

2022
SOYBEAN
SUMMIT

ILSOY
ADVISOR

CHECKOFF ALL
YOUR BOXES.

#2022SoybeanSummit

Funded by the Illinois Soybean Association Checkoff Program.



Carbon Markets and the Soil and Water Outcomes Fund

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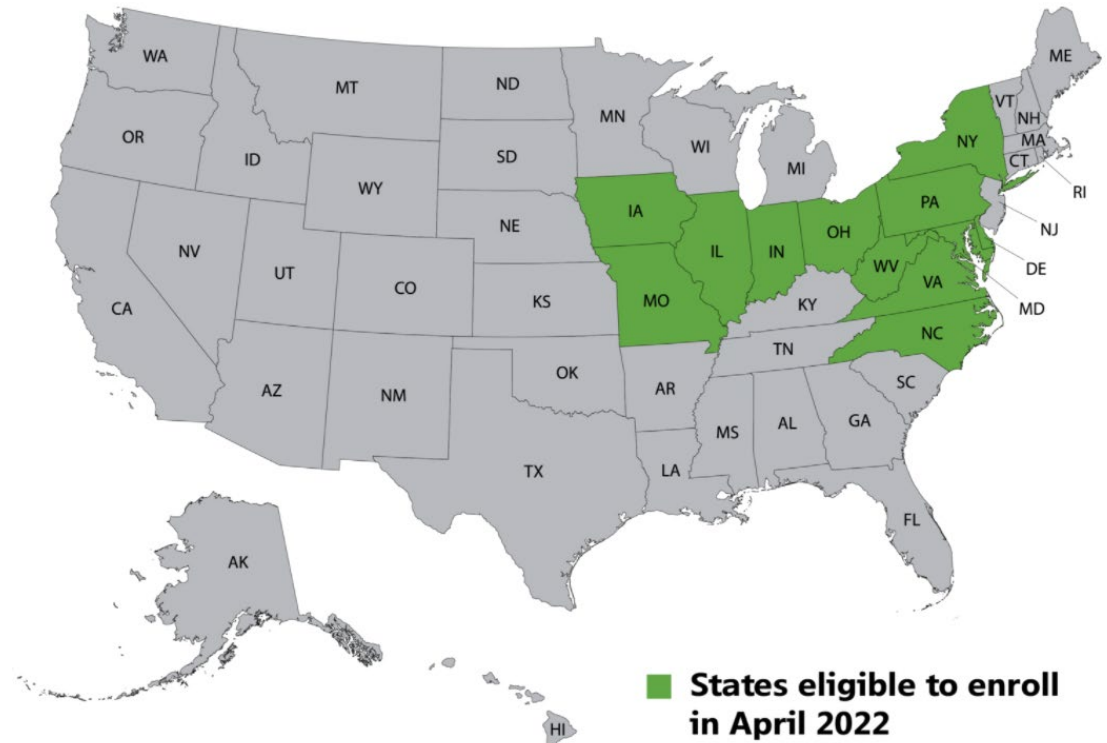


About the Soil and Water Outcomes Fund



We provide financial incentives to farmers to implement new conservation practices and sell the resulting verified carbon and water quality environmental outcomes to public and private entities that benefit from them.

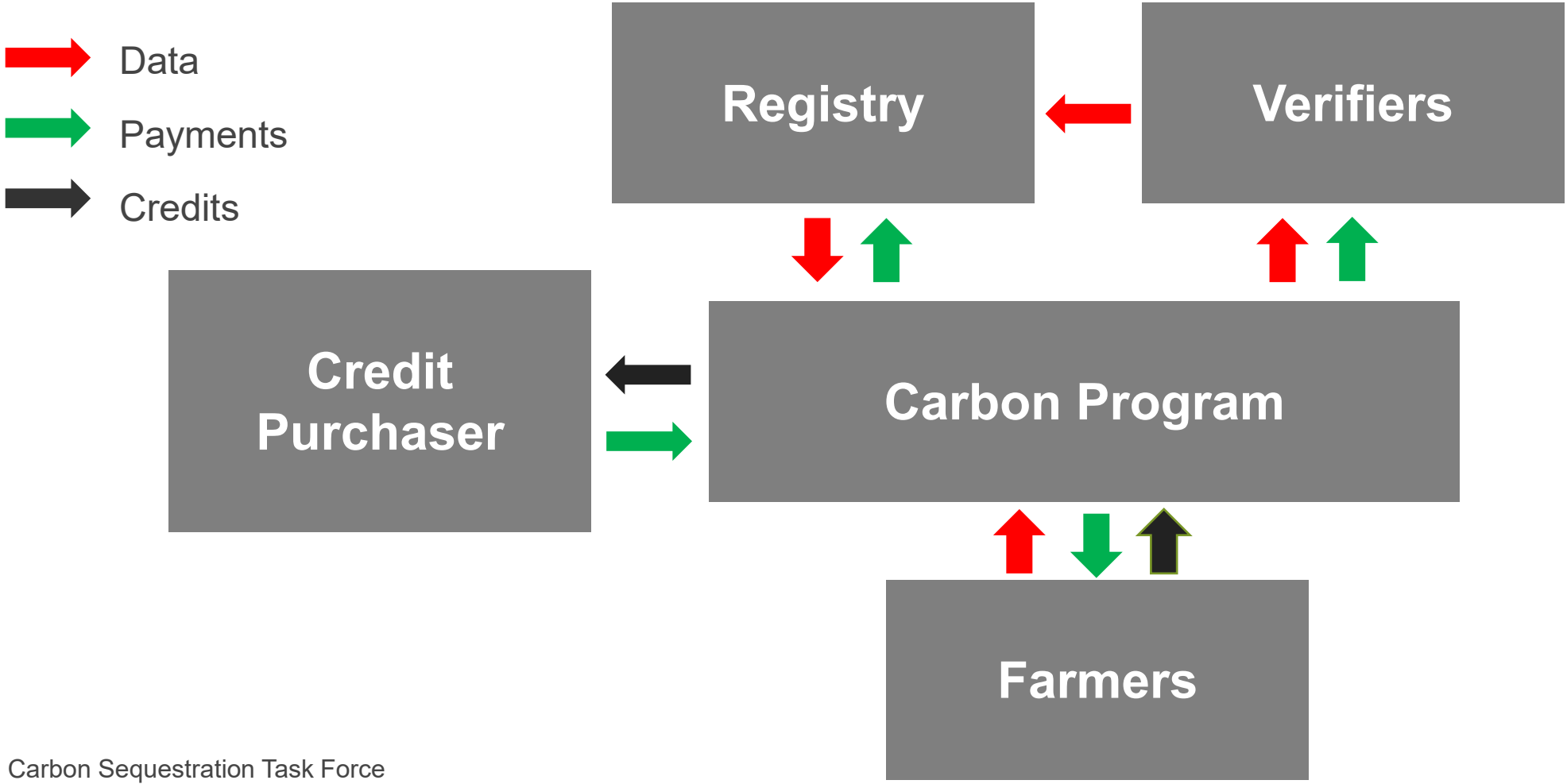
Operated by AgOutcomes (a subsidiary of the Iowa Soybean Association) and ReHarvest Partners



Carbon Programs/Markets

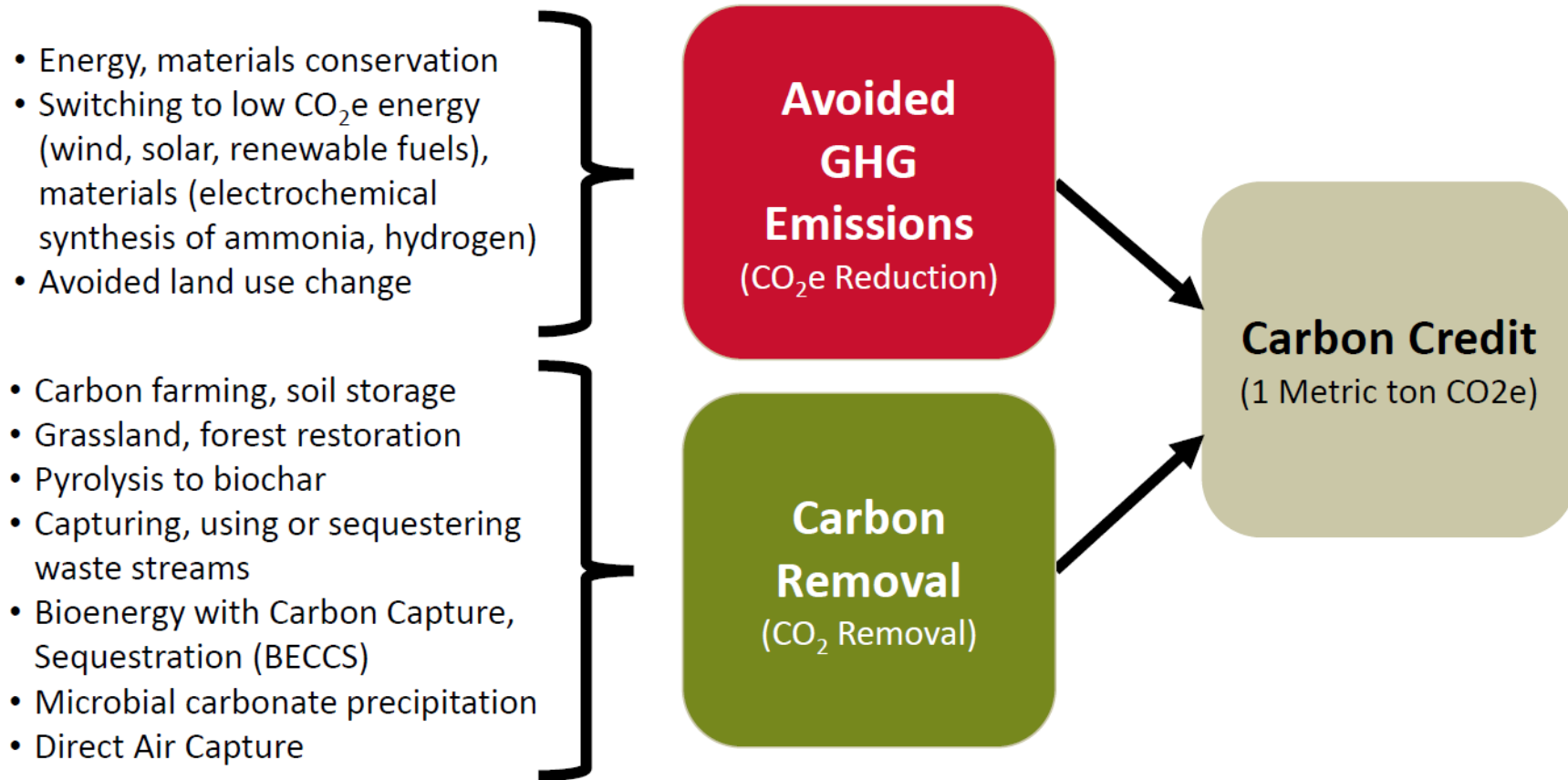


Carbon Market Structure



Source: Iowa Carbon Sequestration Task Force

What is a Carbon Credit



Source: Iowa Carbon Sequestration Task Force

Not all Carbon Credits are the same

Inset Credit:

A carbon credit secured through investment within the supply chain of an entity.

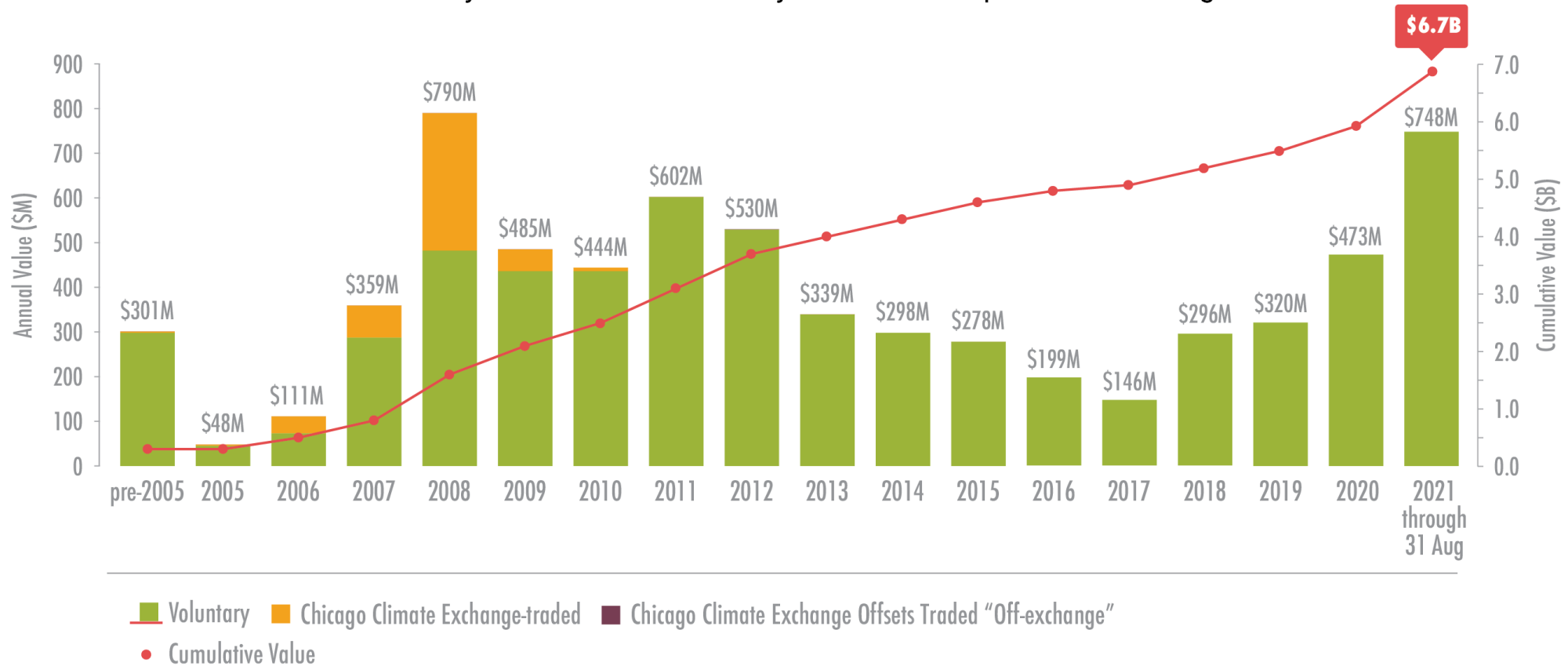
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Offset Credit:

A carbon credit is generated outside of a country or company supply chain to compensate for the country's or company's emissions.

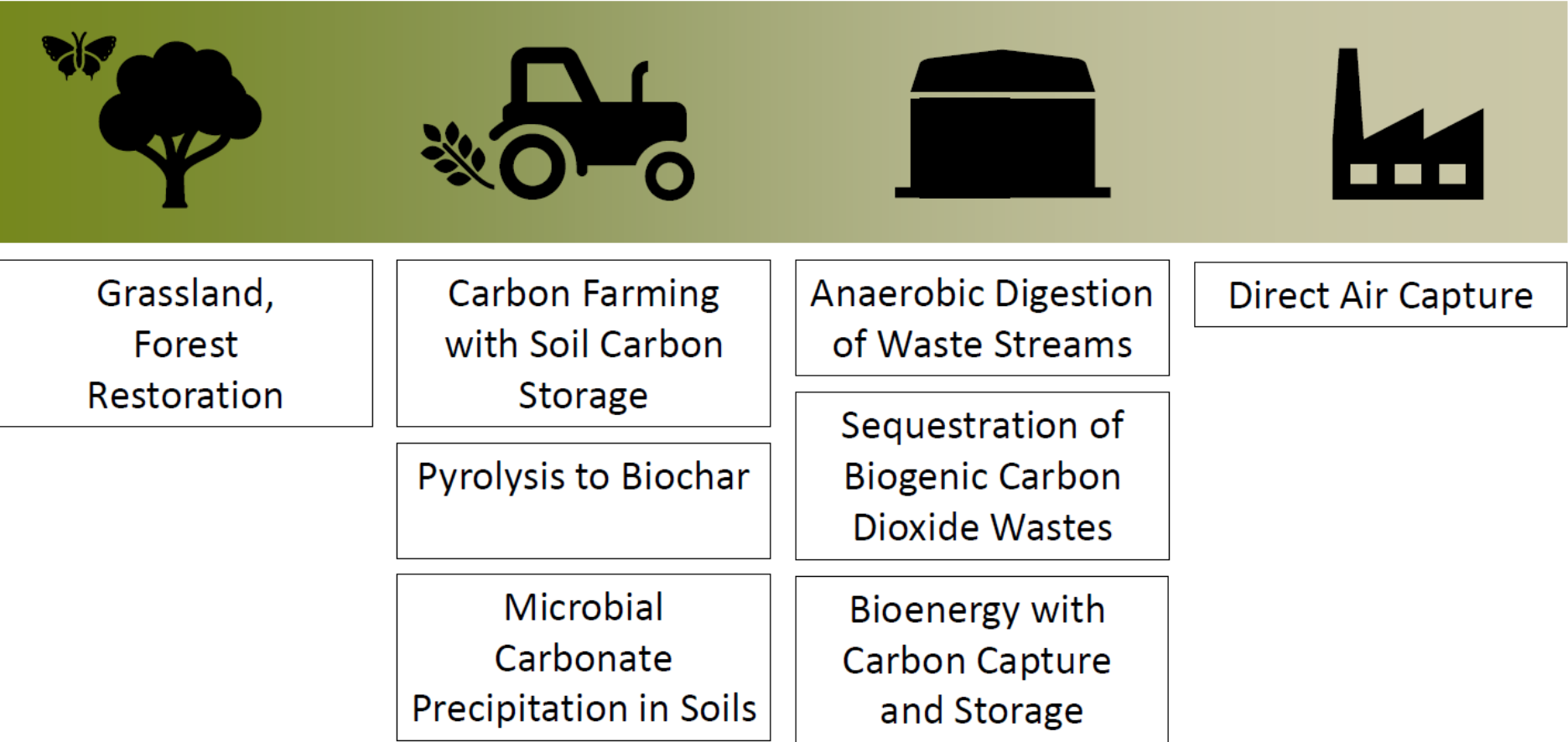
Voluntary Carbon Market Traded Volumes

Market Size by Traded Value of Voluntary Carbon Offsets, pre-2005 to 31 August 2021



Source: Forest Trends' Ecosystem Marketplace, 2021.

Generating Carbon Credits



Source: Iowa Carbon Sequestration Task Force
Adapted from Dan Sanchez, UC-Berkeley

Generating Carbon Credits on Farms

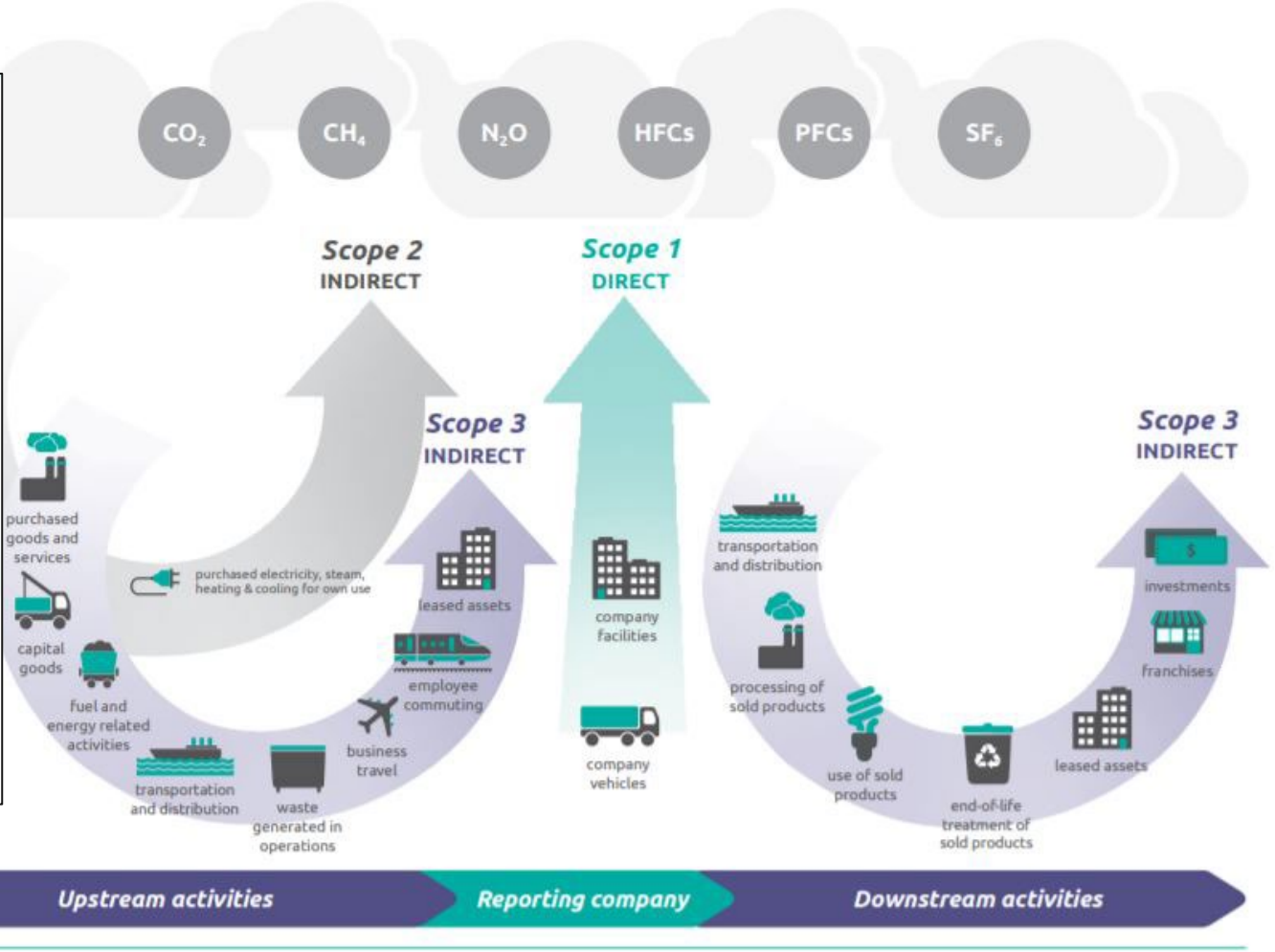
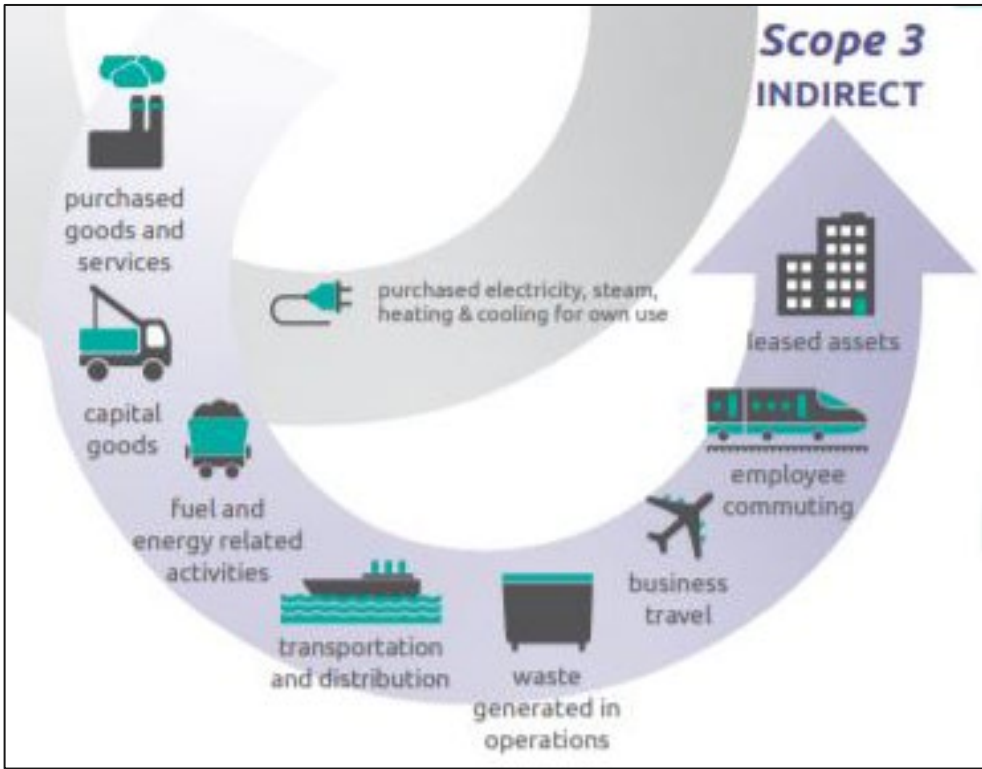
Reductions

- Nitrogen Use Efficiency
- Lower Fuel Usage
- Digesters

Removals

- Cover Crops
- Diverse Crop Rotations
- Reduced Till
- Continuous Cover

Corporate GHG Accounting



Corporate Sustainability Commitments

- Corporate Pressure Points
 - Investor pressure
 - Customer/end-user pressure
 - Internal pressure/employee retention
 - Activism
 - Securities Exchange Commission
- Good and services produced on farms and the associated emissions are included in corporate GHG footprints.
- In some cases, over 80%+ of company GHG emissions are tied to agricultural production

Corporate Commitments – Fortune 500

3M	Citigroup	HP	Pfizer
Alphabet	Coca-Cola	Intel	Philip Morris International
Amazon.com	CVS Health	Johnson & Johnson	Procter & Gamble
American Express	Dell Technologies	JPMorgan Chase	Schlumberger
Anthem	Delta Air Lines	Lowe's	Starbucks
Apple	Dow	MetLife	Target
AT&T	Facebook	Microsoft	Tyson Foods
Bank of America	Ford Motor	Mondelez International	Verizon Communications
Best Buy	General Motors	Morgan Stanley	Walmart
Capital One Financial	Goldman Sachs Group	Nike	Wells Fargo
Cisco Systems	Hewlett Packard Enterprise	PepsiCo	

Source: Visualizing the Climate Targets of Fortune 500 Companies

Government Commitments

“We’re positioning U.S. farmers, ranchers and forest landowners as **leaders in addressing climate change, while at the same time creating new market opportunities** for them through pilot projects that invest in science, monitoring and verification to measure the benefits of climate-smart production practices. Unlocking these markets will be key to tapping into the incentives needed to adopt climate-smart practices on the ground.”

-Sec. Vilsack



Government Oversight

March 28, 2022 12:00 AM | 21 HOURS AGO

SEC takes 'monumental' step on climate disclosure

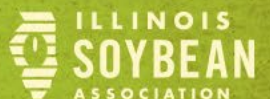
Agency's proposed rule would require public firms to reveal climate-related risks

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Farmer Opportunities & Challenges

- Additionality
- Permanence
- Price of CO₂e relative to conservation practices necessary to achieve soil carbon sequestration or nitrous oxide reduction
- Monitoring, reporting and verification
- Contract terms
- Commodity markets, land tenure, government programs, etc.
- Politics and climate change beliefs

Carbon Forecast

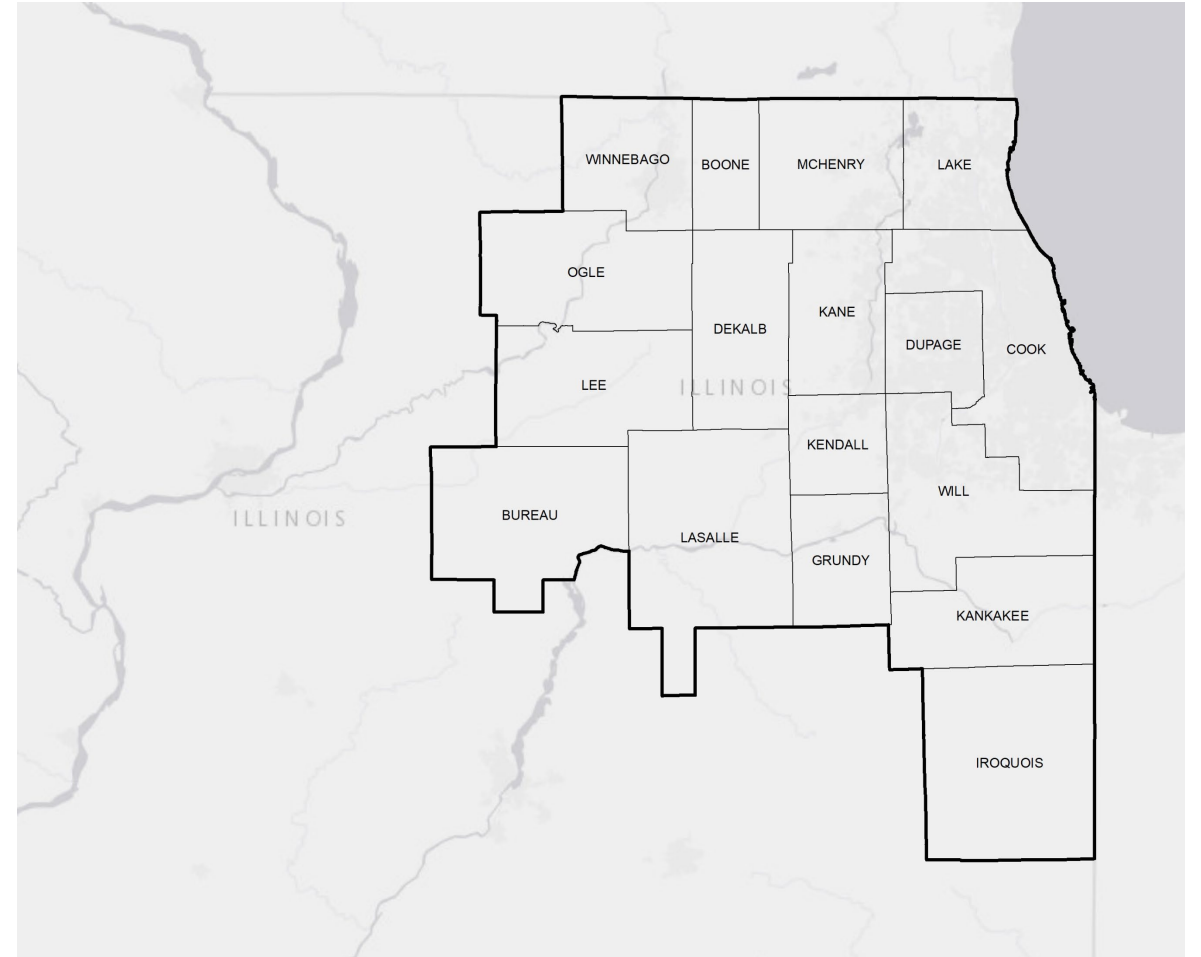
- Increased corporate and government focus on agriculture as a climate solution
- Carbon insets will become a greater focus
- More carbon programs will develop, but at some point, winners will rise to the top
- Carbon price will increase due to growing demand and a limited supply
- Farms with quality data will be benefit most
- Demand for low carbon commodities will increase
- Carbon may eventually be incorporated into the price of commodities

Soil and Water Outcomes Fund



Illinois Enrollment 2022

- Seeking up to 50,000 acres of enrollment
- Payment up to \$40 per acre for carbon and water quality
- Carbon inset buyers include PepsiCo, Ingredion and Nutrien
- Water quality outcomes supported by USDA-NRCS
- Visit www.theoutcomesfund.com to begin the enrollment process





Thank You!

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