

Your Farm. Your Credits.

Landowner Services Info Pack

July 2022



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Prepared by:

The Carbon Farming Foundation Ltd (CFF)
www.carbonfarming.org.au
43B Town View Terrace, Margaret River WA 6285

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Our Approach In A Nutshell

A "do-it-yourself" carbon farming model that makes it simpler and cheaper for farmers to grow & manage carbon crops.

The Opportunity

Getting carbon flowing through an existing farm system can boost a farm's bottom line and enhance the health and resilience of its soils, crops, and paddocks.

Carbon farming is projected to be a \$50B opportunity for landowners, demand is surging, and markets are searching for carbon neutral products.

The Problem

Farmers generally only have two options if they want to dip their toes into carbon farming. They can go solo, trying to learn the nuts and bolts of carbon farming with little guidance, information, and resources. Or they can sign up with a carbon project developer, under what you would call a "full-service" offering and hand over 30-50% of the carbon credits.

Getting involved in carbon farming can be confusing, difficult, and expensive. We have found that most landowners are sitting on the fence and unsure where to start.

The Solution

Putting farmers in the driver's seat to cut out unnecessary third-party costs. We provide farmers with an end-to-end software package, templates, practical resources, knowledge, training and technical advice so they feel confident to adapt their land management practices and profit from integrating carbon crops into their farming system.

This no-frills approach gives the farmer the freedom to choose their level of involvement in a carbon project. The more work the farmer put in, the more profits they receive.

We think landowners should come away with 95-100% of the carbon credits from their carbon crops. As a registered not-for-profit, all profits that come into the organisation go back to helping Australian farmers grow carbon crops.

Your farm. Your credits.

We make it simpler and less expensive for farmers to integrate profitable carbon crops into their farming business.

Getting carbon flowing through an existing farm system is a huge opportunity to achieve carbon neutrality, boost a farm's bottom line and enhance the productivity of soils, crops, and paddocks.

Let's put some cards on the table up-front, we believe that:

- Carbon crops should be strategically integrated into an existing farming operation. Growing carbon crops is about boosting overall farm productivity and creating another revenue stream for the farming business.
- No one understands a farm better than the people already managing it and they should have the most say in how carbon is integrated into their farming system.
- Like any other crop, farmers should pocket their yields from their carbon crops and have the freedom to hold their carbon credits as an asset, trade them, or use them to be carbon neutral.

We think carbon should be grown, managed and sold like any other agricultural crop.

We're breaking new ground with our DIY Carbon Farming Model, where CFF provides resources, guidance, and support to give landowners the confidence to adapt their land management practices and manage high-yielding carbon crops. We strip things down into a step-by-step process, providing tools and support for the long-haul.

This no-frills model gives the farmer the freedom to choose their level of involvement in a carbon project. As a registered not-for-profit, we don't pull the wool over farmers' eyes. Instead, we think they should come away with 95-100% of the credits from their carbon crops.



The Carbon Opportunity

Diversification and resilience.

A new revenue stream is just the cherry on top.

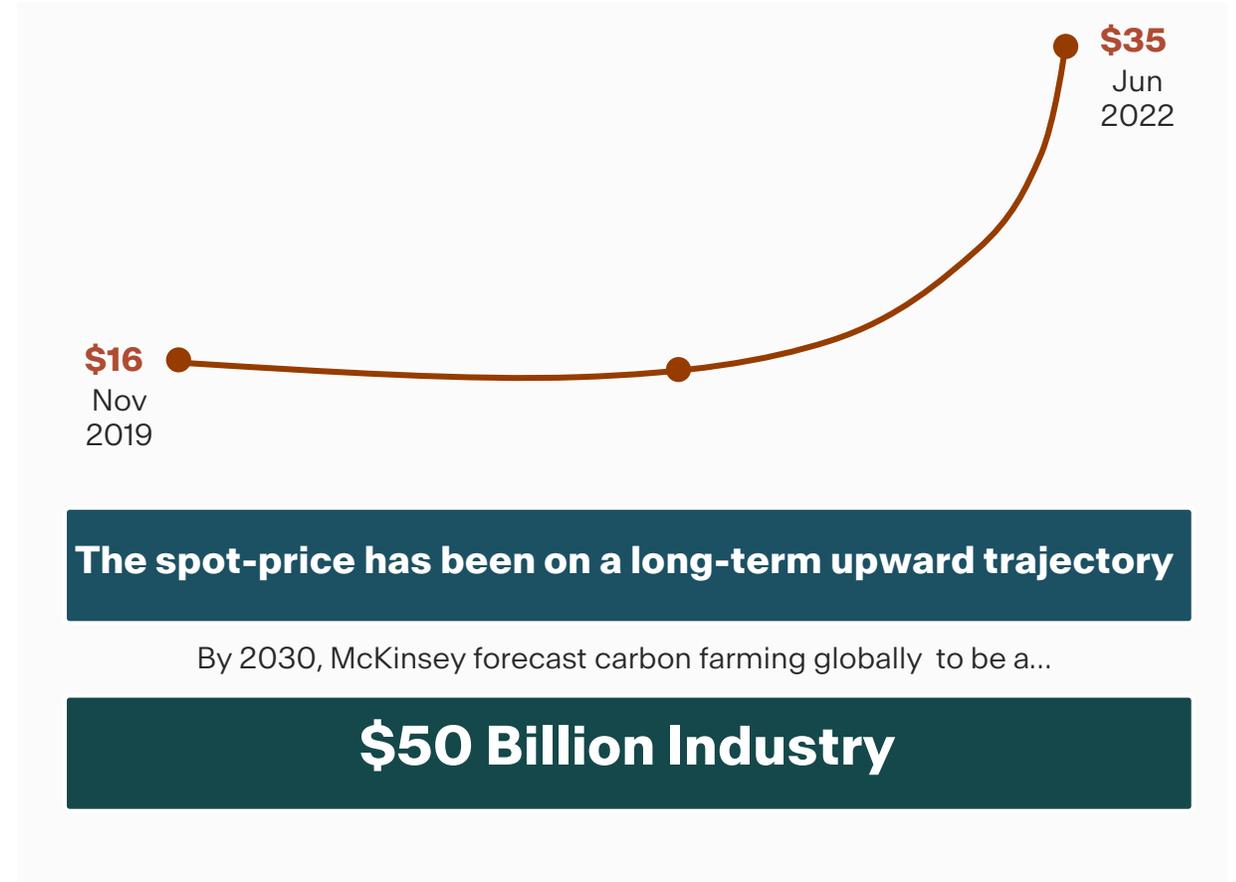
When done right, carbon projects increase farm profitability and resilience by:

- capitalising on underutilised land,
- diversifying revenue streams,
- accessing carbon-neutral market opportunities,
- reducing input costs,
- enhancing soil health, and
- increasing water retention.

The key is carefully building and integrating carbon into an existing production system by choosing the most optimal use for each area on a farm.

Not by blanket planting wall-to-wall trees or taking valuable farmland out of production.

A tactical 'mosaic' approach is needed.





The Snags

Navigating the carbon industry can be a minefield.

Misinformation

We know that there is a lot of confusing and inconsistent information out there. The real-world economics of carbon projects is closely guarded knowledge. Feasibility studies are expensive and can come with long exclusivity periods.

Red-tape burden

Carbon credits are a financial product and come with all the expected compliance and reporting obligations. Carbon methodologies are constantly changing, and significant technical knowledge is needed to safely navigate the red-tape, tax issues and legalities.

Limited options & high costs

Farmers generally only have two options if they want to dip their toes into carbon farming. They can go solo, trying to learn the nuts and bolts of carbon farming with little guidance, information, and resources. Or they can sign up with a carbon project developer, under what you would call a “full-service” offering. With large third-party involvement, this hands-off option is more expensive with up to 20-50% of carbon credits going back to the carbon developer.

Potential Liability

If risks are not properly managed, it is possible that you may need to pay-back some carbon credits to the regulator (if they’ve been sold, then they need to be bought back at market prices!).

In many of the standard carbon project developer agreements in the market, the landowner is left with this long-term risk (the project developer keeps their share of the carbon). This means more risk for you to consider.

The Solution

A DIY Carbon Farming Partnership

We felt that landowners needed a new type of carbon service provider.

We're breaking new ground with our DIY Carbon Farming Model, that puts farmers in the drivers' seat and cuts out unnecessary third-party costs. Farmers have the freedom to choose their level of involvement in the carbon project, the more work the farmer puts in the more profits they receive.

LANDOWNER

Runs the farm enterprise and on-ground project activities. Provides the land and funds the project. Owns the project.

Option to enter into funding agreements or forward contracts.

Pockets 95-100% of the carbon credits.

CFF

Our DIY Carbon Toolkit. This includes, compliance, red-tape, technical support, training, software, educational resources, guidebooks and templates. We connect you to opportunities and vetted service providers as needed.

We only ask landowners to chip in 100 carbon credits per annum + 2.5% share of the overall carbon credits as an incentive payment. For farmers who want to keep 100% of their carbon credits, it's also possible to pay us fees in lieu of this share of carbon credits, based on the market value at time of issuance.

Optional add-on

CFF Delivery Partner Program:

For those who prefer some extra support. We can partner with local foresters, agronomists, farm advisors or other local specialists to do the heavy lifting of project admin and coordination. Leaving you to focus on core business.



What Exactly is Included in Our DIY Carbon Toolkit...

Templates, Guidebooks, Industry Knowledge & Educational Resources

We keep our finger on the pulse, so you don't have to.

We work hard to simplify the carbon farming game by cutting through jargon and industry-spin to bring you straight-forward guidance and resources.

Throughout the lifespan of a project, we provide you with:

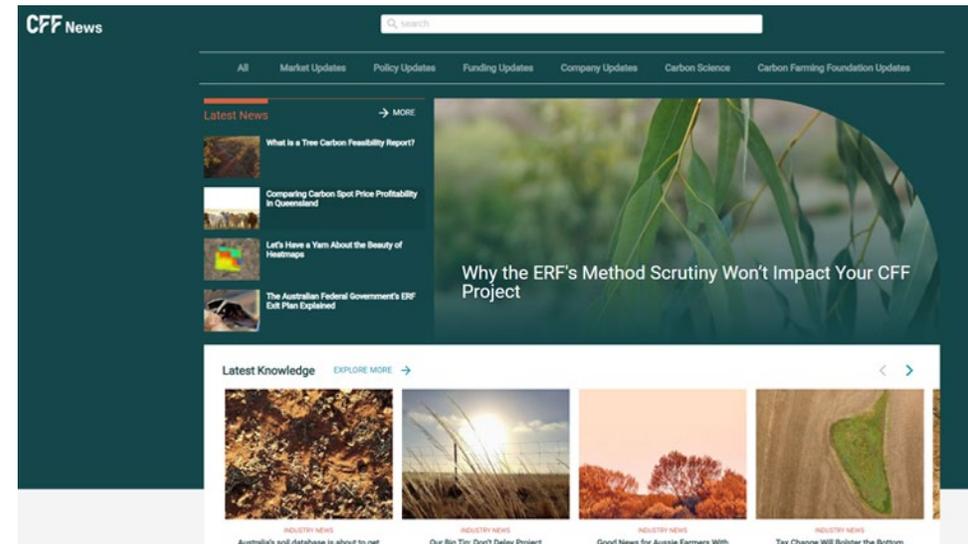
- News and updates on new opportunities in the sector, such as co-benefit programs and funding.
- Video tutorials, podcasts, practical learning content, training opportunities and resources.
- Regular updates on any regulatory changes to carbon farming methodologies which may impact your project.
- Land Management Strategy (LMS) template, Quote request template, Emissions calculation template, Reporting templates and more.
- Simple project guide for your chosen methodology, Project approvals guide, Ongoing project management & compliance guide, Reporting guide etc.

Network of Contractors, Trading & Funding Partners

Trusted industry professional at your fingertips.

Throughout the project we connect you to vetted opportunities for project funding, carbon trading, offtake agreements and high-quality third-party service providers or specialists, as required.

We source from a national network of proven trusted partners which include agronomists, foresters, reforestation consultants, advisors, seed collectors, nurseries, machinery operators, tree planting crews, soil samplers and more.



<https://news.carbonfarming.org.au/>



What Exactly is Included in Our DIY Carbon Toolkit...

Project Management Software

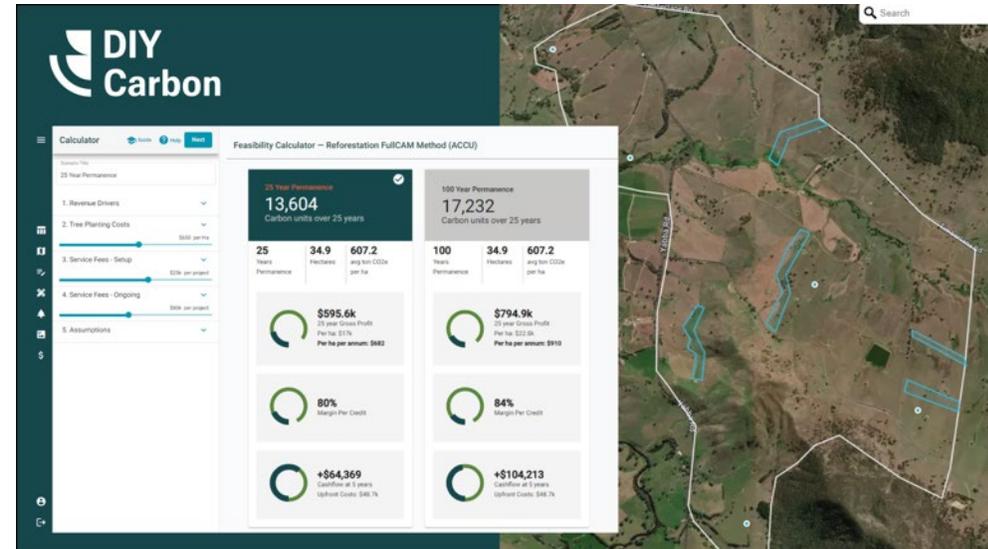
We're building a project management software platform called DIY Carbon to streamline our services.

Current DIY Carbon features:

- Scope your options with free feasibility and farm assessment tools.
- Scout the carbon potential of new acquisitions.
- Zero in on high carbon yields using heat mapping.
- Easily compare scenarios to enhance project profitability.
- Verify project costs based on real quotes and market analysis.

When fully developed DIY Carbon features will include:

- Simple mapping tools (no need for GIS specialists).
- Management alerts and compliance calendar.
- Integration with a range of existing software, sensors and farm management tools for data capture and analytics.
- Integration with accreditors, for 1-click reporting.
- Tools to secure project funding, engage sub-contractors, purchase inputs and trade carbon.
- Seamless management of your portfolio of carbon projects within one easy to use platform.



Try a teaser [here!](#)





Our approach

A farmer-first delivery model

Giving a fair go

As a not-for-profit, we don't pull the wool over your eyes. There are no sneaky legal clauses, lock-in contracts or hidden costs. The more you roll your sleeves up, the more profits you earn.

Diversification made easy

We make it easier and cheaper to build carbon into the existing operation. We make sure that your project is following all necessary compliance regulations.

Skin in the Game

We go to bat for farmers, working to navigate compliance standards and regulations for the long haul of a project. We share the risk of crop failure. When you succeed, we succeed.

Real results

Most of our team grew up farming, so we understand how farming businesses are operated. We help find practical solutions to overcome any potential snags during the project. We want to help you generate real yields from a carbon crop.

What sort of project might work for you?

Before we get into the nitty-gritty of a real-life carbon project, here are the general nuts and bolts of the different types of projects we cover at CFF.

| Carbon Project | Native Tree Carbon | Soil Carbon | Plantation Forestry |
|---------------------------|---|--|---|
| Methodology | Reforestation by environmental or mallee plantings FullCAM Method | Estimating soil organic carbon sequestration using measurement and models method 2021 | 2022 Plantation Forestry Method |
| Activity | Plant new native trees to grow a permanent forest <ul style="list-style-type: none"> • Shelterbelts • Wildlife corridors • Must reach 2m high • 20% crown cover | Store additional carbon in the soil <ul style="list-style-type: none"> • Add one or more new activities to your existing farming practices • Range of eligible activities include: stubble retention, no-till, cover cropping, using legume species, soil amelioration, changed grazing management etc | Hardwood and softwood. Sawlogs or pulp <p>There are 4 options:</p> <ul style="list-style-type: none"> • Establish new plantation • Convert existing plantation from short to long rotation • Avoid conversion of forest to non-forested land • Transition to permanent forest |
| Land type | <ul style="list-style-type: none"> • No forest cover in last five years • Can support a forest | <ul style="list-style-type: none"> • Pasture, crop or fallow • No forest cover in last five years | <ul style="list-style-type: none"> • Cleared land, or • Existing plantation |
| Carbon measurement | <ul style="list-style-type: none"> • Modelled and verified | <ul style="list-style-type: none"> • Measured and verified | <ul style="list-style-type: none"> • Modelled and verified |
| Project Lifetime | <ul style="list-style-type: none"> • 25 or 100 years | <ul style="list-style-type: none"> • 25 or 100 years | <ul style="list-style-type: none"> • 25 or 100 years |

Example 1

200 Hectare Native Planting Project in New England, NSW

Modelled and verified FullCAM method

Project details:

| | |
|-------------------------|--|
| Property size | 3,000 Ha. |
| Project size | 200 Ha. |
| Project goal | Drawdown 369 tonnes of carbon per Ha across project lifetime (FullCAM modelled yield). |
| Project strategy | Plant shelter-belts and wildlife corridors. Trees in the ground for 25 years or more. |
| DIY opportunity | To reduce costs, landowner will do site-prep and are taking on project coordination. |

Profit:

| | | |
|--|-------------|-------------|
| Average carbon price over 25 years** | \$30 | \$50 |
| Landowner carbon units over 25 years* | 46,070 | 46,070 |
| Gross profit at 25 years | \$950k | \$1.9M |
| Gross profit per hectare per annum, over 25 years | \$190 | \$384 |
| Cost to produce each carbon credit | \$8.90 | \$8.90 |
| Upfront cost | \$383k | \$383k |
| Additional lifetime costs | \$160k | \$160k |

* Factors in 10% tree failure rate, and 100 credits per year + 2.5% of credits to CFF

** See www.accus.com.au to make your own price assumptions.

Example 2

2,000 Hectare Soil Carbon project in the Great Southern region of WA

Modelled and measured method

Project details:

| | |
|-------------------------|--|
| Property size | 9,700 Ha. |
| Project size | 2000 Ha. |
| Project goal | Increase soil organic carbon by 0.29% across project lifetime, drawing down 82.5 tonnes of carbon per Ha. |
| Project strategy | Planned stubble retention, no till practices, multi-species perennials, rotational grazing and the application of nutrients across 25 years. |
| DIY opportunity | To reduce costs, landowner will write their own Land Management Strategy using CFF template, coordinate project and keep detailed project records to limit consultant site visits. |

Profit:

| | | |
|--|-------------|-------------|
| Average carbon price over 25 years** | \$30 | \$50 |
| Landowner carbon units over 25 years* | 400,740 | 400,740 |
| Gross profit at 25 years | \$11M | \$19M |
| Gross profit per hectare per annum, over 25 years | \$222 | \$382 |
| Cost to produce each carbon credit | \$2.28 | \$2.28 |
| Upfront cost | \$159k | \$159k |
| Additional lifetime costs | \$780k | \$780k |

* Factors in 100 credits per year + 2.5% of credits to the CFF.

** See www.accus.com.au to make your own price assumptions.

Example 3

558 Hectare Plantation Forestry project in Gippsland, VIC

Modelled and verified FullCAM method

Project details:

| | |
|-------------------------|--|
| Property size | 620 Ha. |
| Project size | 558 Ha. |
| Project goal | Drawdown 178 tonnes of carbon per Ha across project lifetime (FullCAM modelled yield). |
| Project strategy | Establish a new 30-year (long-rotation) plantation of native trees. Plantation activities to be maintained for 25 years or more. |
| DIY opportunity | To reduce costs, landowner will coordinate the project. |

Profit:

| | | |
|--|-------------|-------------|
| Average carbon price over 25 years** | \$30 | \$50 |
| Landowner carbon units over 25 years* | 56,497 | 56,497 |
| Gross profit at 25 years | \$1.4M | \$2.5M |
| Gross profit per hectare per annum, over 25 years | \$114 | \$204 |
| Cost to produce each carbon credit | \$4.6 | \$4.6 |
| Upfront cost | \$21k | \$21k |
| Additional lifetime costs | \$237k | \$237k |

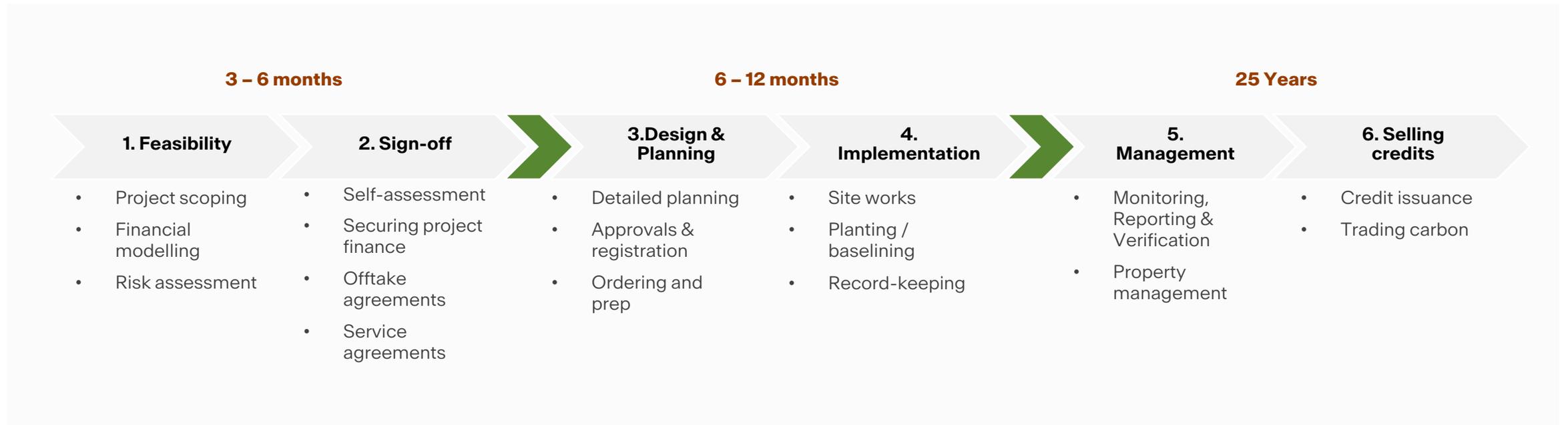
* Factors in 100 credits per year + 2.5% of credits to the CFF.

** See www.accus.com.au to make your own price assumptions.

Project Stages

We break things into a simple step-by-step approach

The chart below shows the stages of a carbon project. Prior to contract signing (stage 1 and 2), The CFF 's services are delivered on an obligation free fee-for-service basis. The % incentive fee share of carbon credits only comes into play after contract signing, for stages 3 – 6.



A Couple More Things...

Control your credits.

We firmly believe that like any other crop, farmers should pocket their yields from their carbon crops.

We make sure the farmer ends up with over 95-100% of the credits and have the freedom to hold them as an asset, trade them, or use them to be carbon neutral.

Under our standard DIY partnership-based model:

- You incur all project costs, own the project and retain over 95-100% of the carbon credits.
- Project finance or forward contracts on carbon credits are options at your discretion.
- We only ask landowners to chip in 100 carbon credits per annum + 2.5% share of the overall carbon credits as an incentive fee, and those credits only are transferred at each successful credit issuance.
- We provide services to the project on a fee-for-service basis.
- For farmers who want to keep 100% of their carbon credits, we also allow to instead pay us fees in lieu of this share of carbon credits, based on the market value at time of issuance.

Skin in the game.

It makes sense to align all partners to the long-term goals of the project with success-based incentives. Our standard contracts also ensure that each party bears any carbon liability risks or project failure risks associated with their own % share of the carbon credits. Fair is fair.

No lock-in contracts.

We're nipping long term lock-in contracts in the bud. Our agreements give you transparent exit pathways to cancel the project or our services at any time. There is some reasonable compensation paid to partners for voluntary project cancellation.

Want someone else to do the admin?

The DIY Carbon Farming Model needs someone on the ground who can oversee project admin and drive the software program. While it is simple and easy to use, in some instances the farmer may prefer not to manage the software or project.

In this case, you have two options:

Certified Delivery Partners:

You can engage a locally based Delivery Partner for strategic support and coordination over the project lifetime. This is an in-depth role. Normally we would expect the Delivery Partner to earn service fees and/or a 5% share of carbon credits as a success incentive. But really it is up to you.

Certified Service Providers:

If ad-hoc support is a preference, a range of Certified Service Providers are available who can provide admin assistance on an hourly rate basis to the project. We are training a whole team of regional bookkeepers to administer our software and provide phone-based support to CFF carbon projects.

A Few Of Our Clients...



"The CFF provided practical and self-explanatory resources to get our project started. They broke down the design and planning stages of our project into a simple step-by-step process."

James Wentworth- ProTen

"CFF have provided the essential tools, resources, and support to build our understanding of carbon farming and developed our capacity to deliver our own projects."

Leandro Ravetti- Cobram Estate Olives

Keen to explore things further?

Please reach out to us via:

hello@carbonfarming.org.au

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We collate and send the most relevant Australian carbon industry news and critical resources straight to your inbox.

Sign up [here](#).

