

Additionality Questionnaire

Puro Standard – Compliance requirement: 2.1.3 Additionality

Additionality questions for suppliers

1.2.3. CO₂ Removal Supplier shall be able to demonstrate additionality, meaning that the project must convincingly demonstrate that the CO₂ removals are a result of carbon finance. Even with substantial non-carbon finance support, projects can be additional if investment is required, risk is present, and/or human capital must be developed. To demonstrate additionality, CO₂ removal Supplier must provide full project financials and counterfactual analysis based on Baselines that shall be project-specific, conservative and periodically updated. Suppliers must also show that the project is not required by existing laws, regulations, or other binding obligations. ¹³

Note: In Puro Standard and related verification, a project specific additionality assessment is required. Puro Standard does not work with automatic additionality criteria or positive lists.

Notice. These answers are public information - Explocom

Question	No/yes	Project response
Is the project required by existing laws, regulations, or other binding obligations	No	There are no regulations that mandate use of wood waste as biochar.
Is the Project dependent on carbon finance?	Yes	Without it, this facility would not be selling biochar and would only be selling charcoal. The income from CORCs will allow Explocom to develop the biochar business. Revenue from the sales of CORCs is an important part of their business case for future investment and to scale up the production technology.
Is investment required	Yes	Significant investments have been made in equipment and developing sales channels
Is there a need to develop human capital, is there lack of skilled activity locally?	Yes	Yes, in order to manage the biochar production and sales business, the family-run company has had to develop considerable human capital and new competences. Operation and production of biochar requires skill and knowledge which Explocom has had to develop. The site is located in a rural, agricultural economy.
Is your project first-of-its-kind?	Yes	Explocom have designed the process to fit their current charcoal process.

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<p>How is the project economically not feasible without carbon finance?</p>		<p>The carbon finance is very important because the sales of CORCs bring the price difference between charcoal sales and biochar sales closer. See cost analysis. Without the CORC revenue, it does not make biochar production feasible against regular charcoal production.</p> <p>The net value realised by Explocom from the sales of the biochar alone is not sufficient to cover the production cost, and ongoing maintenance or expansion of the biochar production facility. Revenues from the sale of CORCs have been re-invested in repairs, improvements and expansion of the facility. The existence of the carbon revenue reduces the price risk from biochar sales and helps offset rising costs of production. The carbon revenue also enables Explocom to partially subsidise the price of biochar which can enable farmers who may not otherwise be able to afford it to try it, with their operations.</p>
<p>Attach a simple cost analysis and sensitivity analysis.</p>		<p>See attached financial analysis.</p>
<p>What are the key variables impacting the cost analysis?</p>		<p>Price of the biochar and the price of the charcoal, fuels costs, production costs, maintenance.</p>
<p>What else is preventing your project implementation? For example, do you have to change industry norms or market practises or to build new infrastructure to carry out the project?</p>	<p>Yes</p>	<p>A large barrier is getting the biochar to market. It is a challenge to convince farmers to change farming practices and adopt new products such as biochar. Current infrastructure at the facility. To scale up production and maintain quality, new equipment is required.</p>
<p>What is the baseline activity and related emissions and removals that would occur if this activity did not take place (business-as-usual, counterfactual)?</p>		<p>Explocom is preventing feedstock from getting burned because otherwise the feedstock would be used to make charcoal or sold as firewood, which is common practice for low-grade timber in the region. In addition, the use of biochar in agriculture reduces the requirement for fertilisers that have a heavy carbon footprint and reduces N₂O emissions from soil.</p>

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Attach a simple emission and removal analysis.	Yes	See LCA.
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I hereby declare that all information provided is truthful and precise to the best of my knowledge.

Date, Place: 2nd October 2023

Gregor Morrison

Representative name, title, organization

Gregor Morrison

Business Development Director
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