FOLIA

Folia Advisory Board: Terms of Reference
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Contents

1. Scope of the document

The following document describes the Terms of Reference (ToR) of the Advisory Board for Folia S.r.l. (folia.earth) detailing the mission, the governance structure and the operational procedures of the Advisory Board.

2. Folia Purpose

Folia accelerates the net-zero transition through agriculture & forestry excellence and innovation. Folia operates a certification scheme aligned with the European Regulation 2024/3012 that enables agricultural and forestry companies to directly manage and monetize projects generating high-quality carbon credits and monitored in real-time. Three fundamental pillars guide our approach to certification:

1. We empower agricultural supply chains to manage carbon projects autonomously through training, technical support and buyer network visibility
2. We ensure scientific rigor through application of European methodologies augmented with real-time field monitoring of climate impacts, and open data sharing for research advancement
3. We foster direct participation in the standard development by managing different advisory bodies and promote public consultations to further improve the scheme by analysing inputs from Industry, Academia and Civil Society

Folia's governance structure must ensure that the scheme maintains legal and technical competence while operating with complete impartiality and independence. The Advisory Board serves as a critical authoritative body to uphold these principles.

3. Advisory Board's Mission and Areas of Responsibility

A. Mandate

The Advisory Board provides independent advice and recommendations to the Board of Directors of Folia on the design, development, and continuous improvement of Folia's certification scheme, with the objective of ensuring its impartiality, credibility, and compliance with EU Regulation 2024/3012. The Advisory Board formulates its recommendations based on technical opinions issued by the Technical Committee or independent analyses requested by the Board of Directors.

B. Areas of Responsibility

1. Scheme Integrity and Impartiality. The Advisory Board reviews and recommends measures to ensure that certification rules, quantification methodologies, and audit processes are designed to operate impartially and on a non-discriminatory basis towards all operators. It advises on safeguards to prevent conflicts of interest between Folia as the scheme operator and certified entities.

2. Certification Methodologies. The Advisory Board reviews and recommends updates to sustainable practices in scope of the certification scheme, the monitoring, reporting, and verification (MRV) methodologies for sequestered carbon, advising Folia's Board of Directors on their alignment with the Commission's delegated acts and applicable European sustainability reporting standards. It provides recommendations on materiality thresholds, additionality and permanence criteria, and reversal management protocols.

3. Conflict of Interest Framework. The Advisory Board proposes conflict of interest policies governing the relationships between the scheme and its technical operator, third-party certification bodies, certified agricultural and forestry operators, and certificate buyers. It recommends rules on declaration, recusal, and mitigation of conflicts for adoption by Folia's Board of Directors.

4. Complaints and Appeals Mechanisms. The Advisory Board recommends the design of accessible, transparent, and impartial mechanisms for handling complaints from operators, verifiers, or interested third parties. It proposes appeal procedures against certification, suspension, or revocation decisions.

5. Transparency and Disclosure. The Advisory Board advises on the scheme's disclosure framework, including publication of certificate registries, methodologies, summary audit reports, and aggregated statistics. It recommends measures to ensure the scheme meets the transparency requirements set by the regulation towards the Commission, Member States, and the public.

6. Legal and Operational Adequacy. The Advisory Board periodically assesses and advises on the adequacy of the scheme's legal capacity (legal structure, insurance coverage, liability frameworks), technical capacity (IT infrastructure, staff competencies, data quality protocols), and financial capacity (economic sustainability of the scheme independently from the commercial performance of the operator).

All commercial matters including pricing, fee structures, market strategies, business partnerships, and scheme adoption tactics fall outside the Advisory Board's decision-making authority and remain under Folia Board of Directors' and management's exclusive control.

All decisions, proposals and recommendations of the Advisory Board shall be duly substantiated in writing. The Advisory Board's resolutions are recorded in writing and kept in the Register of the minutes of the Board's meetings.

4. Roles and appointments

A. Composition

The Advisory Board shall comprise a minimum of 3 and maximum of 7 members, all of whom shall be independent, non-executive members with demonstrated expertise in relevant fields, appointed by the Board of Directors of Folia.

B. Required expertise

The Advisory Board shall be composed of independent members who hold or have held senior leadership positions in public or private institutions, and who collectively bring expertise across the following areas:

Corporate Governance and Organisational Adequacy. Demonstrated experience in the design and assessment of corporate governance frameworks, internal control systems, and organisational structures, including familiarity with fiduciary duties, board effectiveness, and compliance with corporate law requirements. Experience in advising or serving on boards, supervisory bodies, or audit committees of regulated entities.

Audit, Assurance, and Sustainability Reporting. Senior-level experience in audit, assurance, and financial reporting, including knowledge of evolving European sustainability reporting standards (ESRS/CSRD). Direct involvement in the development or advisory of sustainability disclosure frameworks at a European institutional level is highly desirable.

Legal and Regulatory Affairs. Expertise in corporate and regulatory law, with a focus on conflict of interest management, complaints and appeals procedures, liability frameworks, and contractual governance.

Institutional and Public Policy Engagement. Track record of engagement with European or national institutions, including participation in government commissions, parliamentary consultations, standard-setting bodies, or regulatory advisory groups.

All actual or potential conflicts of interest must be disclosed to the Head of Compliance via the Internal COI Declaration Form, in accordance with Folia's Conflict of Interest Policy. The Head of Compliance shall inform the Chairman of the Advisory Board and the Board of Directors as appropriate.

C. Chairman

Selection

The Chairman shall be elected by Advisory Board’s members from among themselves by simple majority vote at the first meeting following any change in composition.

Responsibilities

Lead Board meetings, prioritize agenda items, liaise with Folia management, exercise casting vote in case of ties.

D. Secretary

Selection

The Secretary shall be nominated by Folia’s Board of Directors, serving as a non-voting member of the Advisory Board. The Secretary may also be an employee at Folia.

Responsibilities

Prepare meeting agendas, distribute materials, record minutes, maintain decision registers, track implementation status, and ensure proper documentation of all Advisory Board’s activities.

E. Terms of appointment

Duration

Advisory Board’s Members serve three-year terms, renewable once consecutively. After two consecutive terms, a member must observe a one-year cooling-off period before reappointment.

Approval

New appointments, also in any case of termination of the office, require approval by simple majority of existing Advisory Board members and confirmation by Folia's Board of Directors.

Members may be removed at any time by resolution of the Board of Directors.

5. Operations

A. Meetings cadence and execution

Meeting frequency

The Advisory Board convenes at least every six months or in any case when the Chair deems it necessary.

Submission process

Folia’s management submits change proposals of the certification scheme to the Chairman of the Advisory Board, after review and technical opinion by the Technical Committee. Proposals must include technical justification, impact assessment, and implementation timeline.

Agenda Preparation

The Secretary prioritizes proposals and distributes review materials to Board members before each meeting.

Decision and implementation

The Advisory Board reject or submit for approval to the Board of Directors proposals with written justification. The Board of Directors, based on the Advisory Board's final report, resolves on the amendments to be implemented. It mandates management to obtain any third-party opinions, where required, and to implement the approved modifications.

B. Meeting Quorum

Decision and validity

The Advisory Board shall have quorum when more than half of the appointed members are present, with the following minimum thresholds: 3 members for a Board of 3-4 members; 4 members for a Board of 5-6 members; 5 members for a Board of 7 members.

Remote Participation

Members participating via video or audio conference shall be considered present for quorum purposes, provided they can actively engage in discussions and voting throughout the meeting. This condition is verified by the Chairman.

Persistent lack of quorum

If two consecutive meetings fail to achieve quorum, the Chairman shall notify Folia's Board of Directors to address attendance issues or shall propose Advisory Board composition changes.

C. Meeting Procedure

Meeting notice

The Secretary shall provide written notice of each meeting to all Board members at least 10 business days before the scheduled date, including the venue (or video conference link), date, and time.

Pre-reading material

The Secretary shall distribute the agenda and all supporting documentation at least 10 business days before each meeting.

Minutes and documentation

The Secretary shall record comprehensive minutes capturing all discussions, decisions, and action items, with particular attention to the rationale for approvals or rejections. Draft minutes shall be circulated within 7 business days following the meeting for member review. Following a 5-day comment period, final minutes shall be approved by the Chairman and distributed to Board members and Folia's Board of Directors. Minutes shall clearly distinguish between confidential and non-confidential portions for appropriate distribution.

D. Meeting participation

Attendance at Advisory Board meetings shall be by invitation only, managed by the Secretary under the Chairman's direction. Representatives from Folia's management shall attend to present proposals and respond to Advisory Board inquiries. These representatives may invite subject matter experts to provide technical clarification on specific agenda items. External attendees participate in a non-voting capacity and may be excused during confidential discussions. The Secretary shall maintain a record of all meeting participants.

6. Related documents

- Folia Conflict of Interest Policy.
- Folia Whistleblowing Policy.
- Folia Non-Conformity Policy.
- Folia Complaints Policy.
- Folia Certification Scheme.
- Folia Technical Committee Terms of Reference
- Folia Internal Monitoring Policy