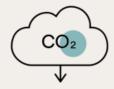


### Compensate's sustainability approach

To ensure both climate integrity and actual impact, Compensate builds sustainability through 3 pillars:



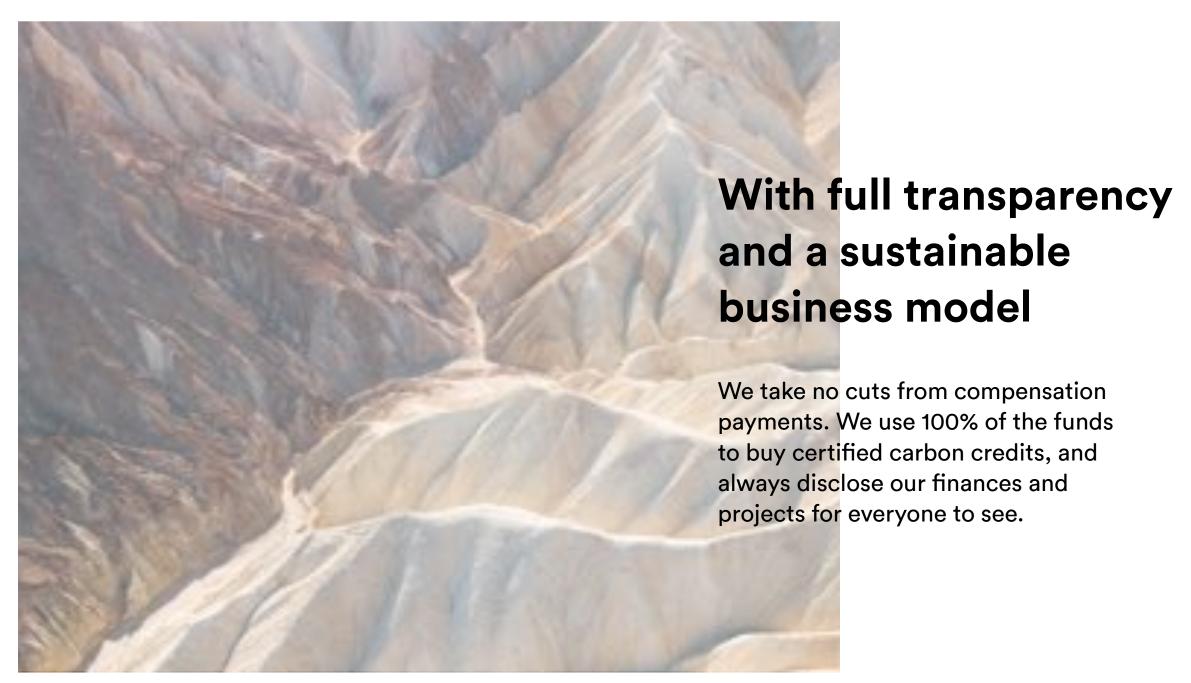
Collaboration with world-renowned climate scientists

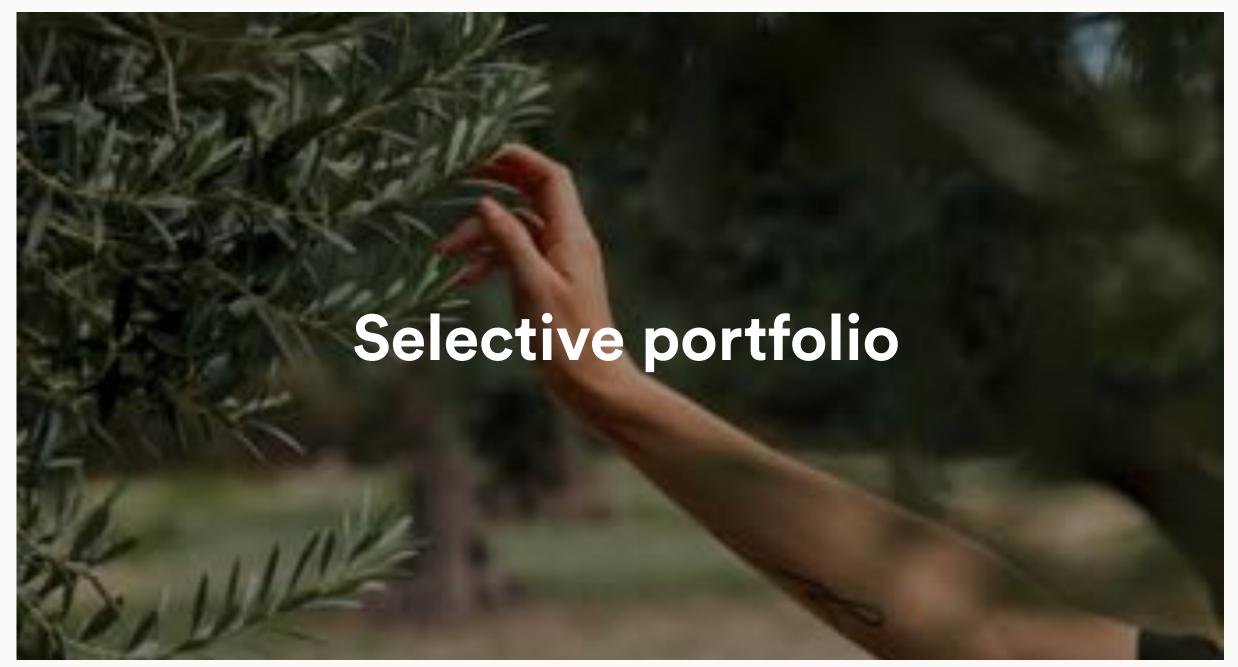


Highly selective portfolio, independent evaluation criteria for projects



High overcompensation





## High impact, low risks: The portfolio approach

Like investment managers manage a fund to deliver the best value, Compensate manages a diverse carbon capture portfolio to deliver the best climate impact. We maximize your investment into carbon capture so you can make a reliable compensation claim.

The majority of the portfolio focuses on forests, and 1/5 is dedicated to innovative carbon capture methods. Each project is evaluated on climate impact, biodiversity, social issues and human rights.

Our unique portfolio approach mixes a wide range of projects with different prices, thus maximizing climate impact. The share of each project in the portfolio is determined by the project's climate integrity score and the price (points/euros). This allows for the most competitive projects in terms of the highest climate impact and price to take a bigger share, thus getting the best value for one's money.

Compensate delivers the best, most reliable impact for your efforts and challenges the whole field to do better.

### Rimba Raya Biodiversity Reserve

Protecting peatland forest from conversion to oil palm plantation. Indonesia.

#### **Community Reforestation**

Supporting local farmers to reforest their lands. Uganda and Kenya.

### Mangrove Restoration and Reforestation

Restoring degraded mangrove forests. Myanmar.

### Snapshot of the portfolio today

#### **Brazil Nut Concessions**

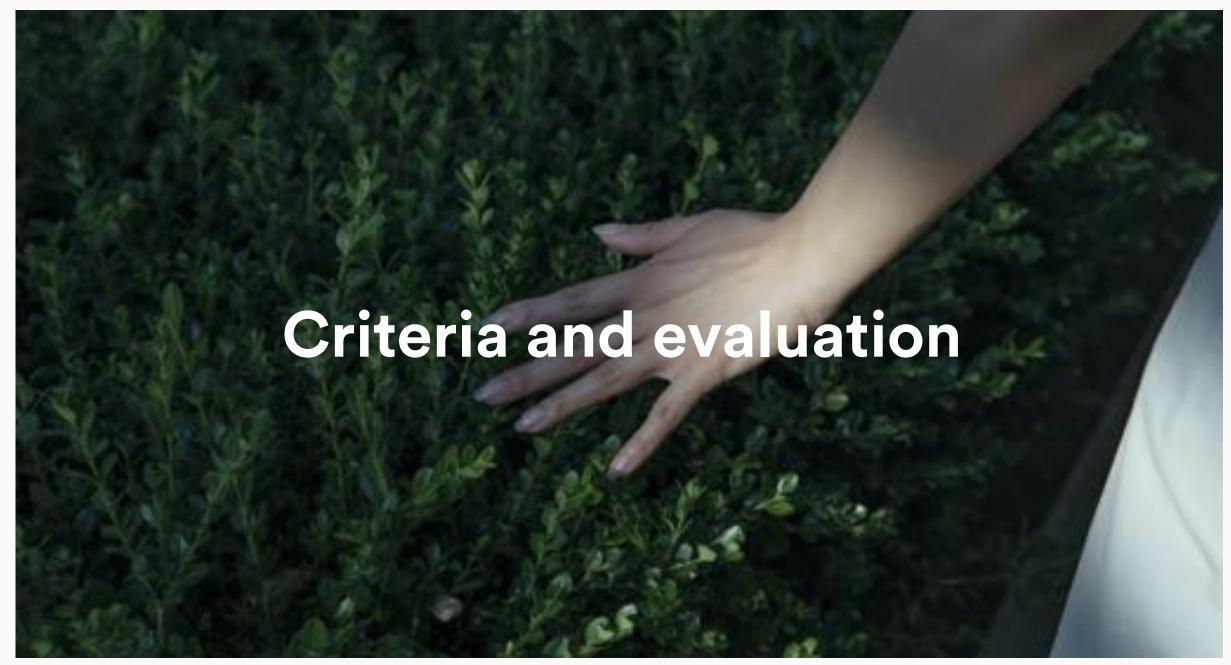
Conservation of Amazon rainforest, sustainable harvest of Brazil nuts.
Peru.

#### WithOneSeed

Supporting and incentivising farmers to reforest. Timor Leste.

#### **Harborview Farms**

Climate smart farming, removing carbon from the atmosphere. USA.

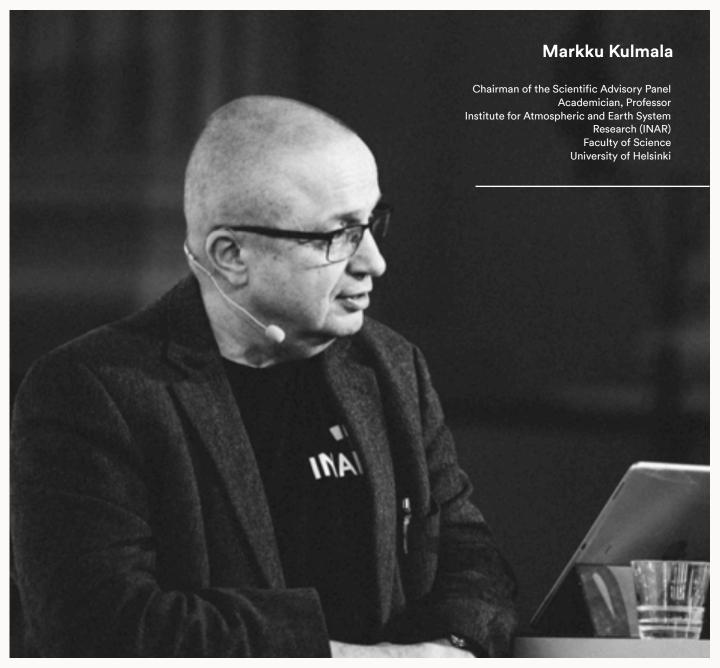


# Scientific Advisory Panel

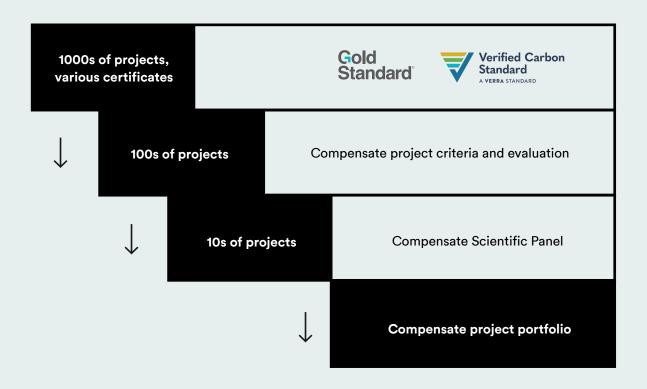
Compensate works closely with academia of the field to make sure we're working with overall high quality carbon capture.

The Scientific Advisory Panel assists
Compensate in identifying the most cost
effective, reliable and sustainable means of
carbon capture. The panel monitors research
and practical applications in the field,
advises on project evaluations, and assists
Compensate in project mapping and carbon
capture issues.

The panel consists of 12 world-renowned professors of climate and atmospheric sciences. It convenes regularly with Compensate, and has an advisory role.



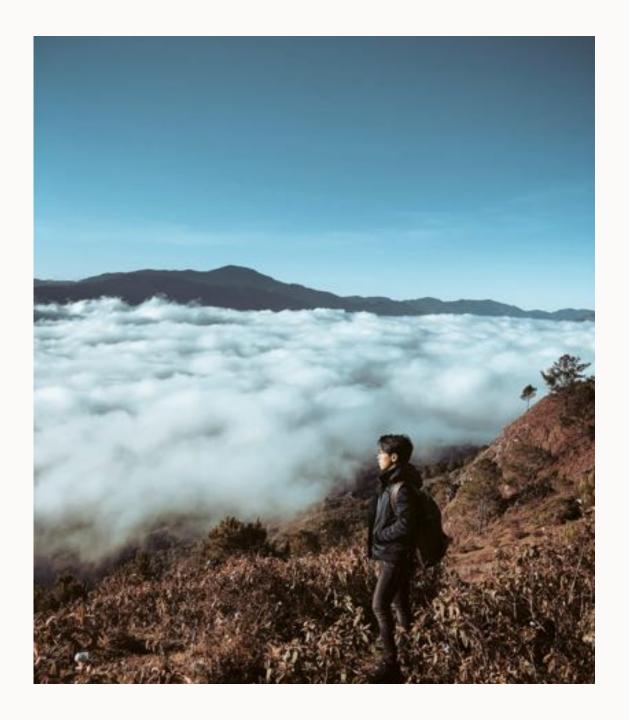
### Independent evaluation and criteria



We want to make sure that all projects from which Compensate buys carbon credits have a positive impact on the climate, but also on biodiversity, human rights, and for local communities.

Compensate's own criteria helps us identify these projects, because it goes beyond international standards. By creating it, we challenge the offsetting field and its current standards. We're not done nor anywhere near finished, and will continue to develop the criteria in the future.

The criteria was created in collaboration with Compensate's Scientific Advisory Panel in the spring of 2020.



Because there are many uncertainties in carbon capture projects, we ensure those uncertainties are tackled. For example, if we evaluate that some risks are not rigorously taken into account or mitigated, we can't be confident that 1 carbon credit equals 1 tonne of CO2 removed from the atmosphere.

That's why we will then buy more credits than would technically be necessary to call what we're doing compensation.



### Why we overcompensate







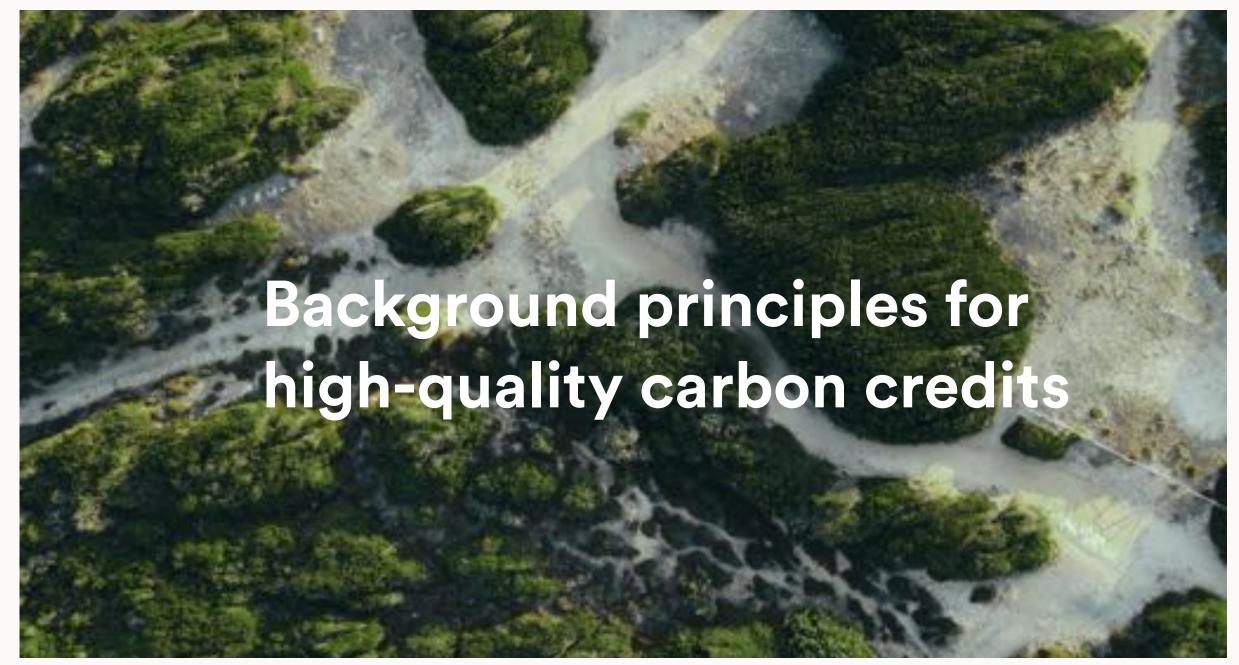
Mitigating carbon debt

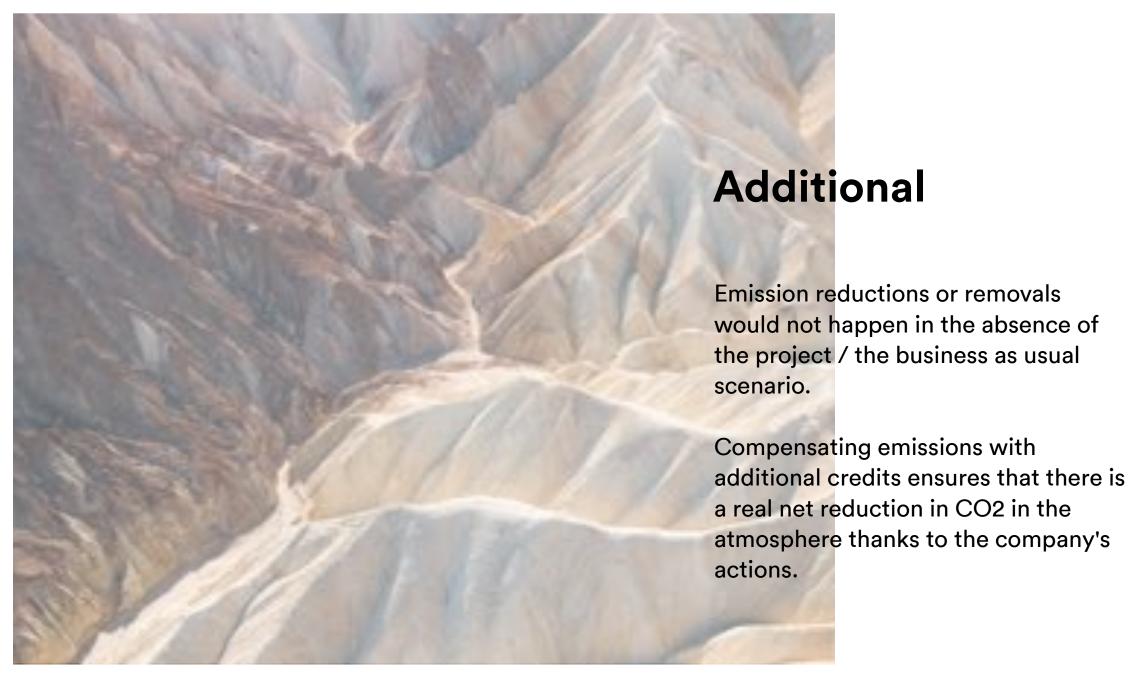
Carbon negative > carbon neutral

Risk management

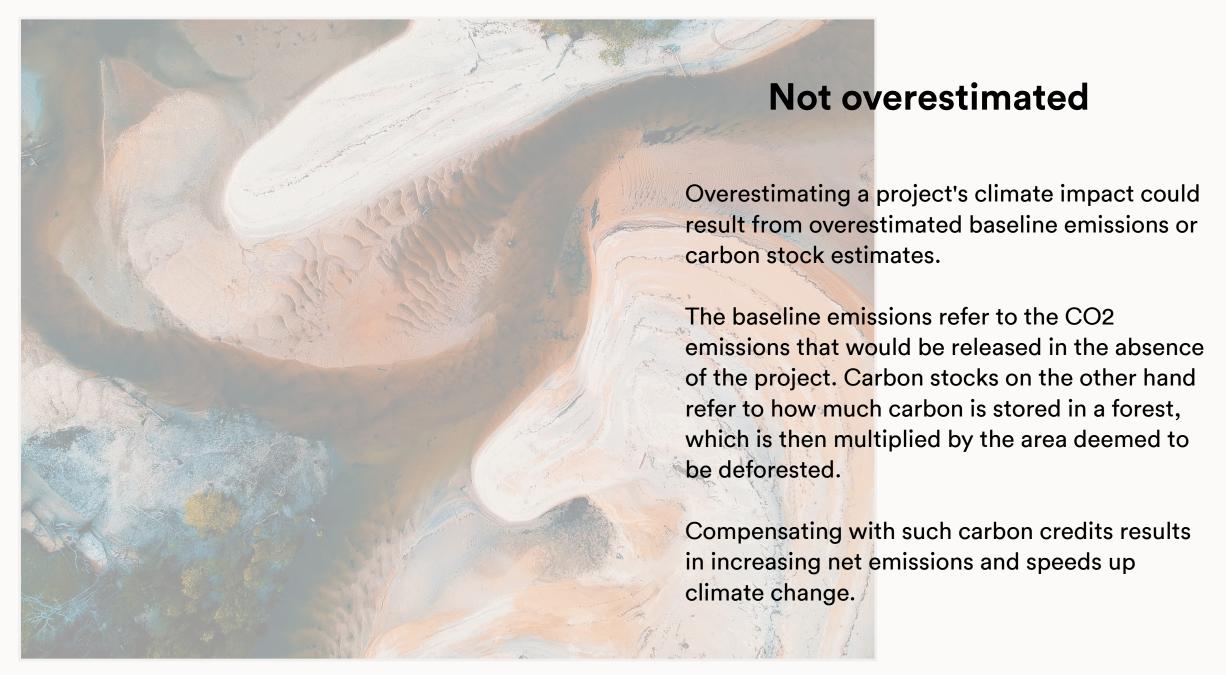
#### Overcompensation is absolutely necessary to save the climate, for three reasons:

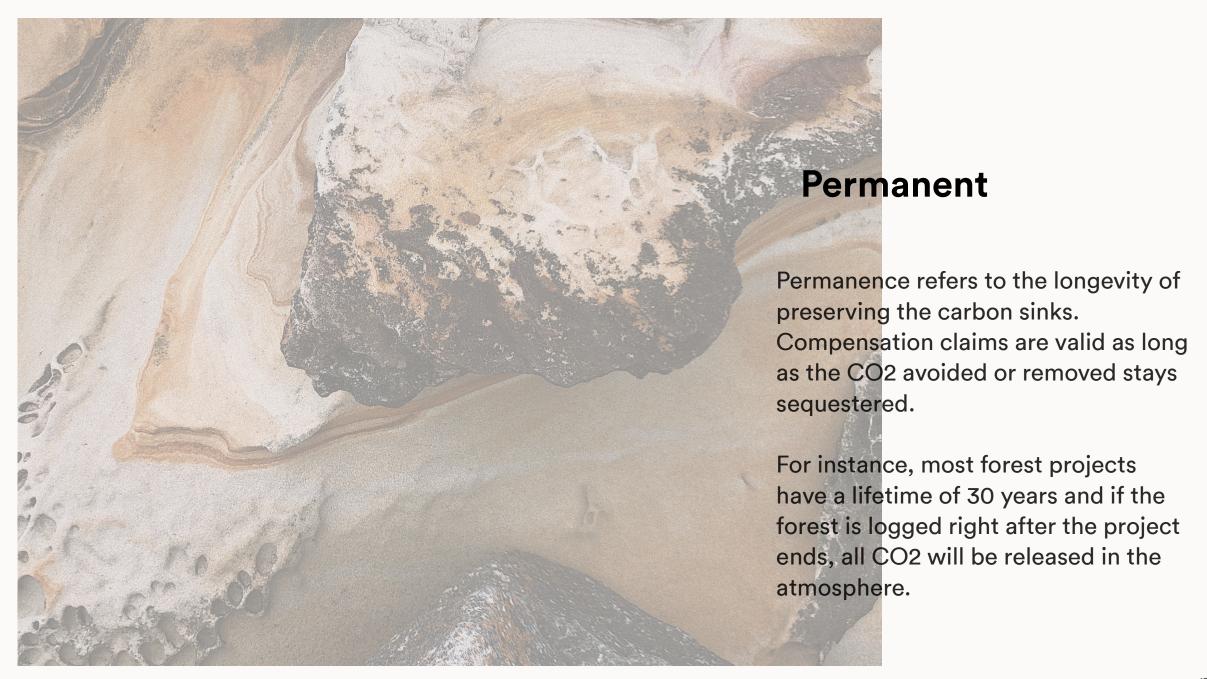
First, 1:1 compensation only achieves carbon neutrality at best, it does not remove CO2 from the atmosphere. Second, we have a historical responsibility to remove CO2, because the "safe level" of 350 ppm was surpassed in 1987. Lastly, overcompensation mitigates the climate integrity risks involved in all carbon capture projects and the uncertainties in carbon footprint calculations.

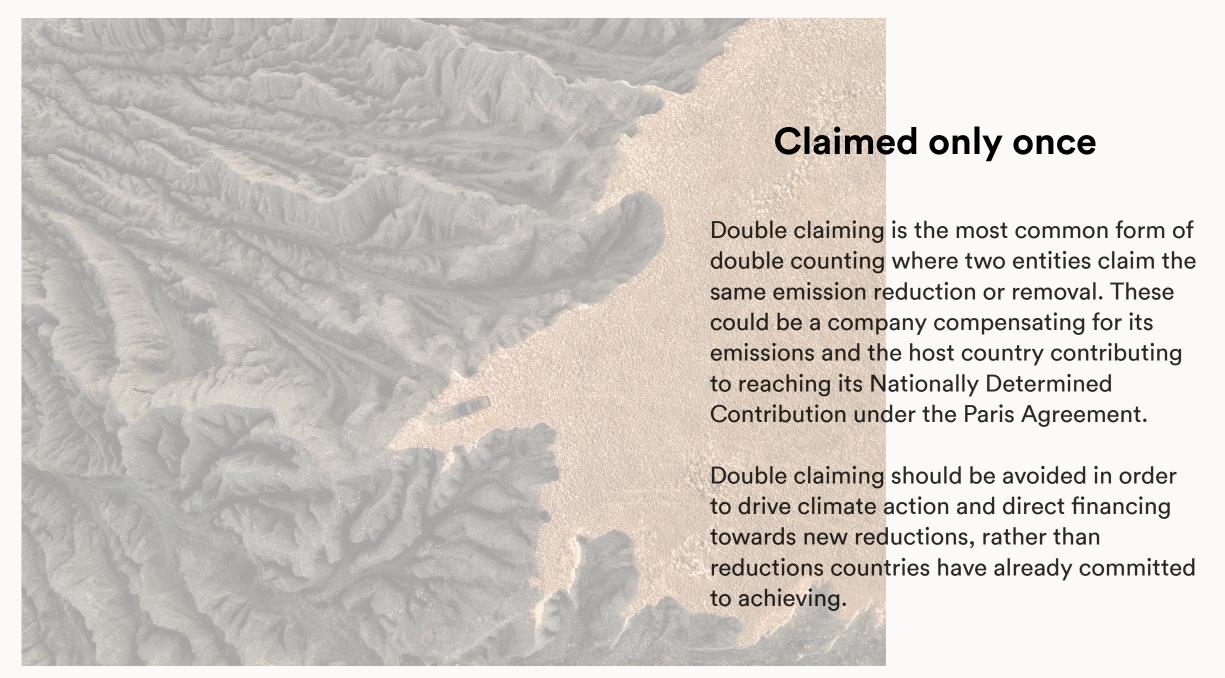


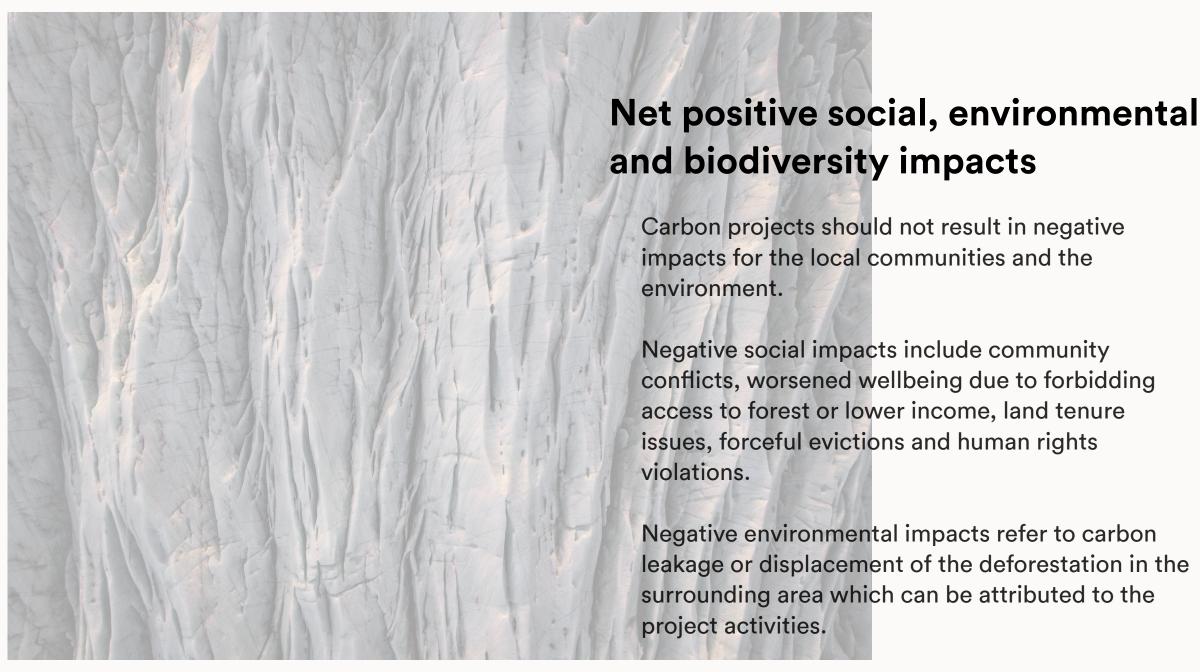


Compensate - Confidential

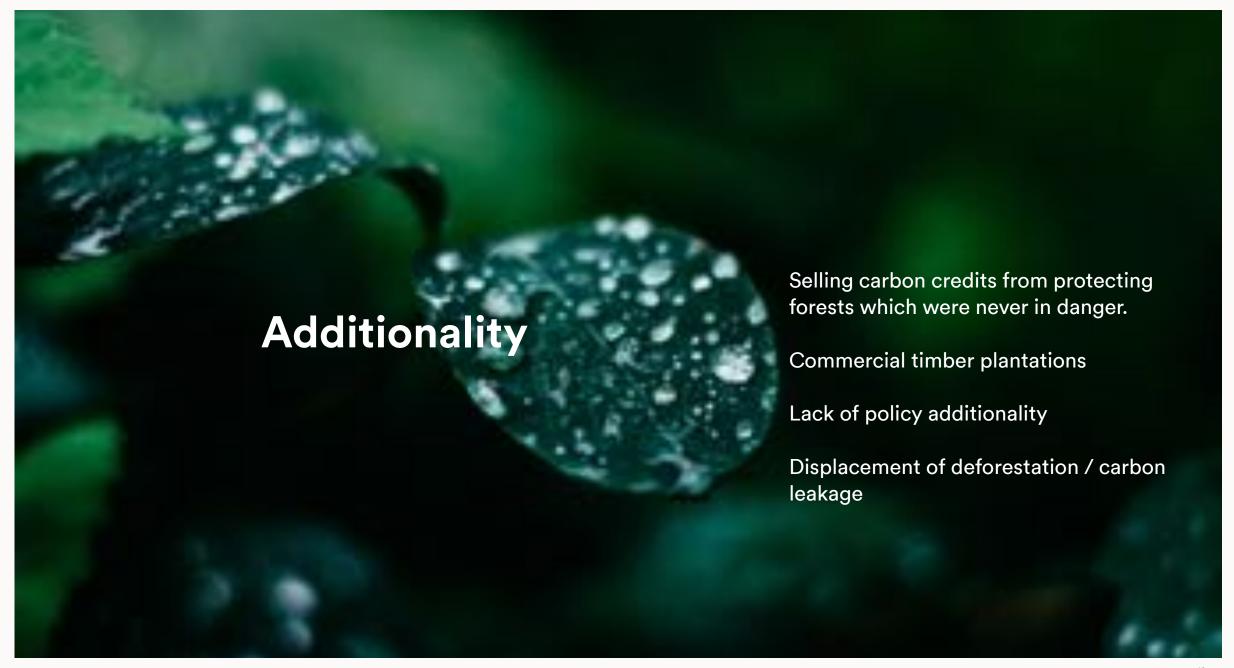


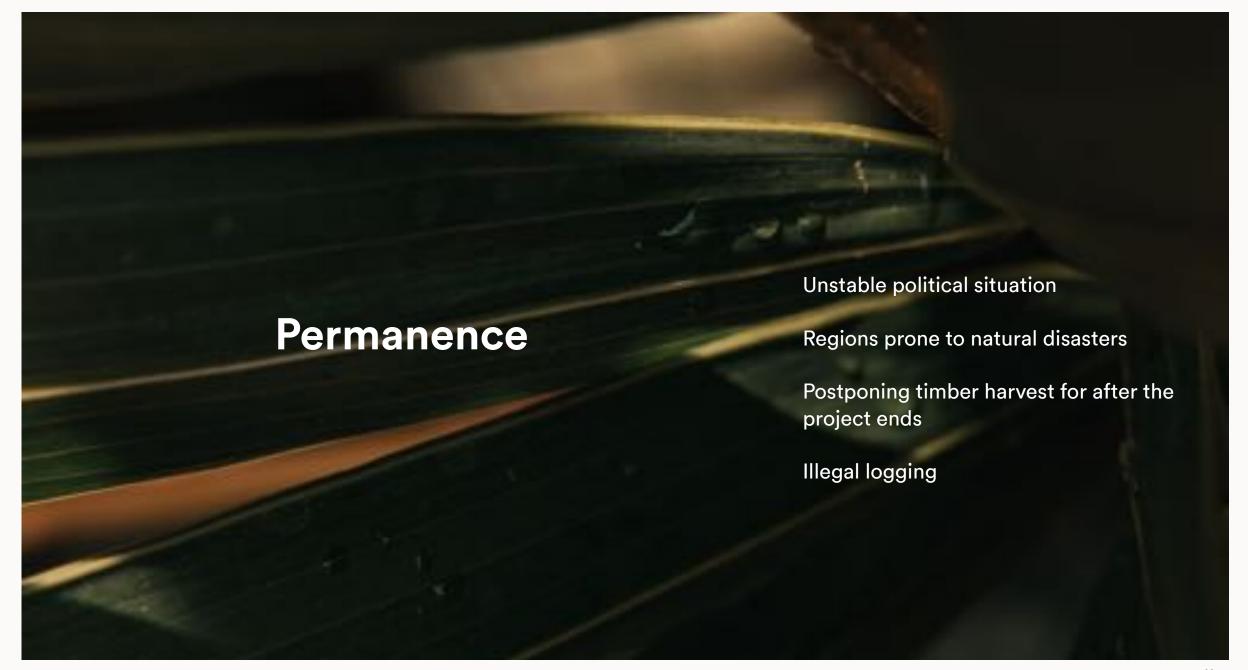


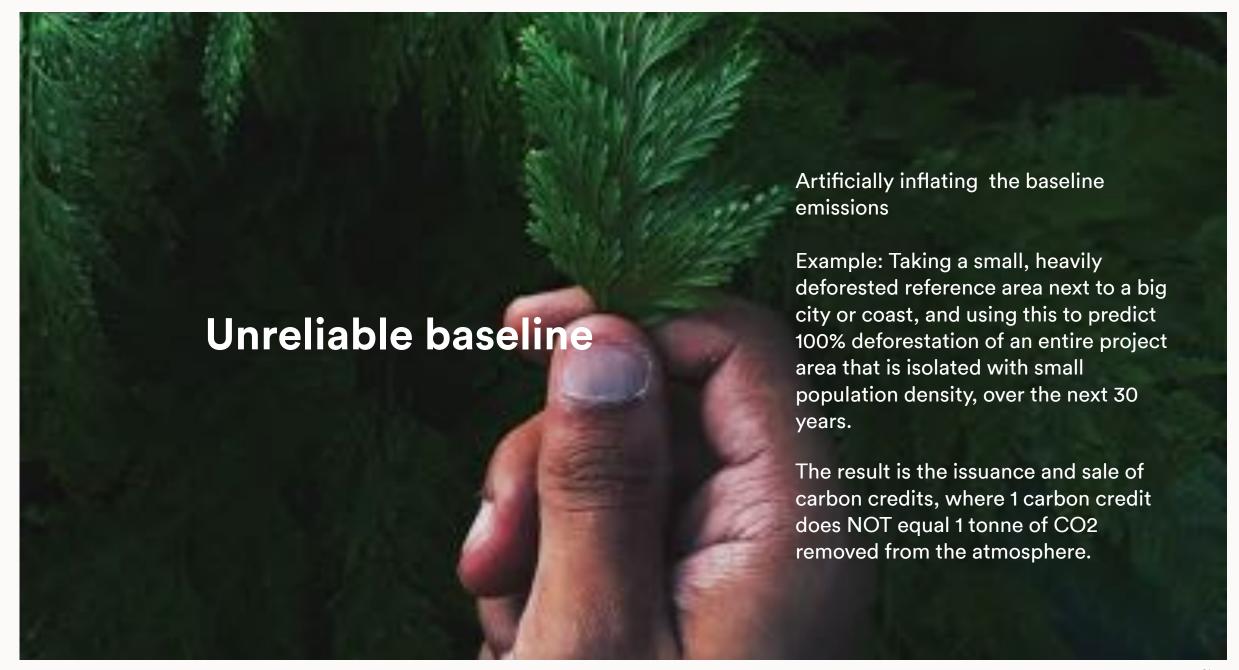
















### Task Force on Scaling the Voluntary carbon market

A private sector-led initiative led by Mark Carney - the former governor of the Bank of England.

Aiming at scaling transparent, verifiable and robust voluntary market to help meet the goals of the Paris Agreement.

Market expected to increase 15-fold by 2030 in comparison to 2019 (300m).

Demand is driven by corporate net-zero targets.



#### Taskforce members

#### Buyers



























Bank of Reserves \*\*
Marriel Lynch

















(also a supplier)





















Platts

























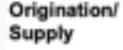












Standards &

Integrity



(also a buyer)

















#### Observers



















### Core Carbon Principles and attribute taxonomy

To ensure credits of high integrity and allow for reference contracts to be developed

### Core carbon reference contracts

Driving a transparent price signal, price risk management and supply-chain financing Infrastructure: trade, post-trade, financing, and data

Supplier scale-up, the backbone for trading, transparent market and reference data

# Six topics for action

# Consensus on legitimacy of offsetting

For achieving net-zero targets across all market actors

### Market integrity assurance

Processes to ensure marker fairness, efficiency, transparency and reduce risk of fraud

### Demand signal

Through industry-wide commitments and new point-of-sale offerings

### Main things we find problematic in the report

"Setting of core carbon reference contract and its price."

Prices need to be set high enough. This in turn will encourage industries to reduce emissions and decarbonize. A price that is too low will incentivize companies to continue with business-as-usual and reach for low-cost carbon credits to offset their emissions.

"Low prices lead to worry over quality or create the perception that there is a lack of confidence in the market."

Low-priced credits should not automatically be associated with low quality, nor high-priced credits with higher quality. Increasing prices of low-quality credits will not make them better. "All carbon credits should be issued based on realistic and credible baselines."

While the report recommends a defensible, conservative, credible baseline and regular recalculations to create a "reliable" baseline, it doesn't define what a reliable baseline is.

### Main things we find problematic in the report

"Taskforce will not exclude projects based on vintage/project start date."

The market is currently saturated with hundreds of low-quality forest conservation projects.

If the Taskforce will not exclude existing projects, it must ensure old projects comply with new rules. "In the longer term, flows will have to shift towards removals incl. technology based removal (BECCS & DACCS)"

We do not support the use of bio-energy for carbon capture. Trees are much more valuable as carbon sinks or as an alternative to fossil-based materials, rather than as energy.

DACCS is expensive and difficult to scale, so it is misleading to be presented as a silver bullet.

"Taskforce does not take a view on double counting."

The Taskforce recognises the double counting issue to some extent, but falls short in providing clear recommendations to solve it.



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