

Carbon Offset Program Framework

Background

Citizens' Carbon Offset Program Framework (the "Framework") outlines the standards for engaging in the Voluntary Carbon Market (VCM). This Framework applies to the Carbon Offset Deposit account, a client program, as well as other Voluntary Carbon Market participation in which Citizens may engage.

The Voluntary Carbon Market is evolving at a rapid pace as the world develops the tools, technologies, and regulatory frameworks required to improve transparency and accountability for the impacts created by carbon offsets. This Framework will be updated as necessary to ensure the program follows industry best practices, considers any new regulatory requirements, drives positive impact and serves the needs of our clients.

Introduction to Carbon Offsets

The economy is undergoing a transformation as the world transitions towards lower emissions to mitigate the impact of climate change.¹ Consequently, many companies are experiencing increased stakeholder pressure to reduce greenhouse gas (GHG) emissions. Investors are expecting action, corporates are decarbonizing supply chains, consumer preferences continue to evolve, and new regulations in place.

In response, companies are taking proactive steps to better position themselves for the future by:

- Integrating sustainability into their strategies, products, and services
- Measuring and reporting their GHG emissions in alignment with widely accepted standards like the Greenhouse Gas Protocol²
- Setting science-based emission reduction targets and taking steps to reduce emissions by shifting operations and business strategies
- Evaluating carbon offsetting strategies

Carbon Offsets play an important role in the transition to a low carbon economy by making it financially viable to implement technologies and projects that contribute to reducing and removing emissions now.

Significant investment will be required in the coming years to scale the offset market to the size necessary to support a lower carbon economy. Many companies have committed to achieving net zero emissions and will require offsets to neutralize residual emissions. By purchasing and retiring³ high integrity carbon offsets now, companies contribute to the market scaling effort and can compensate for emissions they cannot yet reduce. This allows companies to make an immediate, positive environmental impact at the same time they work on their longer-term emissions reduction strategies.

Carbon Offsets Defined

A carbon offset represents the avoidance or removal of a quantity of greenhouse gas emissions resulting from the implementation of a project that would not have occurred otherwise.

Carbon Offset Project Standards

To support meaningful action on climate and mitigate risk for our clients, we have established carbon offset project integrity standards to help ensure carbon offsets procured under the Carbon Offset Program are real, additional, permanent and third-party verified.

- Projects must be listed with a Core Carbon Principle (CCP) Eligible registry approved by The Integrity Council for the Voluntary Carbon Market (ICVCM)⁴
- Project vintage should not be older than 5 years
- Preference for:
 - Projects highly rated by third parties⁵ and/or Core Carbon Principle (CCP) labelled credits⁶
 - Projects in the United States⁷
 - Projects with co-benefits aligned to the United Nations Sustainable Development Goals
- Offset Project Exclusions:
 - Renewable energy projects (e.g., wind or solar)
 - Projects issued under methodologies rejected by the ICVCM Core Carbon Principles assessment

Prior to purchase, projects go through a selection and review process to ensure adherence to these standards. This assessment process is informed by the available public project documentation, the offset providers' quality assessment, and independent third-party ratings where available.

Product Application: Carbon Offset Deposit Account

The Carbon Offset Deposit Account provides clients with an easy way to access the Voluntary Carbon Market and to fund an offsetting program. Clients benefit from Citizens established vendor relationships, project integrity standards outlined in this document and ongoing market monitoring.

- **Integrity.** Clients receive high integrity carbon offsets in the amount of credit earned on deposits. They may also elect to purchase additional carbon offsets beyond the amount of credit earned.
- **Retirement.** Carbon offsets are retired with the applicable offset registry in the name of "Citizens Carbon Offset Program Clients". Client's preferred name may be used if minimum purchase size is met.
- **Reporting.** Through the Carbon Management Portal, clients have access to their purchase history, offset certificates and project specific details such as project type, vintage, serial numbers, project location, and retirement information.

Sustainability at Citizens

An extension of our Credo, Citizens' integrated, enterprise-wide Sustainability & Impact strategy helps us unite our values and purpose to build a more diverse and sustainable future for all those we serve. Led by robust corporate governance, this strategy guides the decisions we make. It means serving our customers and clients, engaging shareholders, reducing our environmental impact, and empowering our colleagues and communities to thrive. Our four focus areas: Leading with Robust Governance; Driving Positive Climate Impact; Building the Workforce of the Future; and Fostering Strong Communities speak to the strengths of our Company, align with our business priorities, and define how we can drive sustainable growth and have a positive impact on our business, society, and the planet.

For more detail on our work, you can visit our [Sustainability & Impact](#) page.

¹ The Paris Agreement is a legally binding international treaty on climate change to limit global warming by reducing Greenhouse Gas emissions by mid-century. <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

² [Greenhouse Gas Protocol | \(ghgprotocol.org\)](https://www.ghgprotocol.org/)

³ Retirement is the process performed with the applicable offset registry by which a carbon offset is removed from circulation, allowing the owner to use the offset to make an environmental claim.

⁴ The ICVCM is a non-profit, independent governance body that aims to set and maintain a global standard for high integrity in the voluntary carbon market. In 2023, the ICVCM launched the Core Carbon Principles (CCPs) which specify ten fundamental, science-based principles for identifying high-quality carbon credits that create real, verifiable climate impact. Achievement of CCP-Eligible status is the best independent measure available today for ensuring registries have effective governance, transparency, tracking and robust independent third-party validation and verification and meet CCP rules on robust quantification of emission reductions and removals, no double counting and sustainable development benefits and safeguards. Approved CCP-Eligible carbon crediting programs can be found here <https://icvcm.org/assessment-status/>.

⁵ Third party raters include entities such as BeZero, Renoster, Sylvera, MSCI, and Calyx.

⁶ CCP labelled credits are those projects issued from a CCP-Eligible carbon crediting program under a CCP-approved methodology. Approved methodologies can be found here <https://icvcm.org/assessment-status/>.

⁷ Eligibility of projects outside the US will be considered on a case-by-case basis.