

# **RUNNING TIDE**

**2023 Iceland CDR Project Results**

# **Table of Contents**

Frameworks Used & Project Boundaries	2
Deloitte - Independent Auditor's Assurance Report	3
Statement of Carbon Position (Carbon Balance Sheet)	5
Statement of Carbon Activity (Removals & Emissions Statement)	6
Statement of Carbon Activity by Deployment	6
Footnotes to the Annual Carbon Statements	7

## **Frameworks Used**

Management has prepared these Carbon Statements under guidance from The Greenhouse Gas Protocol for Project Accounting, the Running Tide Framework Protocol Version 1.0, and basic accounting principles.

## **Project Boundaries**

The following project boundary assessment was first performed:

**Project Activity:** 2023 Iceland CDR Project

**Primary Effects:** sequester embedded biomass carbon through ocean deployment of biomass wood chips and alkaline materials in the North Atlantic.

**Secondary Effects:** all emissions related to upstream materials and equipment, freight-in emissions for materials and equipment, on-site production related emissions, emissions intensity of rental equipment, and all emissions related to the deployment of the materials into the ocean are considered in scope for this project.

## INDEPENDENT AUDITOR'S ASSURANCE REPORT

### To the Management and the stakeholders Running Tide Technologies, Inc.

The scope of our work was limited to assurance over Running Tide's Total Cost of Emission (hereafter referred to as the "Statement") presented in Running Tide 2023 Iceland CDR Project Results.

Our engagement was performed to assess whether Total Cost of Emission for Total Season, reported in CO<sub>2</sub>e kg. presented on page 7 in Running Tide 2023 Iceland CDR Project Result is presented in accordance with the performance of the project.

We express a conclusion providing limited assurance.

### Management's responsibility

The Management of Running Tide is responsible for collecting, analysing, aggregating and presenting the information in the report, ensuring that the information is free from material misstatement, whether due to fraud or error.

### Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (IESBA Code), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Deloitte ehf. is subject to International Standard on Quality Management (ISQM) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the Cost of Emission presented in Running Tide 2023 Iceland CDR Project Results. We have conducted our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to obtain limited assurance about our conclusion. In accordance with the standard we have planned and performed our work to obtain limited assurance about whether the Statement is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed reviews of data, recalculation of data, reviews of the underlying data processes as well as interviews with those responsible for producing the data. Our work has included interviews with key functions in Running Tide, inquiries regarding procedures and methods to ensure that the reported Cost of Emission have been calculated in accordance with Greenhouse Gas Protocol. We have assessed processes, tools and systems for gathering, consolidating and aggregating Cost of Emission in CO<sub>2</sub>e kg, and performed analytical review procedures and tested data prepared against underlying documentation. Furthermore, we have evaluated the overall presentation of Running Tide 2023 Iceland CDR Project Results, including the consistency of information.

## **Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Statement is not prepared, in all material respects, in accordance with the performance of the Project.

16 August 2024

**Deloitte ehf.**

*Birna María Sigurðardóttir*

Birna María Sigurðardóttir  
State-Authorised Public Accountant

**Running Tide Technologies, Inc.**  
**Statement of Carbon Position (Carbon Balance Sheet)**  
Reported in CO<sub>2</sub>e kg

	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
<b>ASSETS</b>												
Project Removals - General Account	-	-	-	-	-	4,089,464	5,106,923	5,613,115	14,026,972	18,196,726	15,028,726	11,279,726 <i>F1</i>
Project Removals - Reserve	-	-	-	-	-	13,894	10,354	541,654	1,525,596	1,991,727	1,991,727	1,991,727 <i>F1</i>
<b>Total Removals</b>	-	-	-	-	-	<b>4,103,358</b>	<b>5,117,276</b>	<b>6,154,769</b>	<b>15,552,569</b>	<b>20,188,453</b>	<b>17,020,453</b>	<b>13,271,453</b>
<b>TOTALS ASSETS</b>	-	-	-	-	-	<b>4,103,358</b>	<b>5,117,276</b>	<b>6,154,769</b>	<b>15,552,569</b>	<b>20,188,453</b>	<b>17,020,453</b>	<b>13,271,453</b>
<b>LIABILITIES</b>												
Inventory Liability	2,236,340	2,236,340	2,236,340	2,236,312	2,718,001	2,298,062	2,805,334	2,432,976	972,399	240,838	240,838	- <i>F4</i>
CapEx Liability	25,876	25,876	25,876	1,046,004	1,099,313	1,339,314	1,047,846	756,069	244,535	-	-	- <i>F4</i>
<b>Total Carbon Liabilities</b>	<b>2,262,216</b>	<b>2,262,216</b>	<b>2,262,216</b>	<b>3,282,316</b>	<b>3,817,315</b>	<b>3,637,376</b>	<b>3,853,180</b>	<b>3,189,045</b>	<b>1,216,934</b>	<b>240,838</b>	<b>240,838</b>	-
<b>EQUITY</b>												
Credit Deliveries	-	-	-	-	-	(100,000)	(4,463,000)	(5,083,000)	(5,172,000)	(8,340,000)	(12,089,000)	<i>F5a</i>
Inventory Impact - Materials	(597,275)	(597,275)	(597,275)	(597,275)	(597,275)	(496,541)	(466,803)	(357,179)	(150,921)	(57,464)	(57,464)	- <i>F5c</i>
Inventory Impact - Freight	(1,539,303)	(1,539,303)	(1,539,303)	(1,539,303)	(1,539,303)	(1,316,489)	(1,261,956)	(1,000,396)	(453,911)	(172,660)	(172,660)	- <i>F5c</i>
Inventory Impact - Production Energy	(84,233)	(84,233)	(84,233)	(84,233)	(84,233)	(22,486)	(25,335)	(32,462)	(10,431)	-	-	- <i>F5c</i>
Inventory Impact - Production Equipment Rental	-	-	-	-	-	(11,062)	(19,785)	(28,837)	(8,633)	-	-	- <i>F5c</i>
Inventory Impact - Deployment Energy	-	-	-	-	-	(445,490)	(430,359)	(908,290)	(915,966)	(292,955)	-	- <i>F5c</i>
Inventory Impact - Deployment Equipment Rental	-	-	-	-	-	(38,509)	(19,102)	(99,615)	(69,955)	(36,438)	-	- <i>F5c</i>
Inventory Impact - Verification Hardware	(15,530)	(15,530)	(15,530)	(15,530)	(20,430)	(12,876)	(20,410)	(27,339)	(14,572)	(6,174)	(6,174)	- <i>F5c</i>
Inventory Impact - Purchased Energy	0	0	0	28	7,238	10,853	(3,140)	(842)	(4,540)	(4,540)	(4,540)	- <i>F5c</i>
Fixed Assets Impact - Machinery & Equipment	(11,759)	(11,759)	(11,759)	(922,545)	(925,178)	(1,185,687)	(903,028)	(651,920)	(209,478)	-	-	- <i>F5d</i>
Fixed Assets Impact - Production Site	(14,117)	(14,117)	(14,117)	(123,458)	(174,136)	(153,627)	(144,818)	(104,149)	(35,057)	-	-	- <i>F5d</i>
Net Removals	-	-	-	-	-	4,103,358	5,217,276	10,617,769	20,635,569	25,360,453	25,360,453	25,360,453 <i>F5b</i>
<b>Total Carbon Equity</b>	<b>(2,262,216)</b>	<b>(2,262,216)</b>	<b>(2,262,216)</b>	<b>(3,282,316)</b>	<b>(3,817,315)</b>	<b>465,983</b>	<b>1,264,096</b>	<b>2,965,724</b>	<b>14,335,635</b>	<b>19,947,615</b>	<b>16,779,615</b>	<b>13,271,453</b>
<b>TOTAL LIABILITIES AND CARBON EQUITY</b>	-	-	-	-	-	<b>4,103,358</b>	<b>5,117,276</b>	<b>6,154,769</b>	<b>15,552,569</b>	<b>20,188,453</b>	<b>17,020,453</b>	<b>13,271,453</b>

**Running Tide Technologies, Inc.**  
**Statement of Carbon Performance by Deployment**  
Reported in CO<sub>2</sub>e kg

	IS-CD-1	IS-CD-2	IS-CD-3	IS-CD-4	IS-CD-5	IS-CD-6	IS-CD-7	IS-CD-8	IS-CD-9	IS-CD-10	IS-CD-11	IS-CD-12	IS-CD-13	IS-CD-14	IS-CD-15	Total Season
<b>Gross Removals</b>																
Gross Removals	574,214	1,315,633	1,613,788	1,456,564	1,865,997	2,089,844	2,252,021	2,253,223	2,046,796	2,222,108	2,597,309	2,726,967	2,496,331	2,794,939	2,925,563	31,231,296 <i>F6</i>
<b>Cost of Emissions</b>																
Materials Cost	12,481	24,708	29,466	29,739	34,079	34,841	37,257	37,526	38,696	36,939	43,373	45,346	41,904	46,004	47,453	539,811 <i>F7</i>
Freight Cost	29,056	55,699	66,425	67,039	71,634	87,260	96,028	97,167	100,182	89,132	116,110	127,948	113,113	139,583	141,668	1,398,044 <i>F7</i>
Production Energy Cost	8,147	15,857	18,911	19,086	22,232	3,963	4,248	4,293	4,419	4,027	4,454	4,817	4,314	5,167	5,263	129,198 <i>F7</i>
Production Equipment Rental Cost	470	737	633	627	526	3,553	4,309	4,209	4,332	3,948	4,366	3,987	3,570	4,277	4,356	43,901 <i>F7</i>
Deployment Energy Cost	139,564	141,445	109,722	133,812	129,031	123,472	135,138	132,021	111,994	115,470	119,495	147,960	128,890	156,424	136,531	1,960,968 <i>F7</i>
Deployment Equipment Rental Cost	21,714	28,694	14,180	12,114	13,162	26,821	18,003	18,563	16,341	20,040	16,621	19,817	10,230	19,817	16,621	272,738 <i>F7</i>
Verification Hardware Cost	2,905	2,324	2,324	2,324	2,324	2,324	4,721	1,946	3,385	3,385	2,025	2,025	3,087	5,311	42,734 <i>F7</i>	
Deployment Fixed Assets Allocation Cost	30,389	59,145	70,535	71,187	82,925	92,905	99,584	100,643	103,602	94,409	104,408	112,934	101,134	121,141	123,393	1,368,334 <i>F7</i>
Uncertainty Cost	4,895	6,572	6,244	6,719	7,118	7,503	7,938	7,983	7,630	7,347	8,244	9,297	8,104	9,910	9,612	115,115 <i>F7</i>
<b>Total Cost of Emissions</b>	249,622	335,182	318,439	342,646	363,030	382,641	404,829	407,125	389,143	374,697	420,456	474,131	413,285	505,410	490,208	5,870,844
<b>NET REMOVALS</b>	324,592	980,451	1,295,349	1,113,918	1,502,967	1,707,202	1,847,192	1,846,098	1,657,653	1,847,410	2,176,853	2,252,636	2,083,047	2,289,529	2,435,354	25,360,453

	IS-CD-1	IS-CD-2	IS-CD-3	IS-CD-4	IS-CD-5	IS-CD-6	IS-CD-7	IS-CD-8	IS-CD-9	IS-CD-10	IS-CD-11	IS-CD-12	IS-CD-13	IS-CD-14	IS-CD-15	Total Season
<b>Gross Removals</b>																
Gross Removals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Cost of Emissions</b>																
Materials Cost	2.2%	1.9%	1.8%	2.0%	1.8%	1.7%	1.7%	1.7%	1.9%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.8%
Freight Cost	5.1%	4.2%	4.1%	4.6%	3.8%	4.2%	4.3%	4.3%	4.9%	4.0%	4.5%	4.7%	4.5%	5.0%	4.8%	4.5%
Production Energy Cost	1.4%	1.2%	1.2%	1.3%	1.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.5%
Production Equipment Rental Cost	0.1%	0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%
Deployment Energy Cost	24.3%	10.8%	6.8%	9.2%	6.9%	5.9%	6.0%	5.9%	5.5%	5.2%	4.6%	5.4%	5.2%	5.6%	4.7%	7.5%
Deployment Equipment Rental Cost	3.8%	2.2%	0.9%	0.8%	0.7%	1.3%	0.8%	0.8%	0.8%	0.9%	0.6%	0.7%	0.4%	0.7%	0.6%	1.1%
Verification Hardware Cost	0.5%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Deployment Fixed Assets Allocation Cost	5.3%	4.5%	4.4%	4.9%	4.4%	4.4%	4.4%	4.5%	5.1%	4.2%	4.0%	4.1%	4.3%	4.2%	4.5%	
Uncertainty Cost	0.9%	0.5%	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%
<b>Total Cost of Emissions</b>	43.5%	25.5%	19.7%	23.5%	19.5%	18.3%	18.0%	18.1%	19.0%	16.9%	16.2%	17.4%	16.6%	18.1%	16.8%	20.5%
<b>NET REMOVALS</b>	56.5%	74.5%	80.3%	76.5%	80.5%	81.7%	82.0%	81.9%	81.0%	83.1%	83.8%	82.6%	83.4%	81.9%	83.2%	79.5%

# Footnotes to the Annual Carbon Statements

## 2023 Iceland Project Overview

In 2023, Running Tide conducted a joint, applied science, and ocean modeling undertaking in Iceland to initiate, research, evaluate, and evolve a first-of-a-kind ocean carbon removal project. We loaded a barge with fast-carbon-rich materials and dispersed this carbon in the North Atlantic within the Icelandic Exclusive Economic Zone (EEZ) 15 times over five months, each a “Deployment”. These Deployments consisted of mixtures of sustainably sourced wood residues from forestry operations in Canada, alkaline mineral residue material, including crushed shell sand from Iceland and lime kiln dust from Sweden, and water, which were mixed and passively cured on-site at a port in Iceland. Once deployed in the ocean, the wood floated for up to several weeks, with the alkaline coating dissolving on the surface ocean - helping to draw down even more carbon - before the carbon- rich wood sank below 1,000 meters, where it will be out of contact with the fast carbon cycle for centuries.

For the purposes of these Carbon Accounting statements and the Carbon Accounting program established at Running Tide for the 2023 season we relied on both the Greenhouse Gas Protocol Project Accounting Protocol as well as the basic accounting principles. Through accurately matching removals to emissions and applying objectivity and conservatism at every decision point we were able to compile the results of our 2023 operating season that we believe accurately reflects our carbon impact across this reporting year.

### 1. Carbon Credits & Net Removals

Both Net Removals and Carbon Credits on the Carbon Balance Sheet represent net removals from a removal activity, with the only distinction being Net Removals are net CO<sub>2</sub>e sequestered from a removal activity that have not yet been registered and serialized.

#### a. Net Removals

Net Removals represent the net CO<sub>2</sub>e sequestered after all project level emissions are allocated to the production of the resulting gross removals.

Net Removals = CO<sub>2</sub>e Sequestered - Project Level Emissions

Net Removals are recognized at the deployment level on the Statement of Carbon Activity, with the total position of Net Removals represented within Carbon Equity on the Carbon Balance Sheet.

#### b. Carbon Credits

Carbon Credits represent net removals that have been issued to the Internal Registry and serialized into units of net tonnes of CO<sub>2</sub>e removed. During the 2023 season Running Tide assigned serial numbers as part of the customer delivery process, therefore as of this balance sheet date all available removals remain as Net Removals, not yet serialized Carbon Credits.

### 2. Credit Reserve

Beginning with IS-CD-7 (Iceland, Carbon Deployment, number seven) of the 2023 Iceland Research Project, 10% of net removals generated per deployment were placed into a credit reserve. This reserve is held for any potential adjustments related to quantification methodology updates, errors or omissions discovered during the annual close out process, findings from third party reviewers, and any other event that may necessitate adjusting the net removals from a specific deployment. After all close out activities have been performed, no assets were over-delivered at any point during the 2023 operating season.

#### Recorded in tonnes of CO<sub>2</sub>e

Deployment	Initial Quantification	Methodology Version	Initial Reserve Held	Requantification Issued	Requantification Methodology	Annual Close Out Change	Ending Total Minted	True-up Corrections	Final Reserve
IS-CD-1	275.86	v1.0.3	-	47.68	v1.6.0	1.05	324.59		5.82
IS-CD-2	1,015.95	v1.1.0	-	(13.09)	v1.6.0	(22.41)	980.45	22.41	- <sup>a, b</sup>
IS-CD-3	1,132.89	v1.1.0	-	167.70	v1.6.0	(5.24)	1,295.35	(3.54)	7.99 <sup>a</sup>
IS-CD-4	1,250.51	v1.1.0	-	(133.05)	v1.6.0	(3.54)	1,113.92	3.54	- <sup>a</sup>
IS-CD-5	1,411.90	v1.1.0	-	80.12	v1.6.0	10.95	1,502.97		18.96
IS-CD-6	1,645.22	v1.2.1	-	64.42	v1.6.0	(2.44)	1,707.20		4.00
IS-CD-7	1,829.13	v1.6.0	182.91	23.04	v1.6.0	(4.98)	1,847.19		180.24
IS-CD-8	1,824.88	v1.6.0	182.49	23.52	v1.6.0	(2.31)	1,846.09	(22.41)	160.12 <sup>b</sup>
IS-CD-9	1,661.10	v1.6.0	166.11	-	N/A	(3.45)	1,657.65		162.66
IS-CD-10	1,851.46	v1.6.0	185.15	-	N/A	(4.05)	1,847.41		181.09
IS-CD-11	2,174.97	v1.6.0	217.50	5.55	v1.6.0	(3.66)	2,176.86		214.39
IS-CD-12	2,255.89	v1.6.0	225.59	1.27	v1.6.0	(4.33)	2,252.83		221.39
IS-CD-13	2,087.38	v1.6.0	208.74	-	N/A	(4.33)	2,083.05		204.41
IS-CD-14	2,292.96	v1.6.0	229.30	-	N/A	(3.44)	2,289.53		225.86
IS-CD-15	2,438.99	v1.6.0	243.90	-	N/A	(3.63)	2,435.36		240.27
	<b>25,149.09</b>			<b>1,841.68</b>		<b>267.16</b>		<b>(55.81)</b>	<b>25,360.44</b>
								-	<b>1,827.20</b>

- a. Results from the re-quantification of deployments IS-CD-2 and IS-CD-4 rendered a reduction in net removals of 13.09 tonnes of CO<sub>2</sub>e and 133.05 tonnes of CO<sub>2</sub>e, respectively. These adjustments were taken against the re-quantification results of deployment IS-CD-3, which generated an additional 167.70 tonnes of CO<sub>2</sub>e.
- b. The annual close out reduction of 22.41 tonnes of CO<sub>2</sub>e related to deployment IS-CD-2 was applied to the reserve in IS-CD-8 due to no reserve having been implemented for the initial quantification of deployments IS-CD-1 through IS-CD-6.

### 3. Internal Credit Registry

Once a net removal has been quantified the net removal is ready for credit issuance. Credit issuance is the process of serializing the net removal into tonnes of CO<sub>2</sub>e units and logging these now serialized credits into our Internal Registry. Once a credit is issued and serialized in the Internal Registry the credit is ready to deliver to a third party. Upon delivery the serialized credit is logged into our delivery ledger and is no longer available for future deliveries. Running Tide does not maintain records for our customers once a delivery is made, meaning the record-keeping around extinguishment or any other subsequent sales or transfers of the asset is not maintained in the company's Internal Registry.

IS-CD-1 Quantification Through Delivery								
QUANTIFICATION								
Deployment	Methodology	Quant ID	Net Tonnes CO <sub>2</sub> e Removed	Date Quantified	Re-Quant Reason			
IS-CD-1	v1.0.3	CD-1_1	275.86	07/07/23	N/A			
IS-CD-1	v1.6.0	CD-1_2	323.54	02/05/24	New methodology generated 47.68 additional tonnes			
CREDIT ISSUANCE								
Project	Vintage	Deployment	Issuance Date	Methodology Version	tCO <sub>2</sub> e Issued	Close Out Adjustment	Adjusted tCO <sub>2</sub> e Issued	Reserve
Icelandic Pilot Project	2023	IS-CD-1_1	07/07/23	v1.0.3	275.86		275.86	-
Icelandic Pilot Project	2023	IS-CD-1_2	02/06/24	v1.6.0	47.68	1.05	48.73	5.82
CREDIT DELIVERY								
Customer	Delivery Date	Credits	Associated Deployment	Method. Version	Certificate # Start	Certificate # End	SN Start	SN End
Shopify	07/05/23	100.00	IS-CD-1_1	1.0.3	1		100	RT0001-2023-1
Microsoft	08/25/23	175.00	IS-CD-1_1	1.0.3	101		275	RT0001-2023-101
								RT0001-2023-275

### 4. Emissions Liabilities

Emissions Liabilities represent the liability offset to inventories and production capital expenditures recorded at their emissions costs. Emissions Liabilities are recorded as Short-term Liabilities, which are liabilities that will be recognized against gross removals within a 12 month period, and Long-term Liabilities, which are liabilities that will be recognized against gross removals beyond a 12 month period.

### 5. Carbon Equity

Carbon Equity is a representation of the remaining Carbon Assets value after all Carbon Liabilities are netted out. Carbon Equity is built through the generation of Net Removals and dispersed in the act of transferring these generated assets to

third parties through Credit Deliveries. The total impact of the company to date can be observed within the Credit Deliveries and Net Removals as of the reporting date on the Carbon Balance Sheet.

### **a. Credit Deliveries**

Credit Deliveries are deliveries of serialized Carbon Credits to a third party. Once a Carbon Credit is delivered the company no longer has ownership of the asset and no further record-keeping obligations remain the responsibility of the company.

### **b. Net Removals**

Net Removals are generated at the deployment level during the quantification process. Once a Net Removal is recognized on the Statement of Carbon Activity, the Net Removal is debited as a generated asset and credited to the Net Removals Carbon Equity account to maintain all Net Removals not yet released through Credit Deliveries.

### **c. Inventory Impact**

Inventories on this Carbon Statement of Position represent the embedded emissions of procuring and preparing production inputs, as well as deploying these inventories to generate removals.

As inventory travels through the procurement, production, and ultimately deployment process all emissions liabilities are layered into the product on a dry weight basis in kilograms. Dry weights are recorded at purchase, receipt, inputs into production, and vessel loading to ensure all emissions liabilities are allocated appropriately. At the conclusion of the 2023 season all materials put through production were deployed.

#### **i. Materials & Materials Freight**

Materials represent all cradle to gate emissions associated with the materials procured for use in production. Materials Freight represents all upstream emissions related to transportation and delivery of materials to get them to the production site. Material cradle to gate and upstream transportation and delivery emissions are recorded on a per dry weight basis in kilograms. All production inputs are loaded onto the coated biomass on a dry weight basis throughout the production and deployment process. Materials and Materials Freight are ultimately recognized on the Statement of Carbon Activity against gross removals at the deployment level when a deployment is quantified and net removals are generated.

#### **ii. Production Energy, Deployment Energy & Prepaid Fuel**

Purchased fuel is immediately recorded as Prepaid Fuel with the offset recorded to Short-term Liabilities to recognize the company's liability for the future consumption of the fuel. Fuel records from the production site trigger the movement from Prepaid Fuel into Production Energy to represent the consumption of fuel in the production process. Fuel burned during production is allocated to coated biomass on a dry weight basis based on the daily production output alongside daily fuel records. Production Energy is recognized on the Statement of Carbon Activity against gross removals at the deployment level when a deployment is quantified and net removals are generated.

Deployment Fuel is marine fuel used by the deployment vessel to transport the coated biomass to the selected deployment site. Fuel records reported by the BB Server—the deployment vessel—are obtained to record the emissions liability. Deployment Fuel is recognized on the Statement of Carbon Activity against gross removals at the deployment level when a deployment is quantified and net removals are generated.

#### **iii. Equipment Rental**

Equipment rental is split out by equipment rental used in the production of the coated biomass and equipment rental used to deploy the coated biomass.

Production Equipment Rental represents the emissions allocation related to the rental of production equipment from the production contractors, Bifreiðastöð ÞPB. Equipment rental is assigned emissions intensity on a cost basis for the USD cost of the equipment rental. Emissions are allocated to the produced biomass on a dry weight basis across the total production output during the rental period. Production Equipment Rental is ultimately recognized on the Statement of Carbon Activity against gross removals at the deployment level when a deployment is quantified and net removals are generated.

Deployment Equipment Rental represents the emissions allocation related to the rental of the deployment vessel, the BB Worker. Equipment rental is assigned emissions intensity on a cost basis for the USD cost of the equipment rental. Emissions are allocated to specific deployments based on the implied days of the deployment from loading through deployment and return to the harbor. Deployment Equipment Rental is ultimately recognized on the Statement of Carbon Activity against gross removals at the deployment level when a deployment is quantified and net removals are generated.

#### **iv. Verification Hardware**

Verification Hardware represents the verification buoys deployed with each biomass deployment to track the movement of the plume. Trajectory Buoys are used to monitor the geographic location of the plume as the material saturates before sinking. Cage Buoys monitor the float time of the biomass, providing a live camera feed to track the sink rate of the material. Verification Hardware is recognized on the Statement of Carbon Activity against gross removals at the deployment level based upon the number of each hardware type that is deployed when a deployment is quantified and net removals are generated.

#### **d. Fixed Assets Impact & Depreciation**

All cradle to gate emissions as well as transportation and installation emissions related to procurement and installation of property and equipment for the purposes of production are recorded into Machinery & Equipment and Production Site asset accounts, respectively. Emissions across fixed assets are amortized into production within a 12 month period beginning as soon as the site is active. During the

### **6. Gross Removals Recognition**

The gross amount of CO<sub>2</sub>e moved from the fast carbon cycle to the slow carbon cycle from terrestrial biomass sinking activities is calculated during vessel loading, while the vessel travels to the deployment site, and after deployment while verification hardware provides in-situ monitoring.

#### **Basic Equation:**

$$CO_{2}e\ Terrestrial = Terr_{added} - Terr_{loss} - Terr_{shed} - Terr_{shal} - Terr_{stor} - LUC_{indirect}$$

Variable	Description	Unit
<b>Terr<sub>added</sub></b>	<i>The mass of carbon contained in terrestrial biomass loaded on the deployment vessel.</i>	tonnes CO <sub>2e</sub>
<b>Terr<sub>loss</sub></b>	<i>The mass of carbon contained in terrestrial biomass that is lost between the time of loading and the time of deployment.</i>	tonnes CO <sub>2e</sub>
<b>Terr<sub>shed</sub></b>	<i>The mass of carbon in terrestrial biomass separated from the carbon buoys prior to or during the sinking process.</i>	tonnes CO <sub>2e</sub>
<b>Terr<sub>shal</sub></b>	<i>The mass of carbon in terrestrial biomass that ends up beached or sunk in areas too shallow to be removed from the coupled upper ocean-atmospheric system in the fast carbon cycle, or at risk of upwelling.</i>	tonnes CO <sub>2e</sub>
<b>Terr<sub>stor</sub></b>	<i>The mass of carbon in embodied terrestrial biomass that is unlikely to remain in the fast carbon cycle in the absence of sinking.</i>	tonnes CO <sub>2e</sub>
<b>LUC<sub>indirect</sub></b>	<i>Emissions impact of any indirect land use change associated with changes in the production of the feedstock due to terrestrial biomass sinking.</i>	tonnes CO <sub>2e</sub>

## 7. Emissions Cost Recognition

As production inputs within project boundaries move through the procurement, production, and ultimately deployment process, all emissions liabilities are layered into the product on a dry weight basis in kilograms. Dry weights are recorded at purchase, receipt, inputs into production, and vessel loading to ensure all emissions liabilities are allocated appropriately.

Summary of Recognized Emissions During 2023 Deployment Season by Account						
Equity Account	Inventory & Fixed Assets Impact Recorded at Emissions Cost	Recognized Against Gross Removals	Deployed in R&D Activities	Emissions Cost Account	Emissions Recognition	
Materials	597,275	(539,811)	(57,464)	Materials Cost	539,811	
Materials Freight	1,570,704	(1,398,044)	(172,660)	Freight Cost	1,398,044	
Production Energy	129,198	(129,198)	-	Production Energy Cost	129,198	
Production Equipment Rental	43,901	(43,901)	-	Production Equipment Rental Cost	43,901	
Deployment Energy	1,960,968	(1,960,968)	-	Deployment Energy Cost	1,960,968	
Deployment Equipment Rental	272,738	(272,738)	-	Deployment Equipment Rental Cost	272,738	
Verification Hardware	48,907	(42,734)	(6,174)	Verification Hardware Cost	42,734	
Machinery & Equipment	1,172,168	(1,172,168)	-	Deployment Fixed Assets Allocation Cost	1,368,334	
Production Site	196,166	(196,166)	-	Uncertainty Cost	115,115	c

- c. A 2% coefficient was added to the total emissions for every deployment to represent emissions sources within project boundaries that were determined to be immaterial and for which activity data was not available. Traditionally immaterial sources are not required in reporting of project emissions, however, in the interest of conservatism Running Tide felt it necessary to account for these immaterial emissions using this applied uncertainty coefficient.