May 24, 2023

To the Supervisory Body

Equatic acknowledges the call for input to the fifth meeting of the Article 6.4 Supervisory Body.

We welcome the opportunity to participate and herewith provide input as it relates to Article 6.4 Information Note A6.4-SB005-AA-A09.

I. Equatic and the Centrality of Carbon Removal

The Paris Agreement seeks to avoid dangerous climate change by limiting global warming to below 2°C. It is not just a target, rather the Agreement strengthens the ability of member states to mitigate the impact of anthropogenic greenhouse gas emissions. The Sixth Assessment Report establishes carbon removal as central to that mitigation effort.

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Equatic is a private company with a mission to decarbonize the global economy. To do that, we remove carbon dioxide while generating carbon-negative hydrogen. Equatic uses seawater electrolysis and direct air capture together in one plant, and accurately measures carbon dioxide removal within the plant boundaries. This technology is in operation today at pilot plants in Los Angeles and Singapore.

Equatic is a member of the Direct Air Capture Coalition and the Carbon Removal Alliance. Each of these non-profit organizations have prepared submissions in response to the call for input. Given the centrality of carbon removal to Equatic's mission, we would like to provide additional, company-specific input for consideration by the Supervisory Body. It is anticipated that this will deepen the understanding of the very real impact that eligibility will have on proven carbon removal technologies such as Equatic's.

II. Eligibility of Activity Types (Section 39, Table 3.)

Section 39 seeks to establish "the pros and cons of the eligibility of different types of activities under the A6.4 mechanism". For the purposes of assessing eligibility, the CDR methods are classified as either "Land-based" or "Engineering-based". This forced allocation by type is not constructive. The variation within each category is greater than the variation between the two categories[1]. Furthermore, forcing together a highly diverse set of CDR activities does a disservice to the scientists and communities that have dedicated their deep intellectual and social capital to advancing different technologies.

All carbon removal solutions come with relative risks and benefits. A commonsense approach to eligibility *takes advantage* of the intrinsic differences between technologies to build a portfolio of solutions. Variation is a good attribute of the

industry today and it should be championed. If solutions are dismissed too early as ineligible, then we will repeat the mistakes of past industrial transitions: technology was locked-in and important research and innovation was abandoned.

Beyond the issue of classification, it is necessary that the summary in Table 3. be completed prior to the fifth meeting of the Supervisory Body. Accordingly, Equatic puts forward six elements as "Pros". Each of these elements demonstrate Equatic's alignment with the ambition of the Paris Agreement and subsequent Assessment Reports. Other CDR technologies may have different elements; these elements here are provided from Equatic's perspective to give sufficient color and tangible examples of our impact.

1. Successful Technology Scale-up. Equatic took a bench-scale technology from UCLA and scaled-up to operate two pilot plants on opposite sides of the planet. This represented a 1,000,000-fold increase in scale. And it was achieved in 24 months. Our next scale-up is 10-fold, at which point the technology will be modular and designed for manufacturability. We only need to look at the solar industry to see that rapid unit production and efficiency gains are possible when talented teams focus on solving global challenges.

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2. Successful Economic Model. Equatic has pre-sold every metric ton of carbon dioxide it has produced. Interest from buyers is so strong that pre-sales happen many years before the operations commence, just like for other industrial products. Equatic will remove carbon dioxide at a lower price per tonne than today's EU ETS price per tonne.

3. Alignment with SDGs. Equatic's technology (i) promotes investment in energy infrastructure and clean energy technology (SDG7.A), (ii) is well suited to drive economic productivity through diversification, technology upgrading and innovation (SDG8.2), (iii) upgrades infrastructure, such as desalination plants, to make them sustainable, with increased resource-use efficiency (SDG9.4), and (iv) advances the development, transfer, dissemination and diffusion of environmentally sound technologies between high- and low-/middle-income countries (SDG17.7).

4. Additional, durable, high-quality CDR. Equatic's technology does not rely on counterfactuals or baselines. Every kilogram of carbon dioxide removed is measured in real-time and stored for 10,000+ years. Permanent CDR is of high value given that fossil fuel emissions have a climate impact that extends well beyond the world's transition to carbon-neutral energy sources.

5. Existing Legal and Regulatory Frameworks. Equatic does not change the acidity of the ocean and has effluent similar to desalination plants and other industrial facilities pumping seawater. Equatic is performing site-specific environmental impact assessments and has a measurement,

reporting and verification methodology that ensures operations keep within existing local regulatory limits. Equatic has a low land use footprint and our CDR facilities are not in competition with agricultural or forested regions.

6. Valuable Co-Products to Further Decarbonize. Equatic produces carbon-negative hydrogen, which is used today to decarbonize industrial processes, produce electricity for the transportation sector, and create Sustainable Aviation Fuels (SAFs) and fuels for trucking. Equatic also produces calcium carbonate, a building material with a direct use case in climate change adaptation (for example, in the construction of levies and other interventions to lessen the impact on highly vulnerable coastal communities).

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III. Closing Remarks

Thank you for the invitation to provide input. We ask that due consideration be given to the above as it relates to a comprehensive set of factors for determining eligibility of different types of CDR activity.

Equatic welcomes the opportunity to share further input upon request, and we wish the Supervisory Body all the best for the forthcoming meeting.

Yours Sincerely

Edward Sanders
Chief Operating Officer
Equatic

[1] The Sixth Assessment Report states that "CDR methods vary in terms of their maturity, removal process, time scale of carbon storage, storage medium, mitigation potential, cost, co-benefits, impacts and risks, and governance requirements". (March, 2023)