserved or assigned to the General Meeting or another body of the Company by law, the Articles of Association or the regulations.

4. Board of Directors meetings (BoD)

4.1 Convening, Chair, Participants

The BoD shall hold meetings depending on the tasks at hand. Meetings shall be convened by the President or, if he/she is unable to do so, by the Vice-President. Any member of the Board of Directors or the Board of Directors may request that a meeting be convened, stating the purpose of the meeting. The meeting shall be convened at least 10 days in advance, in writing and stating the agenda. The meeting shall be chaired by the President or, if he/she is unable to do so, by the Vice-President.

4.2 Quorum, passing of resolutions

The BoD has a quorum when the majority of its members are present. A two-thirds presence is required for resolutions on the following items:

- To adopt and amend regulations of the BoD;
- Determination and changes of the business policy;
- Resolutions on the constitution of the BoD;

The BoD shall pass its resolutions by a majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote. Resolutions may also be passed by circular or by telephone unless a member requests a meeting within 10 days of receipt of the request.

4.3 Protocol

Minutes shall be taken which provide sufficient information on attendance, discussions held and decisions taken. In particular, the minutes shall show the basis for decisions, arguments and voting ratios; if necessary, working documents shall be enclosed.

Circulation resolutions can be included in the next minutes or in separate minutes

The minutes shall be kept in the SharePoint list and confirmed by the BoD at the next meeting. The taking of minutes may be delegated to a person who need not be a member of the BoD.

4.4 Information, reporting

Each member of the BoD may request information on all matters of **CSI AG**.

5. Organisation of the CSI AG

5.1 Transfer of the management

The BoD delegates the management and the representation of **CSI AG** to the CEO and the Management Board. In principle, all business that is not expressly reserved for the Board of Directors by law, the Articles of Association or the Organisational Regulations is the responsibility of the CEO or the Management Board.

CSI AG is divided into six business divisions: Administration, Biochar Services, Global C-Sink, Marketing Business Development; Academy & Projects. Besides this there are some advisory positions such as QM and Scientific Management, Technical Committee, Expert groups and other stakeholders.

5.2 Managing Director (CEO)

The management of the day-to-day business is the responsibility of the CEO. He is the head of the management board and leads and coordinates the activities of the business units. In particular, he is responsible for the recruitment of personnel and for adherence to the budget, acquisition, marketing and key account management, and the coordination of projects worldwide.

The Quality Manager, Technical Manager and the Scientific Board of **CSI AG** reports directly to him.

5.3 Management Board

The members of the management board are the managing director, the division heads. They are responsible in particular for defining the work processes and for drawing up and editing the QM manual and the organisational regulations. Decisions on further development of standards, methods and IT applications and their revision.

5.5. Business areas

The division heads divide their divisions into specialist areas, working groups. Specifications are to be drawn up for the individual functions. The department heads are appointed by the Management Board.

a) Administration

Provides administrative services:

- Finance (budget, accounting, billing, key figures);
- Human resources (administration, training);
- Procurement and bidding;
- Contract management and database management;
- Mailings; Telephone Hotline, IT Support, translation services

b) Biochar

Preparation and Maintenance of Biochar guidelines and standards

- Review of technical documentation
- Giving guidance to clients and certification bodies on standard implementation
- Coordinates and supervises the Certification Bodies and ensures information flow
- Communicates and coordinates with the Scientific Management Board on proposed adjustments
- Serves on the Expert groups and ensures the flow of information to and from the groups and CSI

Preparation of pre-audit for pyrolysis plants:

- Preparation and review of technical documentation, inspection and certification documents;
- Ensuring the training and further education within the company as well as for existing and potential clients and for partner organizations

Clients and projects:

- Supports customers from the various sectors interested in the service (pyrolysis plants, EBI, EBC.)
- Ensure the flow of information to other areas within and outside the CSI.
- Coordinates with the other business units such as Marketing, Business Development and supports where needed
- Contract management and database management

c) Global C-Sink

Ensures that standards and methods are scientifically sound and agreed with stakeholders:

- Coordinates the development and adaptations of existing and new methods and standards for the area of agriculture and C-Sink
- Implementation of IT applications for supporting the necessary business procedures
- Development and integration of new Carbon Standards
- Gives guidance to clients and certification/verification bodies on standard implementation
- Coordinates and supervises the certification/verification bodies and ensures information flow
- Communicates and coordinates with the Scientific Management Board on proposed adjustments

Clients and projects:

- Supports customers from the various sectors interested in the service
- Ensure the flow of information to other areas within and outside the CSI.
- Coordinates with the other business units such as Marketing, Business Development, Administration and supports where needed
- Contract management and database management

d) Marketing

- Marketing and communication
- Organizes events and marketing activities
- Maintains Website and Newsletters up to date and communicates with the clients

e) Business Development

Working on new business areas, developing projects and creating new services:

- projects within the framework of business development
- Innovation management
- strategic partner management
- Develops new and improves and maintains existing IT applications.
- Ensures IT support and data security
- Maintains the IT systems environment

f) Academy and Projects

- Responsible for the development of new projects

- Support the implementation of new standards and processes within CSI
- Responsible for setting up trainings for clients and licensees and if applicable for VVB/CBs or partner organisations
- Responsible for approving and endorsing clients, VVB/CBs or other third parties for the relevant standards and activities as needed.

5.7 Reporting

The BoD shall be informed on an ongoing basis about the course of business and important business transactions. Extraordinary events must be reported to the BoD without delay.

6. Impartiality committee (UPA)

The committee for ensuring the impartiality of CSI AG is installed in EASY-CERT group AG and is responsible for all companies within the Group.

6.1 Constitution

The members of the committee are proposed by the management of the participating members and confirmed by the BoD.

6.2 Composition

To ensure independence, it shall be ensured that the following criteria are taken into account in the composition of the UPA (according to ISO 17065 point 5.2ff):

- Preventing individual interests from prevailing
- Ensure a balanced representation of significantly interested parties

7. Expert Groups

Expert Groups can be established either directly attached to CSI or to third parties.

7.1 Constitution

The groups shall consist of a minimum of 3 members. The members of the Expert Group are elected by or in consultation with the CSI. CSI must approve the election of the members. The members are elected for 2 years.

7.2 Composition

The selection of members is based on certain selection criteria (e.g. experience within the specific field of business, representative of client of CSI, producers or scientific background related to the specific topic).

7.3 Tasks

- The group meets on a regular basis as needed
- Assesses and advises on proposed comments and change request, further developments or new methods and standards in the specific area

For specific expert groups refer to the individual QM documents where applicable

8. Stakeholders

The development of existing or new standards and methods relies on public stakeholder

consultations to ensure transparency and feasibility for implementation. A stakeholder can be an individual or group that has an interest in any part of CSI. Comments from interested stakeholders allows CSI to improve their standards and take decisions based on evidence, experience including regional and local experience most affected by the rules.

8.1 The following matter require public stakeholder consultation:

- Scope expansion
- Major revisions of standard
- Regional adaptations of existing standards

8.2 Solicitation

It is the responsibility of CSI to identify the relevant stakeholders for a specific topic and proactively inform them about new developments or revisions of existing standards by a Newsletter and call on the website. A public consultation will be open for comment for a minimum of 20 days. Consultation processes will be managed through an appropriate CSI online tool, accessible for anybody.

8.3 Decision making and Publication

Once the consultation period is closed the relevant CSI management board will decide on changes taking into account the received comments. Comments, responses and final decision or rule will be published.

9. Common provisions

9.1 Duty to abstain

The members of the Board of Directors, UPA, the Management Board or the CEO are obliged to abstain in the event of possible conflicts of interest. These are matters that affect themselves or natural or legal persons close to them.

9.2 Confidentiality, return of files

The members of the BoD, the UPA and the CEO are obliged to maintain secrecy towards third parties about facts that have come to their knowledge in connection with the exercise of their office. Business files must be returned at the latest at the end of the term of office.

10. Compensation

Pursuant to Art. 17 of the Articles of Association, the determination of the remuneration of the BoD shall be approved by the General Assembly. The compensation regulations for the BoD and the EAP are authoritative in this regard. The BoD shall determine the amount of compensation to be paid to its members in accordance with their workload and responsibilities. Extraordinary efforts outside the normal activities of the BoD shall be taken into account.

11. Final provisions

11.1 Implementing provisions

The BoD and the CEO may issue regulations and directives for their areas of responsibility. The delegation of powers is not permitted.

11.2 Revision and adaptation

These Rules of Governance shall be reviewed at the beginning of each term of office and adapted if necessary.

11.3 Entry into force

These Rules of Organisation shall enter into force as of June 1, 2022.

Frick, 07.07.2022 (updated 08.03.2023)

President

Managing Director



Hans Matzenberger



Ueli Steiner