Inuk Standard Rules

INUK STANDARD RULES

ℹ️ This document presents the objectives of the Inuk Standard and defines the general requirements for project proponents wishing to register and operate Inuk projects and issue Inuk Carbon Credits (ICCs).

Glossary

Baseline scenario: The set of processes used to model the greenhouse gas emissions that would have occurred without the project. Also called a business-as-usual scenario.

Carbon avoidance: Avoiding greenhouse gas emissions that would have taken place without the project's mitigation activity.

Carbon finance: The financial instruments and financing mechanisms resulting from the sale of carbon credits to support projects.

Certification: The combined process of validation and verification of a project to issue Inuk Carbon Credits.

Crediting period: The duration for which a given project is eligible for Inuk Carbon Credits. Inuk limits the crediting period to a maximum of 5 years, with a possible extension depending on the project.

Conversion factor (CF): A customized factor expressed in grams of CO2 equivalent avoided per functional unit, determined for each project.

Emission reduction: A decrease in greenhouse gas emissions between a baseline scenario and the project activity.

Ex-ante: Before the fact. Expected results before the project's mitigation activity has taken place.

Ex-post: After the fact. Actual results after the project's mitigation activity has taken place. All Inuk Carbon Credits are ex-post.

Monitoring: The continuous measurement of indicators to determine if the project is delivering the expected emission reduction.

Project: The mitigation activity or activities considered for the issuance of Inuk Carbon Credits.

Project proponent: The entity responsible for executing the project.

Inuk Carbon Credit (ICC): 1 ton of CO2eq avoided by a project's mitigation activity.

Validation: The initial assessment to verify if a project is eligible for Inuk Carbon Credits.

Verification: The final assessment of the effective emission reduction, based on continuous monitoring.

List of Acronyms

LCA: Life Cycle Assessment

ICC: Inuk Carbon Credit

CO2: Carbon Dioxide

CO2eq: Carbon Dioxide Equivalent

PDD: Project Design Document

CF: Conversion Factor

GHG: Greenhouse Gas

IGLU: Impact Certification Platform

MRV: Measurement, Reporting, and Verification

VVB: Validation and Verification Body

TRL: Technology Readiness Level

NIA: Non-Interconnected Area

1. INTRODUCTION TO INUK

1.1 Mission

Inuk is a simplified joint-stock company with its headquarters situated in Paris. As a mission-driven entity ("Société à Mission"), Inuk has a defined purpose pursuant to Article 1835 of the French Civil Code. The company's mission is to "**create new pathways to accelerate the low-carbon transition**".

In alignment with its mission, the company is dedicated to:

- Explore new pathways and experiment with innovative solutions to accelerate the low-carbon transition.
- Support the development of projects that prevent current and future carbon emissions in Europe.
- Awaken awareness by showing companies that adopting more sustainable models is both possible and desirable.

Since its creation, the Inuk Standard has been continuously managed and governed by the company's executive and climate teams, which have been responsible for developing methodologies, defining eligibility rules, supervising project certification activities, and maintaining the integrity of the programme.

As the programme expanded, its governance framework was progressively strengthened. In **2025**, Inuk established an independent **Standard Advisory Board (SAB)** to provide strategic oversight of the Standard, review proposed

modifications to the rules and methodologies, and reinforce the programme's independence and scientific robustness.

Throughout its development, the programme has operated under the same corporate legal entity, ensuring continuity of governance, accountability, and responsibility.

1.2 Organisation

The organization is structured around two main entities:

1. The **Inuk Standard**: A certification program within the voluntary carbon market, specializing in energy decarbonization projects that demonstrate the potential for significant GHG emission reductions.
2. The **Inuk Technology Infrastructure**, comprising:
    a. The Inuk Registry: Ensures the traceability and transparency of ICCs. It is openly accessible and displays project information, documentation, calculations, and tracks the issuance, transfer, and retirement of units with unique serial numbers.
    b. The IGLU Platform: A measurement, reporting, and verification (MRV) platform, from which data is integrated into a public blockchain.

1.3 Governance, roles, and responsibilities

Since its creation in 2017, the Inuk Standard has operated under a continuous governance framework. The Executive Team and Climate Team have been responsible for the management and development of the programme since its inception. In 2025, this governance was strengthened through the establishment of an independent Standard Advisory Board (SAB), adding external strategic oversight while preserving the continuity of programme management.

The governance architecture of the Inuk Standard is designed to ensure scientific rigor, independence, and efficiency.

It is broken down into several internal and external bodies:

- **Standard Advisory Board (SAB)** : Ensures Inuk’s activity is continuously in line with its foundational mission. Provides strategic direction, endorses or vetoes amendments to the standard rules and methodologies, and

recommends enhancements. When relevant, The SAB can also provide technical expertise.

- **Executive Team**: Manages daily operations.
- **Certification Team**: Acts as the main contact for project proponents and performs the final validation review.
- **Climate Team**: Oversees the scientific approach behind the Standard's rules and methodologies.
- **Secretariat**: Compiles and synthesizes feedback on standard documents.

> Inuk has a strict procedure to prevent the various teams from having financial, commercial or fiduciary conflicts of interest in the governance or provision of programme services. More information can be found in the Conflict of Interest Policy guidelines.

2. PRESENTATION OF THE STANDARD

2.1 Architectural principles

The Inuk Standard is a crediting program within the voluntary carbon market, tailored exclusively for projects that demonstrate the potential for significant avoidance of greenhouse gas (GHG) emissions.

It is based on three pillars:

1. **Precision and methodological excellence**: The standard uses specific methodologies developed for each project category, integrating unique geographical, technological, and economic characteristics. Every new methodology undergoes independent review by qualified third-party organizations.
2. **End-to-End Traceability**: Inuk ensures complete traceability of every ICC, based on real physical data. The technological infrastructure guarantees rigorous tracking of financial flows, secure certificate management, real-time information, and security through blockchain inscription.

3. **Business Ethics**: Inuk has a collaborative model based on ethical principles, featuring long-term contractual commitments, active involvement of public institutions, and mutual exclusivity agreements. This approach prioritizes structured partnerships over transactional models.

2.2 Use of Blockchain Technology

> 💡 More information about the Blockchain Infrastructure can be found in section

Inuk uses blockchain technology to act as a more reliable, long-term third-party validator. This was a founding motivation for Inuk: to solve the unreliability of carbon credit certification, which is often performed infrequently due to costs, leading to credits being issued based on outdated data.

The UNFCCC recognized the potential of blockchain at COP23 to increase transparency, track emission reductions, and prevent double-counting. Its distributed nature can improve governance and prevent monopolistic control.

For Inuk, a blockchain system with smart contracts functions as an automated, impartial verifier. Smart contracts, which are self-executing programs, are coded with predefined rules. They can automatically validate data from project developers against these criteria. The blockchain's distributed and immutable nature ensures a consensus-based, tamper-proof audit trail, enhancing the credibility and efficiency of ICCs issuance.

Inuk uses a public blockchain to manage the lifecycle of ICCs, providing a permanent record of all transactions. This reduces risks like double-counting and fraud, offering full transparency to stakeholders. Regular audits of the blockchain system ensure it meets the highest standards of security and transparency, building trust in the program.

2.3 Strategic focus on Avoidance Credits

Inuk exclusively issues avoidance carbon credits, focusing on projects that prevent GHG emissions from fossil fuels. Inuk prioritizes avoidance over sequestration for several reasons related to its European focus:

1. As European energy consumption has been constant for 20 years, any new production capacity replaces an existing one. Therefore, any project certified by Inuk will inherently generate avoidance credits.
2. Renewable heat is critical for Europe’s decarbonization, as the heating and cooling sector accounts for about 50% of the EU's final energy consumption. Transitioning to renewable heat can significantly cut emissions. For instance, increasing renewables in this sector by just 1% annually could reduce CO_2 emissions by about 39 million tons.
3. Fossil fuels are still prominent in various sectors in Europe, including transportation, agriculture, construction, textile among others. All projects certified by Inuk Standard achieve permanent avoidance of fossil fuels use.

How are ICCs calculated

ICCs are calculated by comparing GHG emissions of the project to the ones of a reference or baseline scenario that would have occurred without the project. They represent one avoided tonne of carbon dioxide equivalent: 1 ICC = 1t CO2eq

As a result, ICCs are always:

- Calculated by comparing a project's emissions to a baseline scenario. The project's own carbon footprint is deducted before credits are issued.
- Issued ex-post after verification and are immediately recorded on the blockchain for immutable traceability. It is the actual avoidance of tonnes of CO2e, verified by real, measured physical data that generates the Inuk Carbon Credit.
- Built with baseline scenarios based on real physical data.

2.4. The dual financing model

The Inuk Standard stands out for its dual financing model, where a carbon credit simultaneously supports two types of projects: an operational project (linked to 1 ACO2 token) and a project seeking funding (linked to 1 ADDI token).

2.4.1 The ACO2 Token: Financing operational projects (Mesurability)

The ACO2 token represents the volume of CO2eq actually avoided by an already operational project.

- **Ex-post Issuance:** It is issued solely based on actual, measured physical data (kWh produced, tonnes of low-carbon cement sold, etc.).
- **Impact:** This revenue stream directly remunerates the producer for the GHG emissions avoided by their project.
- **Standard:** 1 ACO2 = 1 tonne of CO2eq avoided

2.4.2 The ADDI Token: Financing future projects (Additionality)

The ADDI token ensures the traceability of additionality financing for projects that would not have come to fruition without this financial support.

- **Creation upon Retirement:** An ADDI token is generated during the sale and burning (destruction) of an ACO2 token.
- **Value:** 1 ADDI token = €1
- **Allocation:** The financial value generated is specifically allocated to an "additional" project (often a future project or one in the development phase). This ensures that the investment triggers the creation of a new GHG (Greenhouse Gas) emission reduction project that would not have been economically viable otherwise.

> A single project developer can initiate multiple projects, which may be eligible for ACO2 and/or ADDI tokens respectively.

3. ICCs CORE CRITERIAS

All projects must meet the 12 general eligibility criteria described below

3.1 Measurability

Projets must provide (A) a baseline scenario based on real data and (B) production data or equivalent over the project’s lifetime.

A. Baseline scenario

The baseline scenario, or “baseline,” is the cornerstone of any carbon credit project. It represents the level of greenhouse gas emissions that would have occurred in the absence of the project. This scenario serves as the point of comparison for quantifying the emission reductions attributable to the project.

The Inuk standard relies exclusively on proven baseline scenarios over a minimum period of 3 years. Consequently, it does not cover the following situations (non-exhaustive list):

- Decarbonization projects that do not replace an existing solution
  Example: Installing photovoltaic panels to power a new facility in an area that previously had no supply
- Decarbonization projects based on behavior changes that are difficult to quantify
  Example: Installing an EV charging station without usage targets or data on prior habits
- Decarbonization projects based on a partial view of the value chain
  Example: Installing a hydrogen project without traceability of the electricity source used for its production and without traceability of its end use

Project type	Accepted data for the baseline scenario
Replacement of installations using fossil fuels with renewable energy	Historical consumption of the fossil source within the project’s boundary over the previous three years
Significant energy efficiency improvements that reduce fossil energy consumption	Historical consumption of the fossil source within the project’s boundary over the previous three years
Renewable electricity generation where it feeds into a power mix dependent on fossil fuels	GHG emission data for the relevant grid mix (Grid Emission Factor, GEF) in the territory over the last three years

Project type	Accepted data for the baseline scenario
Technological innovations that eliminate the use of fossil fuels	Full GHG assessment of the conventional solution that the innovation intends to replace, based on physical data

Each baseline scenario is established according to a specific methodology for each project, available on the IGLU platform.

Uncertainty on measurements is **minimized by design (benchmarked at 5%)** through the exclusive use of **IoT sensors and direct APIs** for primary data collection. This minimizes the representativeness and accuracy risks typically associated with manual data entry.

B. Production data over the project's lifetime

The Inuk Standard is built on the IGLU technological solution, which permanently and durably records on the blockchain every physical data point used to build the carbon credit.

Accordingly, projects eligible under the Inuk Standard must be able to provide data that is reliable, accurate, and verifiable.

Project type	Accepted data for the project scenario
Replacement of installations using fossil fuels with renewable energy	Data collected on a best-endeavours basis, according to the operational constraints of the project. Where possible, data collected on a daily basis (D+1) via APIs or IoT sensors. If not feasible, a weekly, monthly, or quarterly collection is acceptable, provided the data retains its daily granularity.
Significant energy efficiency improvements that reduce fossil energy consumption	Depending on the project's technology: - Renewable heat production data in kWh recorded daily with D+1 availability - Energy consumption data in kWh recorded daily with D+1 availability for energy efficiency projects - Any other data capture that verifies the project's effective operation
Renewable electricity generation where it feeds into a power	Project production data in kWh, recorded daily with D+1 availability

Project type	Accepted data for the project scenario
mix dependent on fossil fuels	
Technological innovations that eliminate the use of fossil fuels	Project production data according to the functional unit defined by the project's associated methodology, recorded daily with D+1 availability

3.2 Reality and effectiveness

Projects must demonstrate **an effective transition** from fossil fuels to decarbonised solutions.

The following are eligible:

- Replacing fossil fuel-based installations with renewable energy sources*, e.g. installing a solar thermal power plant to replace a gas heating system.*
- Significant improvement in energy efficiency, reducing fossil fuel consumption*, e.g. installation of a waste heat recovery unit, allowing gas furnaces to be shut down*
- The production of renewable electricity where this is integrated into an electricity mix dependent on fossil fuels: *e.g. installation of a wind power project in Poland, installation of a solar park in oil-dependent non-interconnected areas.*
- Technological innovations enabling the elimination of fossil fuel use*, e.g. low-carbon cement project in Vendée*
- Avoidance of fossil fuel-based industrial processes through the integration of circularity models, *e.g. circular economy project in the textile sector*

All projects are subject to an in-depth study that includes:

- A comprehensive GHG assessment of all emissions associated with the construction, operation and maintenance of the project;
- A life cycle assessment (LCA) of the key components of the project;
- A comprehensive technical report
- A feasibility study (if necessary)

Projects shall undergo an in-person or remote site audit within two years of the project's crediting period start date. The purpose of this site audit is to confirm that:

- The project exists and is functional
- The scale of the project is in line with the description
- Key processes operate as described in the project PDD

Projects that are in the planning phase and seeking carbon finance to fund investments shall prove that the project will actually occur, and will begin operations within 2 years of certification. Proof may include contracts with suppliers of key inputs or receipts from purchase of key machinery.

3.3 Additionality

The principle of additionality is fundamental to carbon credit certification. A project is considered additional if it can demonstrate that the emission reductions would not have occurred in a "business as usual" scenario. Additionality must be demonstrated in several ways:

Regulatory additionality	• The project must go beyond existing and planned regulatory requirements • Regulatory monitoring must be carried out to anticipate legislative changes • Sector standards and best market practices must be taken into account
Financial additionality	• A detailed financial analysis demonstrating that the project is not financially viable without carbon credits • Calculation of the IRR (Internal Rate of Return) with and without carbon credits • Comparison with standard profitability thresholds for the sector • Identification of other available sources of financing and justification of their insufficiency
Technological additionality	• Demonstration that the proposed technology is not yet widely deployed in the local context • Analysis of technological barriers and how carbon credits can help overcome them • Assessment of technological maturity and associated risks

Inuk assess all of the additionality criteria listed above, with particular attention paid to **financial additionality**. The most common cases of financial additionality that we encounter are as follows:

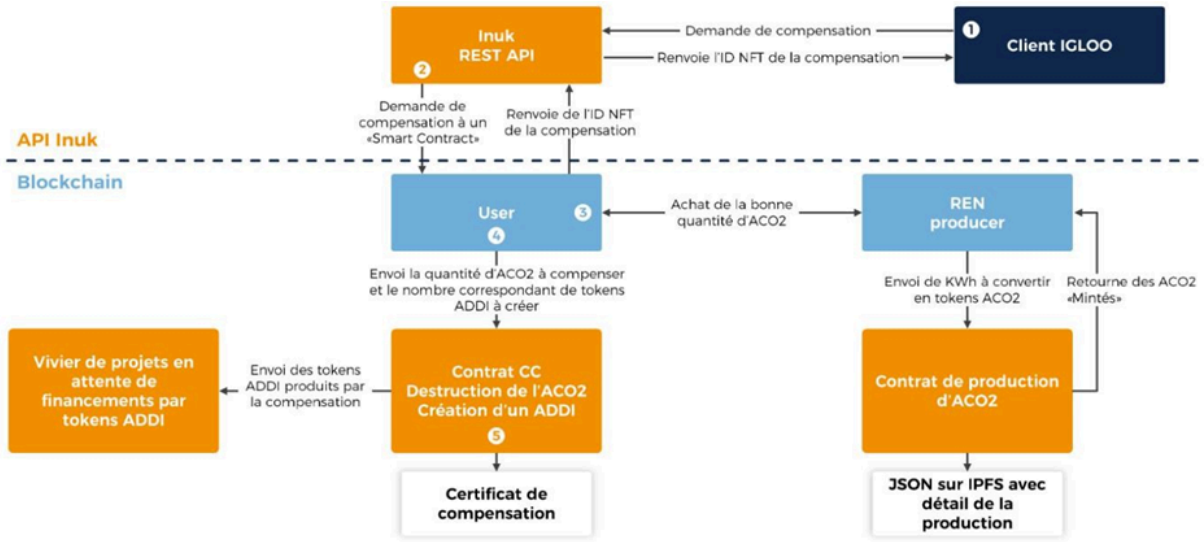
- The project is too small to be financed by traditional players in its sector (e.g. infrastructure funds).
- The cost price of the product generated by the project is significantly higher than the conventional alternative on the market (e.g. low-carbon cement is 30% more expensive than Portland cement).
- The business model requires a contractual framework that is unusual for the sector (e.g. a 20-year commitment for the off-taker of MWh of renewable heat, versus 2 to 3 years for a gas contract).

In order to determine financial additionality, the following documents must be provided:

- A comprehensive business plan, including proposed sources of financing and valuation of products other than carbon credits (e.g. MWh)
- A comprehensive market analysis, with a 5-year projection for products other than carbon credits (e.g. MWh)
- Details of the financing plan, including potential subsidies and grants, and, where applicable, proof that these are not sufficient to make the project viable.

3.4 No double counting

The final stage of the data collection process involves tokenising ICCs. Each tonne of CO2 avoided is converted into a unique digital token, enriched with all the project's metadata. These tokens are non-fungible digital assets (NFTs) that retain the complete history of their creation and guarantee that double counting is impossible.



Schematic description of the ICC tokenisation process – Source: Inuk

These tokenised carbon credits are traded on the IGLU platform, which is specially designed to maintain maximum security. The platform allows buyers to access all information relating to each ICC.

For more details, please refer to the Double counting policy document.

Interaction with Regulatory Instruments
Inuk ensures that emission reductions are not double-counted toward any other mandatory mitigation scheme.

- **EU-ETS Check:** Projects falling under the scope of Directive 2003/87/EC (EU-ETS) are strictly ineligible.
- **Public Subsidy Adjustment:** If a project receives significant national subsidies (e.g., French ADEME grants), the financial additionality analysis must prove that the carbon credit revenue is still required to reach the sector's standard IRR.

3.5 Co-benefits

Projects certified by INUK must demonstrate a systemic positive impact beyond their direct contribution to greenhouse gas reduction or avoidance. Each project shall generate tangible, measurable, and verifiable environmental or social co-benefits, in addition to its quantified climate benefits.

Co-benefits must result directly from the implementation of the project and not from external or unrelated developments. They must be substantial, evidenced, and aligned with the United Nations Sustainable Development Goals (UN SDGs), which serve as the reference framework for their identification and evaluation.

Relevant domains may include, but are not limited to:

- preservation and restoration of local biodiversity (SDG 14 & 15)
- reduction of air, water, or soil pollution (SDG 3, 6, 12)
- rehabilitation of industrial brownfields or degraded territories (SDG 11 & 15)
- creation of local employment and capacity-building in transition-related sectors (SDG 4 & 8)
- contribution to European energy and industrial sovereignty (SDG 4 & 9)

The demonstration of co-benefits must rely on primary project data, carbon quantification results, life cycle assessment (LCA), or other recognized scientific sources. The methods, assumptions, and tools used for assessing co-benefits shall be clearly described in the project's technical documentation and be subject to independent verification.

3.6 Environmental & social do not harm

INUK-certified projects must not cause significant environmental or social harm under any circumstance. All potential risks must be identified, mitigated, and monitored through a structured assessment and validation process.

3.6.1 Safeguard Mechanisms

Stakeholder consultation

Project Developers must conduct a transparent and well-documented consultation process with relevant local stakeholders — including residents, communities, municipal authorities, and other affected parties — to: (i) identify unintended consequences, (ii) collect feedback, and (iii) ensure social acceptability.

The final outcomes and responses to the public consultation are compiled in a report, which is made publicly available. A direct link to this report is included in the Project Design Document (PDD) for full transparency.

Note that the local consultation can highlight the need to create a benefit-sharing plan if the project identifies a specific need to enhance its social acceptability or its positive local impact.

Risk assessment

Project Developers must evaluate potential environmental and social risks throughout the project lifecycle, including adverse effects such as land use change, biodiversity loss, pollution, resource depletion, rebound effects, or exposure to harmful substances. Each methodology provides specific guidance for identifying and addressing these risks.

3.6.2 Risk Taxonomy

Risk assessments must cover at minimum the following categories, the impacts of which must be avoided and minimized:

Category	Requirements
Labor rights and working conditions	Safe and healthy working conditions · Fair treatment, non-discrimination, equal opportunities · Prohibition of forced labor, child labor, and trafficked persons · Protection of contracted workers employed by third parties
Resource efficiency and pollution prevention	Minimize pollutant emissions to air · Minimize discharges to water, noise, and vibration · Minimize waste generation and release of hazardous materials, chemical pesticides, and fertilizers
Land acquisition and involuntary resettlement	Minimize forced physical and/or economic displacement
Biodiversity conservation and sustainable management of living natural resources	Avoid/minimize negative impacts on terrestrial and marine biodiversity and ecosystems · Protect habitats of rare, threatened, and endangered species, including connectivity areas · Do not convert natural forests, grasslands, wetlands, or high conservation value habitats · Minimize soil degradation and erosion · Minimize water consumption and water stress
Human rights and stakeholder engagement	Non-discrimination and respect for human rights · Compliance with the International Bill of Human Rights and universal instruments ratified by the host country · Take into account and respond to local stakeholders' views
Gender equality	Equal opportunities regardless of gender · Protection against and appropriate response to violence against women and girls · Equal pay for equal work

3.6.3 Regulatory Framework

Projects must comply with all applicable local, national, and European regulations, as well as relevant international conventions and best practices.

INUK's exclusive focus on European projects (EU [except Sweden and Finland], the UK, and Switzerland) provides an additional guarantee: the European Union enforces some of the world's most stringent environmental, labor, and health & safety standards, supported by robust enforcement mechanisms.

Evidence of compliance: where a project has already undergone regulatory procedures involving environmental and social impact assessments, public consultations, and the granting of relevant permits or operating authorizations — as is systematically the case for all INUK-certified projects — such documentation constitutes direct evidence of compliance with INUK's "Do No Harm" requirements. These elements are reviewed and validated by independent third-party verifiers.

INUK operates exclusively within the EU EU [except Sweden and Finland], the UK, and Switzerland. Within this geographic scope, Indigenous Peoples and Local Communities (IP/LCs) as defined by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) are generally not present. Consequently, the requirement for Free, Prior, and Informed Consent (FPIC) — a mechanism designed specifically to protect indigenous populations under international frameworks — is not applicable to projects certified under the INUK Standard. This mechanism is not designed for the European regulatory and social context, where different legal protections for citizens and residents are already in force.

The INUK Standard distinguishes clearly between:

- IP/LCs (UNDRIP definition): distinct indigenous groups with specific social, cultural, or economic rights under international law — not present within INUK's geographic scope.
- Local stakeholders: residents, communities, municipal authorities, and other affected parties — the relevant actors for INUK projects.

3.7 Leakage & Substitution

INUK-certified projects are structurally designed to eliminate the risk of carbon leakage through a rigorous substitution logic. **Leakage** — the indirect transfer

of greenhouse gas emissions outside the project's boundaries — typically occurs when emission-generating activities are relocated or when upstream or downstream effects offset the project's benefits. INUK prevents such risks by requiring that every certified project *replaces* an existing high-emission activity rather than *adds* new capacity or shifts production elsewhere.

The principle of **substitution** is thus integral to INUK's leakage prevention framework. Each project must demonstrate that its outputs realistically and efficiently substitute those of the baseline scenario, delivering equivalent functions and services. This ensures that the project leads to an absolute reduction in emissions rather than a relative shift in where or how those emissions occur. Baseline scenarios must be established using verifiable physical data, enabling accurate comparison and quantification of avoided emissions.

Because INUK operates exclusively within the European energy sector — where the objective is the progressive replacement of fossil-based systems with low-carbon alternatives — all certified activities inherently serve a substitution function. They do not expand fossil capacity, displace industrial activity, or generate rebound effects; instead, they accelerate the structural phase-out of fossil energy.

While the standard focuses heavily on energy, it includes circularity in intense fossil fuel industries, such as the "Textile second life" methodology. For these circular fashion projects, the project must prove it replaces an existing high-emission activity, such as the production of new garments. The risk of a rebound effect, where cheaper second-hand clothes lead to increased total consumption, must be analyzed in the project's Risk Assessment Template. If the activity is found to generate a rebound effect that offsets the climate benefits, it would fail the measurability or substitution criteria and would not be issued credits.

Within this framework, the traditional concept of leakage becomes largely irrelevant: by design, INUK projects deliver net decarbonization within a highly regulated European environment that enforces transparency, traceability, and compliance with strict environmental and industrial standards.

3.8 TRL

INUK certifies only technologies that have reached a sufficient level of maturity to ensure reliability, scalability, and measurable climate impact. **Each project must demonstrate a Technology Readiness Level (TRL) of at least 6,** corresponding to a technology successfully demonstrated in a relevant operational environment.

This requirement guarantees that INUK-certified projects rely on proven, deployable solutions rather than experimental or untested prototypes. The TRL assessment forms part of the project validation process and is supported by technical documentation, operational data, or third-party certifications demonstrating that the technology performs as expected under real-world conditions.

This approach minimizes the risk of underperformance, ensures that emission reductions are real and verifiable, and strengthens investor confidence in the integrity of ICCs. By focusing on advanced yet scalable technologies, INUK promotes the industrialization of decarbonization solutions across Europe, accelerating the transition toward a low-carbon economy.

3.9 Core business principle & Targets alignment

The Inuk Standard applies a fundamental eligibility criterion whereby carbon credit certification is exclusively extended to project developers whose primary business activity constitutes the decarbonizing intervention itself.

This methodological constraint ensures direct causality between carbon finance and the acceleration of emissions reduction activities, thereby safeguarding against the dilution of additionality through cross-subsidization within diversified business portfolios.

This principle establishes that eligible project developers must demonstrate that their operational “Raison d'être” is intrinsically aligned with the decarbonization activity generating carbon credits.

This Core Business Additionality Principle thus serves as a structural safeguard ensuring that carbon credits certified under the Inuk Standard represent demonstrably additional emissions reductions, with a transparent and auditable nexus between carbon finance and measurable climate impact. By restricting certification to entities whose organizational DNA is fundamentally decarbonizing in nature, the principle mitigates the risk of greenwashing and upholds the environmental integrity of issued carbon credits

In addition, Inuk has a Target alignement principle to ensures that ICCs fund technologies that will remain viable and low-impact in the near future. Inuk does not issue ICCs for projects with only meager improvements over the baseline scenario, nor projects developers that are not solely focused on low-carbon activities.

Avoided emissions must be aligned with the European Union's target emission reductions for the project's sector from 2020 to 2030:

- Transport & Mobility: 17%
- Construction & Housing: 73%
- Agriculture: 58%
- Industry & Waste: 47%
- Energy: 45%

For more details, please refer to the European Union's 2040 targets document.

3.10 Minimum impact

INUK certifies only projects demonstrating a significant and measurable contribution to decarbonization. Each project must achieve a minimum verified reduction or avoidance of **500 tonnes of CO_2 equivalent per year** over its crediting period. This threshold ensures that ICCs correspond to impactful, scalable mitigation actions capable of materially advancing Europe's transition away from fossil fuels.

Exceptions may be granted for projects with lower annual volumes when they present a strong strategic relevance for the decarbonization of hard-to-abate sectors, or when they enable the deployment of breakthrough technologies with high replication potential.

The **crediting period is set at five years**, renewable by successive five-year cycles. At each renewal, projects must undergo a complete revalidation process under the most recent version of the INUK Standard, ensuring ongoing alignment with scientific progress, technological evolution, and European climate objectives.
In addition, the certification team review projects annually to insure no major changes occured, and that the project's eligibility and additionality are maintained over time.

3.11 Blockchain integration

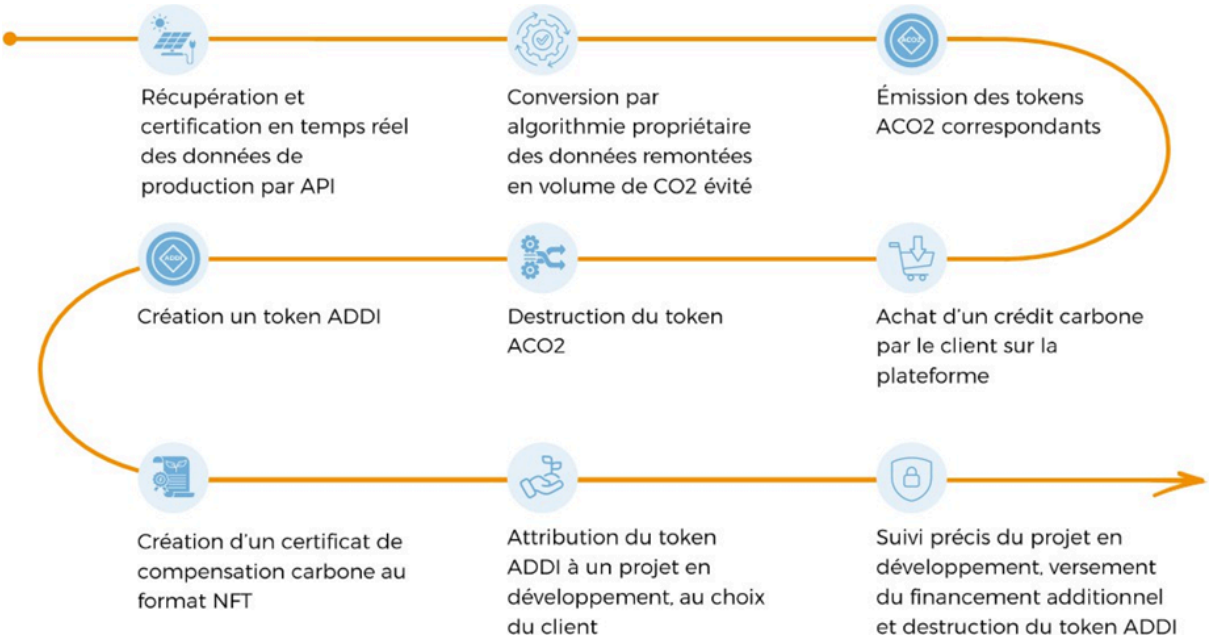
Once collected, the data is integrated into the blockchain system. This step transforms raw data into certified, immutable information. **Each batch of data is given a unique identifier and is accompanied by essential metadata that allows its origin and context to be traced**. Blockchain technology ensures that this information cannot be modified once it has been recorded.

The decentralised approach enhances the reliability of the system by ensuring that each record is verified and validated by independent parties. The complete history of changes is retained, creating an unalterable audit trail.

Inuk technology operates on the basis of a *smart contract* and two separate tokens:

- **The ACO2 token** represents the volume of CO2 avoided by a project owner over a given period of time. It is calculated on the basis of actual physical data, collected directly from the project owner's site. It can be traded directly via the IGLU platform.
- **The ADDI token** makes it possible to track the financing of additionality. Each time an ACO2 token is sold, an ADDI token is created, making it possible to accurately and tamper-proof track the amount of additional financing generated by this transaction.

transaction. It is then allocated to an additional project in order to guarantee traceability.



Schematic description of the process of creating and tracking ICCs on the blockchain – Source: Inuk

3.12 Permanence

The sustained mitigation of emissions requires both technical durability and operational continuity. Inuk Standard therefore requires evidence of facility sustainability, including demonstrated equipment lifespan and documented maintenance protocols.

Avoidance credits issued by Inuk Standard are not subject to reversal risk, as they represent emissions avoided during a specific monitoring period and do not correspond to a physical carbon stock. This fundamental distinction differentiates avoidance credits from sequestration-based credits, which face potential loss through natural events or storage failure.

Inuk's methodology relies on ex-post issuance: credits are generated only after the actual avoidance has been verified through measured physical data, never on the basis of forecasted reductions. Quantification uses systematic comparison between two scenarios — the baseline (measured from historical data) and the project scenario (monitored through continuous data collection) — both grounded in verified empirical evidence.

Project discontinuation — including return to baseline practices or cessation of mitigation activities — does not retroactively invalidate already-issued credits for prior verified periods. Rather, it interrupts future credit eligibility. This risk is managed through mandatory annual ex-post verification, which detects any material change in project operational status and prevents issuance of credits for subsequent periods if continuity is compromised.

Because avoidance credits represent emissions already avoided and verified in completed periods, they require no credit reserve (buffer pool) to offset non-permanence risk. The only permissible exception to credit validity is documented error, as detailed in Section

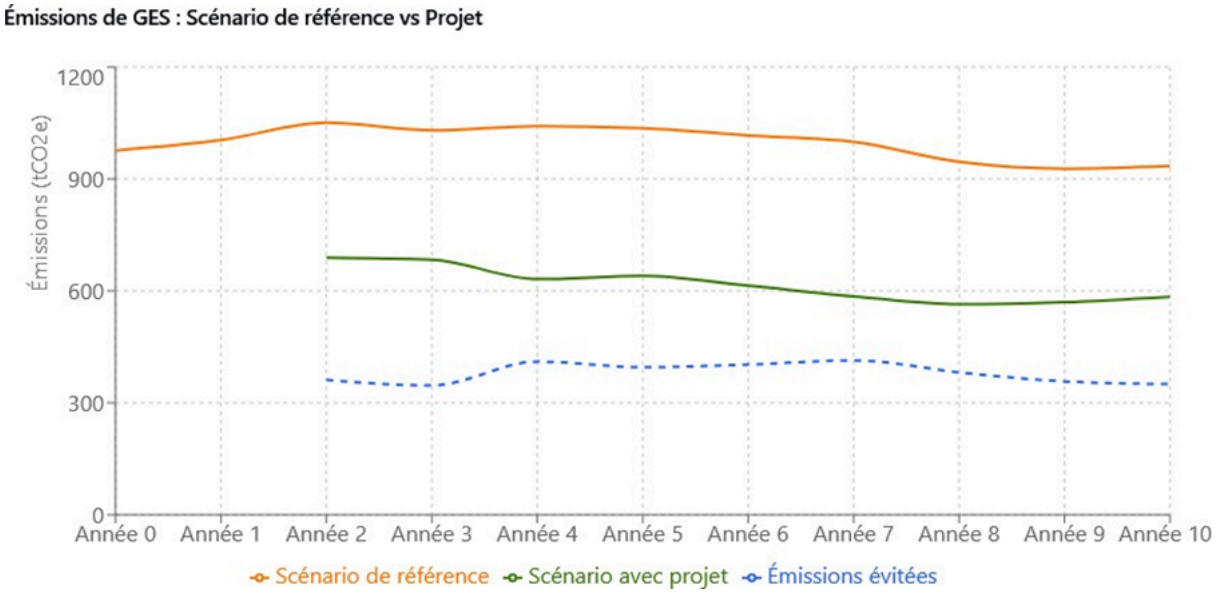
Although highly unlikely, a carbon credit cancellation can occur is case of error, as detailed in section .

4. GHG REDUCTION QUANTIFICATION

4.1 General Guidance

ICCs are calculated by subtracting the project scenario's GHG emissions from the baseline scenario's emissions.

The difference in GHG emissions between the two scenarios translates to the amount of GHG emissions avoided by the project. One ICC is issued per one tonne of CO2 equivalent avoided.



See the Measurability section for more general guidance on calculations.

4.2 Functional unit

The GHG emissions of both the project and baseline scenario must be normalized to a common functional unit. A functional unit is the reference value to which all impacts are normalized.

The same functional unit must be chosen for the project and baseline scenarios, to ensure functional equivalence and an appropriate comparison between the two scenarios. Defining a functional unit is compulsory for all projects that are covered under the Inuk Standard because of the multiple functions, co-products and/or co-services of each project.

Functional units are:

- Type of product/service
- Amount
- Performance specifications
- Geographic location
- Duration

4.3 System boundary

The system boundary defines which GHG emissions and removals to include in a project scenario, and the equivalent processes in a baseline scenario.

The projects covered under the Inuk Standard are embedded in larger supply chains, with extensive upstream and downstream processes. Defining a system boundary also means delineating where the project scope ends, and which processes to exclude.

Processes included in the project scope are those under direct control of the project, those affected by key decisions of the project, and those that differ between the project and baseline.

The system boundary must cover the project scope and include:

- all processes under direct control of the project and
- the key upstream and downstream

Processes may include raw material extraction, delivery of supplies, processing, manufacturing, distribution, use, retail, distribution, and waste treatment.

Indirect processes, such as market changes, shall be evaluated and included in the GHG reduction quantification when relevant and feasible. Methodologies provide instructions on how to assess those issues.

Processes with the lowest contributions to impacts, which each account for less than 1% of total impacts, may be excluded from the GHG quantification. These processes shall be transparently identified and justified.

Due to the comparative measurement approach, processes that are identical in the project and baseline scenario may be excluded, since they will not affect the comparative results

4.4 Baseline scenario selection

The baseline scenario serves as the fundamental reference point for quantifying avoided greenhouse gas emissions. It represents the emissions that would have occurred in the absence of the project and must be fully comparable — in scale, function, and service — to the project scenario.

INUK's methodology is based exclusively on **empirical baselines derived from real operational data**. Each baseline scenario must be substantiated by at least **three consecutive years of measured and verifiable data**, ensuring that it reflects actual performance rather than modeled or theoretical assumptions. This requirement guarantees that emission reductions are calculated against a stable, representative, and evidence-based reference, eliminating distortions linked to short-term variations or speculative projections.

To ensure maximum environmental integrity and prevent the over-estimation of avoided emissions, Inuk applies the **'Lowest Value Rule'**: project proponents must systematically select the year with the **most unfavorable production or emission level** (i.e., the year generating the lowest potential avoided emissions) within the mandatory three-year historical period to serve as the reference baseline.

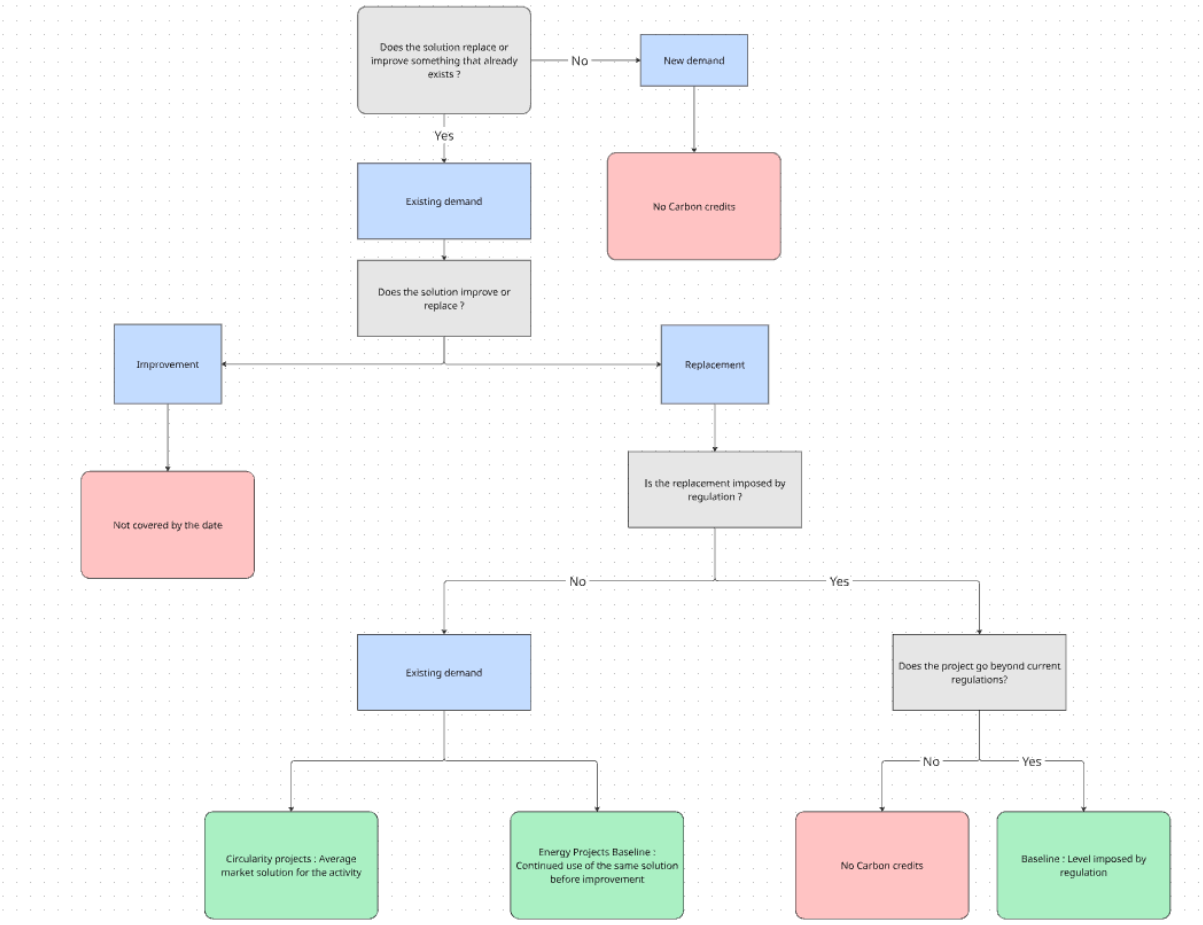
By grounding all baselines in observed data, INUK ensures the highest level of credibility and precision in avoided emission quantification. This conservative and data-driven approach reinforces the environmental integrity of ICCs and ensures that each certified tonne of CO_2 avoided corresponds to a genuine, measurable change in industrial or energy practices.

As such, it does not cover the following situations (non-exhaustive list):

- Decarbonisation project that does not replace an existing solution (*g. installation of photovoltaic panels to power a new facility in an area not previously powered)*
- Decarbonisation project based on a change in behaviour that is difficult to quantify *(e.g. installation of an EV charging station without any usage targets or data on previous habits)*
- Decarbonisation project based on a partial view of the value chain *(e.g. installation of a hydrogen project without traceability of the source of electricity used for its production and use)*

Project type	**Data accepted for the reference scenario**
Replacement of fossil fuel-based facilities with renewable energy sources	History of fossil fuel consumption within the scope of the project over the previous three years
Significant improvement in energy efficiency reducing fossil fuel consumption	History of fossil fuel consumption within the scope of the project over the previous three years
Renewable electricity production where this is integrated into an electricity mix dependent on fossil fuels	GHG emissions data for the electricity mix in the territory concerned (*Grid Emission Factor - GEF*) over the last three years.
Technological innovations enabling the elimination of fossil fuel use fossil fuels	Complete GHG assessment of the conventional solution that the innovation intends to replace. The latter must be based on physical data.

Each reference scenario is established according to a specific methodology for each project, which can be consulted on the IGLU platform.



4.5 Input data

INUK requires that all greenhouse gas emission calculations be grounded in **primary, verifiable operational data**. For operating projects, quantification is based primarily on **real-time data** collected directly from the project's monitoring systems. When continuous measurement is not technically feasible, INUK mandates the implementation of a **structured data reporting protocol**, combining regular data submissions with both **automated and human verification processes** to ensure accuracy, consistency, and traceability.

All measurements must reflect **recent and auditable conditions**, covering key physical indicators such as volumes, masses, energy consumption, and production outputs.

Background data — including emission factors, Global Warming Potential (GWP) values, recycling rates, and energy mix compositions — must originate from transparent, traceable, and authoritative sources. Inuk applies the Global Warming Potential values published in the latest available IPCC Assessment

Report using a 100-year time horizon (GWP100). These values are primarily implemented through recognized emission factor databases such as ADEME's Base Empreinte and EcoInvent, ensuring consistency with internationally accepted carbon accounting practices. Where updated GWP values are published by the IPCC or reflected in the reference databases, the corresponding conversion factors shall be reviewed and updated accordingly.

Assumptions are most often avoided. When necessary, the use of interpolations must be conservatively formulated, explicitly documented, and scientifically justified. This hybrid system of **real-time monitoring, structured reporting, and dual verification** guarantees that INUK-certified emission reductions are based on robust, high-frequency, and verifiable evidence, ensuring both the precision and credibility of the carbon accounting process.

The emission factors, GWP values, data sources and conversion factors applied to each project are documented in the corresponding Project Design Document (PDD) and made publicly available through the Inuk Registry.

4.6 Uncertainty assessment

Within the INUK Standard, uncertainty is minimized by design through the combination of **real-time data collection**, **empirical baselines**, and **limited methodological variability**. Because INUK projects rely primarily on continuously measured operational data and avoid the use of assumptions or modeled estimates, the margin of uncertainty in emission quantification is extremely low.

Project Developers must still assess uncertainty at both the project and methodology level, covering the following dimensions:

- quality and completeness of measurement data;
- stability and representativeness of the baseline scenario;
- consistency of applied calculation methods;
- reliability of any secondary or contextual data used.

Project Developers must assess overall uncertainty using the **propagation of error method** (root sum of squares). Inuk defines the following benchmarks for estimating uncertainty:

- **Baseline Scenarios:** Benchmarked at **10%** due to the 3-year historical data requirement.

- **Equations and Models:** Benchmarked at **20%** for energy projects, subject to SAB and VVB review.
- **Primary Measurements (IoT/API):** Benchmarked at 5% as real-time automated collection minimizes manual reporting errors.

Where residual uncertainty exists, INUK applies a **conservative adjustment** to prevent any overestimation of avoided emissions. Continuous data monitoring, automated quality controls, and human verification protocols further reduce the possibility of error.

Given this framework, the overall uncertainty of INUK-certified projects is expected to remain at the lowest level achievable within carbon accounting standards. In practice, **uncertainty is contained to a negligible range**, reflecting INUK's emphasis on traceable, real-time, and evidence-based measurement systems.