

The Green Inset+ Fund

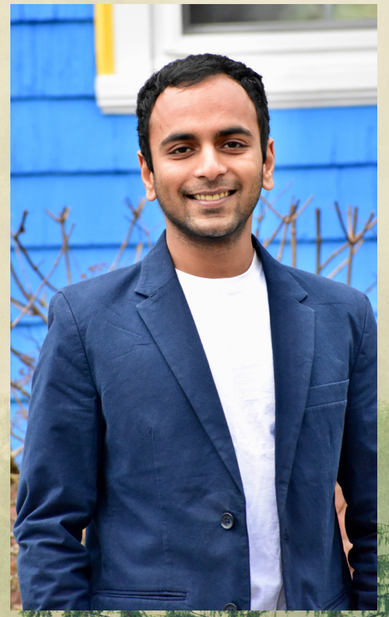
Catalyzing Value Chain Decarbonisation

April 2024

Meet the Team

Ishaan Ajay
Director, Projects

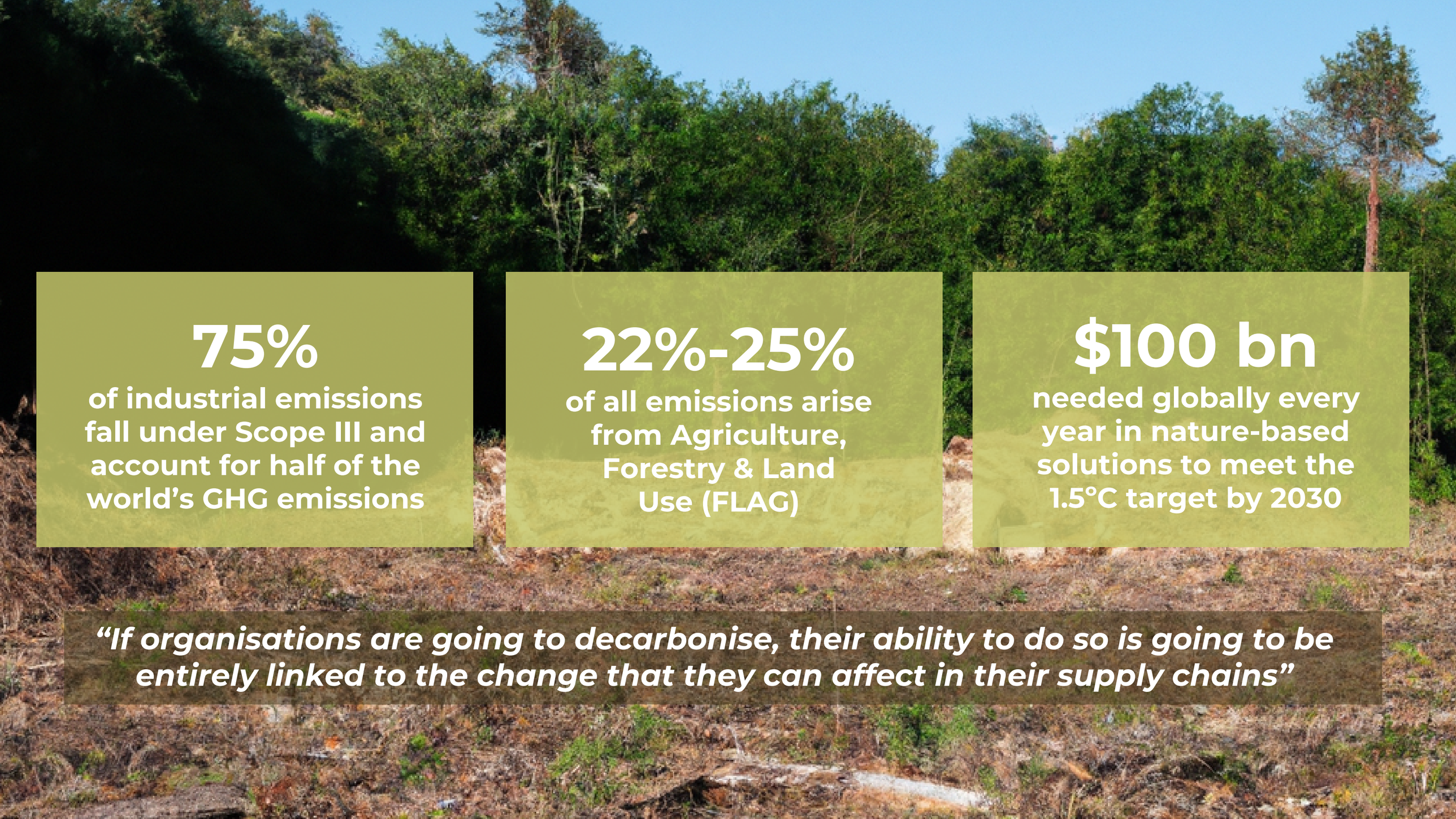
Lazaros Kyrmis
Director, Impact Measurement



Shreepath Jain
Director, Investor Relations

Tommy Li
Director, Operations

Driving sustainable investment practices for the planet and its people.



75%
of industrial emissions fall under Scope III and account for half of the world's GHG emissions

22%-25%
of all emissions arise from Agriculture, Forestry & Land Use (FLAG)

$100 bn
needed globally every year in nature-based solutions to meet the 1.5°C target by 2030

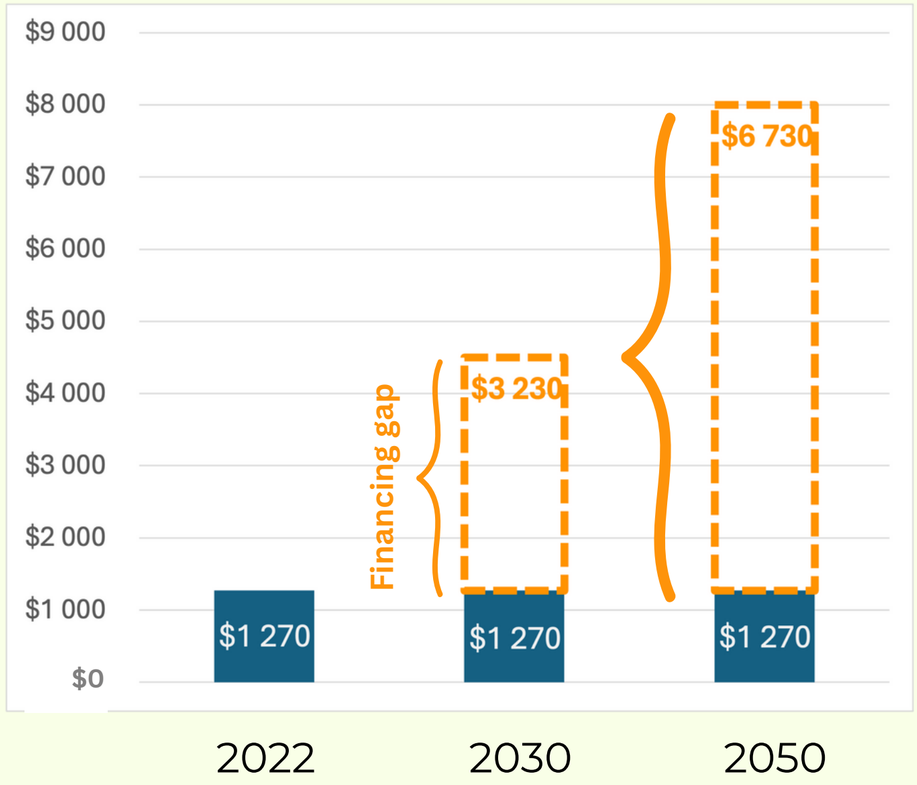
"If organisations are going to decarbonise, their ability to do so is going to be entirely linked to the change that they can affect in their supply chains"

The Problem

Not enough private capital is flowing to nature based carbon sequestration solutions.

A total of almost $197 trillion is required to deliver Net Zero by 2050

Annual climate financing gap forecasted to maintain the 1.5°C ceiling (USD bn)



Source: Climate Policy Initiative

50% of companies are behind SBTi Scope 3 near-term target

The top three challenges for Scope 3 target delivery

- Ability to influence upstream suppliers
- Insufficient access to primary data
- Cost of decarbonization

Greenwashing in carbon offset markets has increased the need for credible solutions towards a systems level change

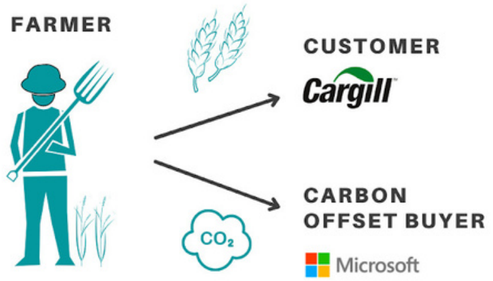
The Solution

Carbon Offsets are not enough. We need reduction at the supply chain level.

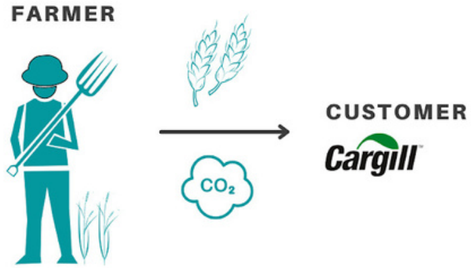
‘Carbon Insetting’ is defined by the SBTi as mitigation projects that are wholly contained within a scope 3 supply chain boundary of a company, a project partially within their scope 3 supply chain boundary, and a project adjacent to a supply chain boundary.

Offsets vs Insets

Offsetting



Carbon Inset



Fungible	✗	Relative Reduction compared to Business as Usual
Additional	✗	No need to prove additionality through credit purchasing
Durable	✗	Carbon removed before it’s produced

Catalysing Systems Change

Carbon Emission Reductions	Carbon Emission Removals
	
	

- **Long-term strategy**
- **Deeper commitment and planning**
- **Addresses greenwashing risk**

Market Opportunity

VCM cannot cater to the needs of enterprises. They are a bandage on a system failure.

$ 100 bn market opportunity (2022) at a CAGR of 27% upto 2032

TOTAL ADDRESSABLE MARKET

10 bn **tonnes of CO2e** need to be sequestered through Nature based Solutions

660 mn **tonnes of CO2e** in Scope 3 for top Food & Beverage and Apparel industries*

192 mn **tonnes of CO2e** in Scope 3 covered under existing SBTi certified Net-Zero targets

Serviceable Obtainable Market

**calculated as per SBTi disclosures of top 20 apparel and F&B companies by market size*

PROJECT ILLUSTRATION

Nespresso's Carbon Insetting

Time: 2014-2020
Activities: Regenerative Agriculture, Agroforestry
Location: Value chain Coffee plantations across 5 countries
Project Partner: PUR Project
Certifier: Carbon Trust
Beneficiaries: 12000+
Emissions Insetted: 770,000 TCO2e

Our partnerships drive our success

LPS

ADB

BUILDERS VISION

gmpf

CPP Investments

IMPLEMENTING AGENCIES

PUR

klim

SOILCAPITAL

VERIFICATION AGENCIES

VERRA

INSTIGLIO
TYING FUNDING TO IMPACT

REGEN NETWORK

INTERNATIONAL PLATFORM FOR INSETTING

Gold Standard
Climate Security & Sustainable Development

PROJECT PARTNERS

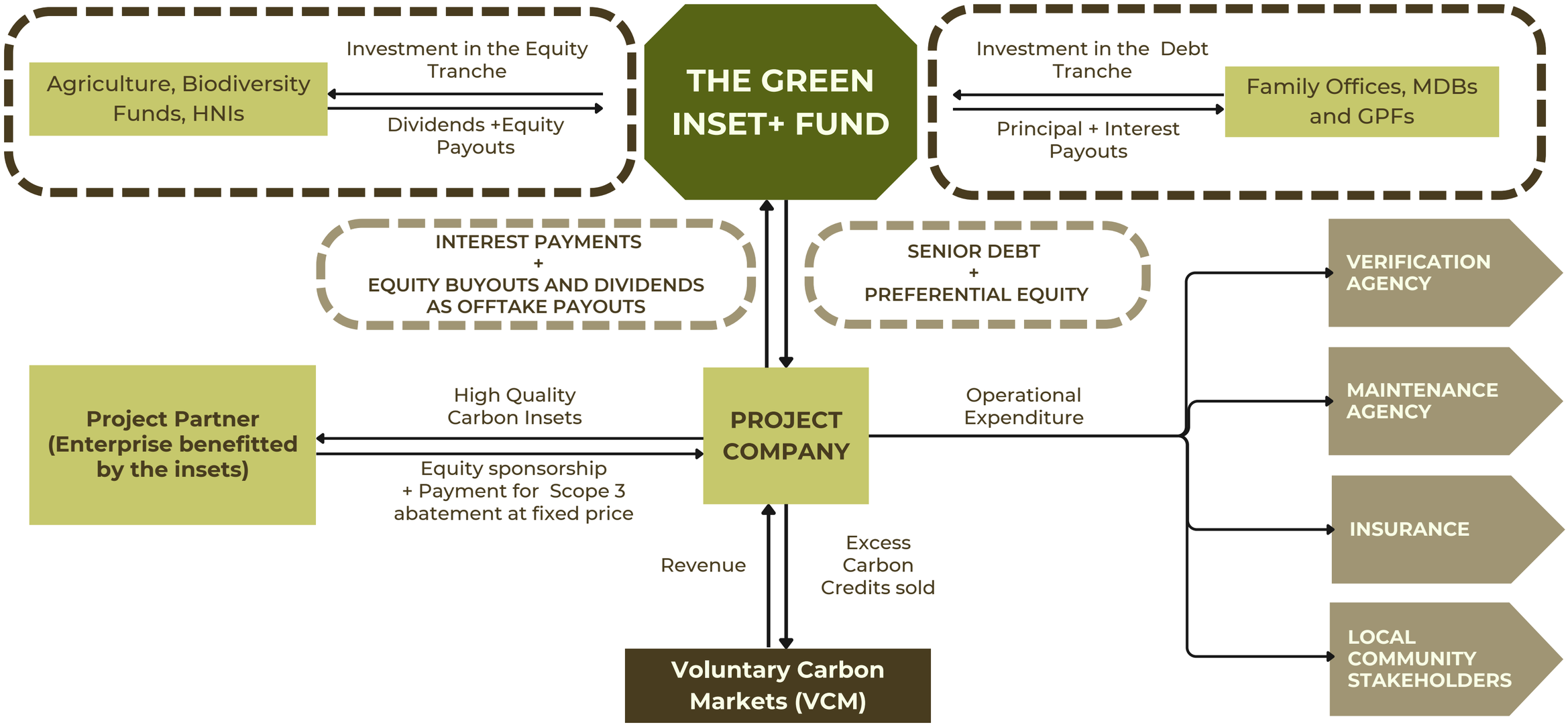
Unilever

GAP

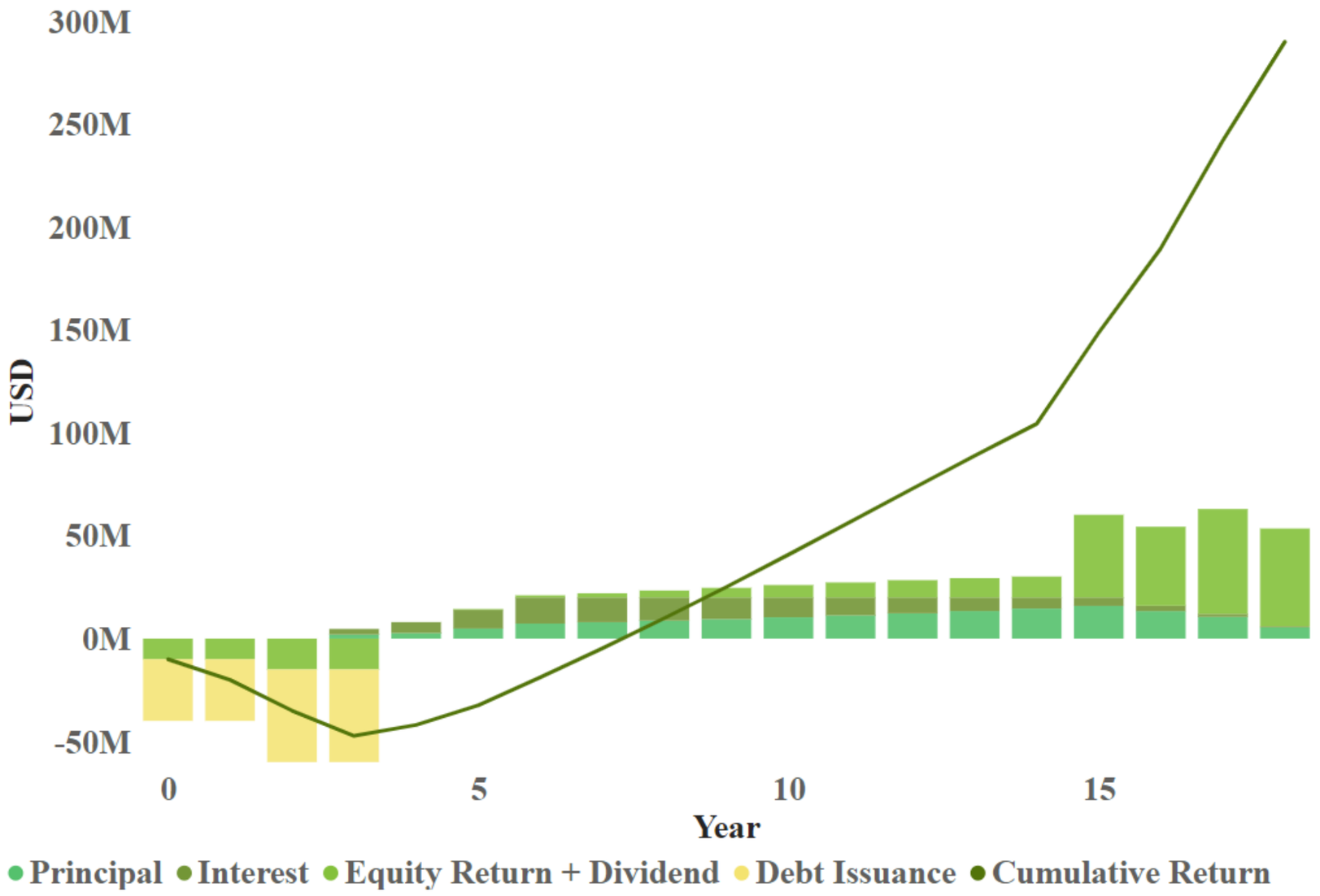
Nestlé

LOCAL PARTNERS

How it works- The Fund Structure



Cash Flows & Deal Terms



KEY DEAL TERMS FOR INVESTORS	
NO. OF LPS	10-12 (including the GPs of the Green Inset+ Fund)
TERMS	LPs may invest in Debt and/or Equity Tranche
TOTAL RAISE	$ 240 Million
SIZE OF PORTFOLIO	10-12 Projects
FUND LIFE	15-18 Years
GP COMMIT	2% of total Fund
MANAGEMENT FEE (ANNUAL)	0.75%
CARRY RATE	10%
HURDLE RATE	10%
TARGET INVESTOR IRR **TARGET PROJECT IRR**	8-13% 10-15%
TARGET INVESTORS	**Debt Tranche:** General Pension Funds, Multilateral Development Banks, Family Offices among others **Equity Tranche:** HNIs, Family offices, Agricultural Investors among others
**investors will have the option to invest in both tranches but primary investor type for both tranches differ*	

Carbon Price Growth Sensitivity

EQUITY RETURNS	ANNUAL AVERAGE INCREASE IN CARBON PRICE							
		-5%	**-3%**	**0%**	**3%**	**5%**	**8%**	**10%**
PER TON CP IN 2023 (US$)	**30**	-7.27%	-3.80%	1.11%	5.88%	9.06%	13.85%	17.09%
	34	-5.76%	-2.32%	2.59%	7.38%	10.57%	15.40%	18.66%
	38	-4.40%	-0.98%	3.92%	8.73%	11.93%	16.79%	20.08%
	42	-3.18%	0.23%	5.14%	9.95%	13.17%	18.06%	21.37%
	46	-2.05%	1.35%	6.25%	11.08%	14.31%	19.22%	22.55%
	50	-1.01%	2.37%	7.28%	12.12%	15.37%	20.30%	23.65%
	54	-0.05%	3.33%	8.23%	13.09%	16.35%	21.30%	24.67%
	58	0.86%	4.23%	9.13%	14.00%	17.27%	22.24%	25.63%

8+% **forecasted CAGR growth in high quality VCM prices by 2050 to $238 per tCO2e by Bloomberg**

- Carbon credit prices will be driven by availability and **demand of high-quality removal credits**, with a recency bias.
- **Carbon insetting to be boosted** with availability and convergence of reporting and measurement standards.
- Presence of upstream value chains in high climate vulnerable zones in global south (South Asia, Latin America, Africa) will heighten urgent **demand for additional climate capital**.
- Since Scope 3 is the largest share of industrial emissions, SEC and SBTi **guidelines will materially affect demand** of carbon credits and prices

Geographic Scalability

The US and EU, a starting point in addressing a global challenge

Countries with Mature Carbon Markets

55% emissions reduction by 2030

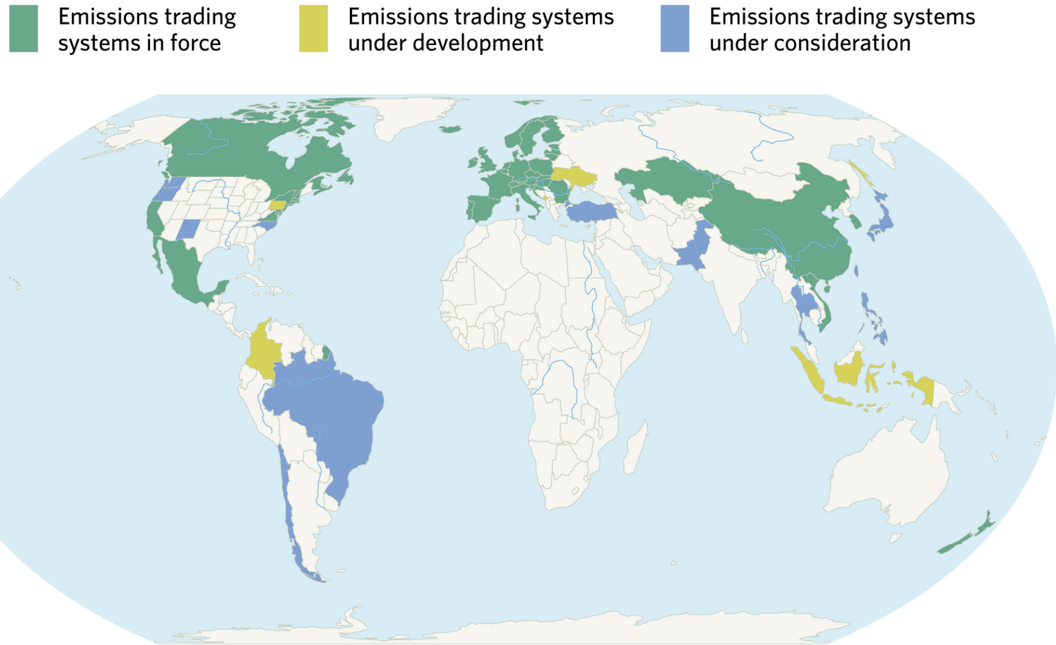
NET ZERO commitment by 2050

57% of companies have committed to Net Zero by or before 2050

13 States have carbon markets

25% of US population

Countries with Emerging Carbon Markets



Our Theory of Change

Problem

Deficiencies in market mechanisms to crowd-in the inflow of capital towards de-carbonising upstream and downstream value chain operations, which account for 75% of carbon emissions

Our Goal

Facilitate the investments in projects which address carbon emission through agriculture and forestry related carbon insetting projects

Inputs	Activities	Outputs	Outcomes	Impact
Process			Impact	
• **Capital** in the form of Debt and Equity to perform insetting operations through the project company. • **Structuring support** for multi-stakeholder and multi-dimensional outcomes projects	• At the investor level, activities include **due diligence** on projects and **risk mitigation** strategies • At the enterprise level, **execution** of Afforestation projects along with other add value activities • At the industrial level, **engagement** in **market building** initiatives and stakeholder consultations	• CO2 **removed** or **reduced** via climate friendly activities • Incorporation of **climate friendly techniques** in agriculture and forestry of local suppliers. • Generation of **High Quality Carbon Credits**	• **Reduction** in **CO2 emissions** (Scope 3) in partners' value chain. • Communities receive financial and **material benefits** from insetting projects. • Improvement in natural ecosystem outcomes • A portion of credits available for sale to VCM	• Progress towards Net Zero and beyond goals. • Local support and enhanced ecosystem resilience • Progress towards deepening of voluntary carbon markets

Assumptions and Limitations

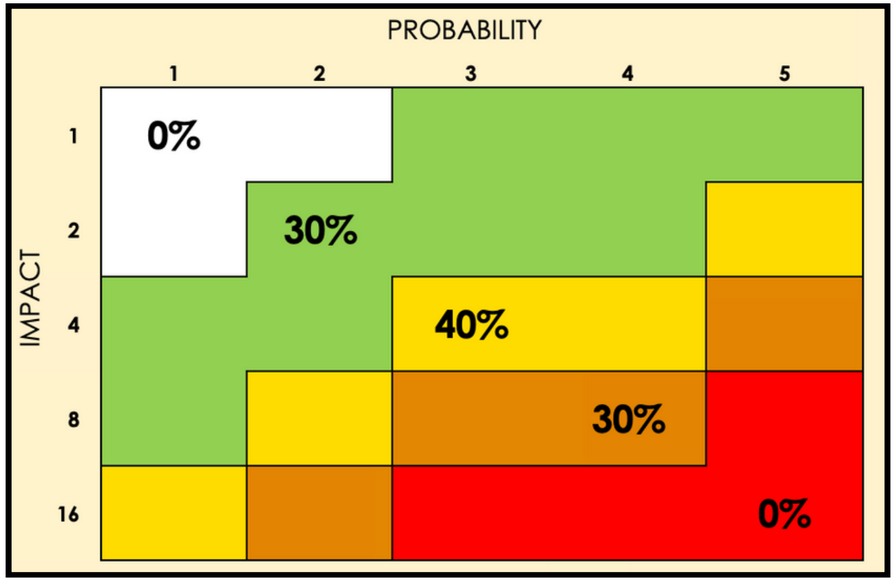
- The theory of change is dependent upon **intentionality** and **credibility** of project partners due to **greenwashing risks**.
- **Disruption** in **carbon markets** could hamper credit **retirements** and derail project returns

How We Measure Impact

IMPACT TARGET	SDGS	PERFORMANCE MEASURE		IRIS+ CODE
		AGRICULTURE	FORESTRY	
PRIMARY		Tonnes of carbon captured/sequestered		PI9878
PROJECT-SPECIFIC MONITORING KPIS		Percentage of planting materials sourced from certified suppliers		PI3825
		Soil health improvement based on percentage of soil aggregate dissolution	• Number of trees planted and km of hedgerows • Third-party implementation verification and monthly monitoring • Area covered by native plant species	OI1047, PI4127 OI2622, PI3848
		Increase in farmers and local stakeholders income		PI9409
		Number of annual farmer and local community training programs completed		OI5929
		Percentage of women and minority community members trained		PI6372
		Percentage of follow-ups to feedback from local stakeholders through our website		OI2319

Risks and Mitigation Strategies

REF ID	RISKS TO INVESTMENT THESIS	RISK LEVEL	MITIGATION
PROJECT RISKS			
R1	Development and Deployment Risk	HIGH	Involvement of local experts and project coordinators
R2	Carbon Pricing Risk	MINOR	Fixed carbon price per ton for project partners
R3	Risk of Credit Stagnation	HIGH	Focus on verifiable, high quality credits
R4	Systemic Climate Change Risk	MINOR	Large scale extreme weather events covered under Force Majeure
R5	Policy and Regulatory Risk	MODERATE	Benchmarking to ICVCM's Core Carbon Principles
R6	Environmental Risk	MODERATE	10-15% buffer stock, parametric insurance coverage
INVESTMENT THESIS RISKS			
R7	Market and Credibility Risk	HIGH	High quality thresholds in diligence
R8	Measurement and Verification Risk	MODERATE	Emerging technologies like blockchain ensure traceability
R9	Social Impact Risk	MINOR	Enhance local stakeholder engagement
R10	Exit Risk	MODERATE	Market-based sale of equity interest with provisions that allow project partner, right of first refusal



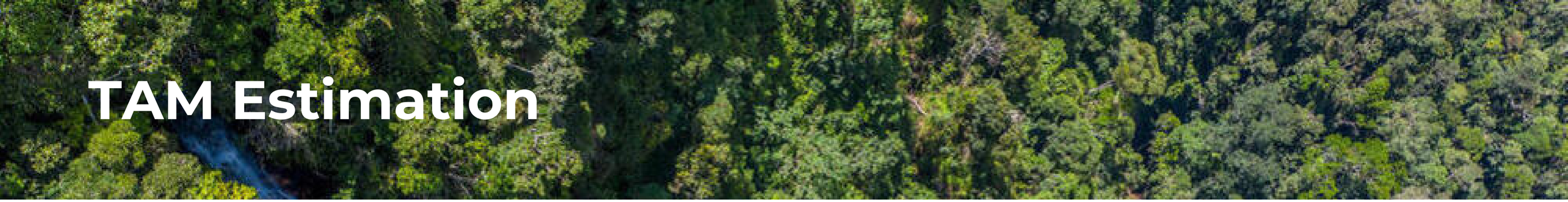
Investment Risk Heat Map


Thank you!

Appendices

Diligence conversations

1	Prof. Patrick Schena	Professor, The Fletcher School, Tufts University
2	Prof. Quyen Tran	Global Director of Impact Investing, Blackrock
3	Clarisse Alpeart	Investment Associate, IFC
4	Anne Marie Cador	Soil Expert and Scholar
5	Shu-Pei Lin	Project Coordinator, PUR
6	Sikai Chen	COO, Tri-Sector Associates
7	McKenzie Smith	Partner, Tin Shed Ventures
11	Brennan Murray	Investment Associate, Tufts University Investment Office
12	Matthew Craig	Investment Director, Tufts University Investment Office
13	Zach Smith	Managing Director, Blue Forest Conservation
14	Lauren Chin	Associate, The Carbon Trust
15	Ned Horning	Principal Scientist, Regen Network Development
16	Josephiene Watson	Program Associate, Conservation Finance Network at the CBEY
17	Adam Smith	Partner, Orrick Law



TAM Estimation

Rank	Food & Beverage Company Name	Country	Scope 3 emmissions (in mT CO2e)
1	Nestlé	Switzerland	65.6
2	McDonald	United States	56
3	Unilever	United Kingdom	52.13
4	Mondelez	United States	28.5
5	Chipotle Mexican Grill	United States	1.4
6	**DoorDash**	**United States**	**NA**
7	Compass Group	United Kingdom	7.3
8	Kraft Heinz	United States	27.4
9	Danone	France	23.1
10	The Hershey Company	United States	5.9
11	Sysco	United States	70.4
12	General Mills	United States	15.4
13	Restaurant Brands International	Canada	20
14	Archer Daniels Midland (ADM)	United States	91.6
15	DSM-Firmenich	Switzerland	3.1
16	Ahold Delhaize	Netherlands	37.8
17	Chocoladefabriken Lindt	Switzerland	2.1
18	Associated British Foods	United Kingdom	7
19	Tyson Foods	United States	94.2
20	**Muyuan Foods**	**China**	**NA**

Rank	Apparel Company Name	Country	Scope 3 emmissions (in mT CO2e)
1	LVMH	France	6.14
2	Hermès	France	0.64
3	Inditex	Spain	17.2
4	Dior	France	0.5
5	Nike	United States	3.3
6	TJX Companies	United States	0.057
7	Fast Retailing	Japan	5.54
8	Cintas	United States	1.17
9	Kering	France	1.55
10	Ross Stores	United States	0.94
11	lululemon athletica	Canada	1.2
12	Adidas	Germany	5.9
13	H&M	Sweden	6.87
14	Prada	Italy	0.3
15	Moncler	Italy	0.26
16	Next plc	United Kingdom	2.05
17	Burlington Stores	United States	0.2
18	Ralph Lauren	United States	1.24
19	Tapestry	United States	0.7
20	Gap Inc.	United States	4.5

Total Scope 3 Emissions declared under SBTi for 40 companies- 660 mil tonnes of CO2e (baseline)

Average reduction target (to baseline), upto 2030- 30%

Immediately Addressable Market- 660*0.3 **= 192 mil tonnes of CO2e**

Investment Due Diligence Process

Detailed **feasibility study** and **project report** including description of -

- Credible action on carbon **reductions** before starting removals. SBTi guidelines mandate 90% reductions before removal claims can be filed.
- Carbon removal/reduction measurement estimate in GHG emissions. GHG Scope 3 accounting standards to be deployed
- Assessment of project-specific co-benefits.
- Framework for accrual of benefits to local stakeholders
- Verified assessment of **baseline** standards and implementation plan.
- Compliance with scope III **measurement** and reporting guidelines, benchmarked to ICVCM's Core Carbon Principles.
- Clearance of **legal test** and **investment test** of additionality.
- Robust risk mapping including **political risk, currency risk** (if any) and **ecological impact assessment.**
- Stakeholder engagement and **human rights** safeguards verification.
- Adherence to latest IPI **insetting guidelines.**

Case Studies

Sandy Cross Forest Preservation Project
Lexington, Ohio

Impact: Preservation, afforestation and reforestation
Wildlife Habitatl Climate

Forest property containing a diverse yellow poplar, sugar maple, oak, black cherry, and pin trees.

Credits Issued So Far: 6,497

Price $35.99:

https://app.regen.network/project/C02-002

Grgich Hills Regenerative Sheep Grazing
Rutherford, California

Impact: Improved rates of nutrient cycling
Improved nutrient retention
Reductions in external inputs

High-density, short-duration rotational sheep grazing in vineyard systems

Credits Issued: 785.7

Price: $23.49

https://app.regen.network/project/KSH01-001

REDD+ Project Resguardo Indigena Unificado Selva de Mataven (RIU SM)
Vichada, Colombia

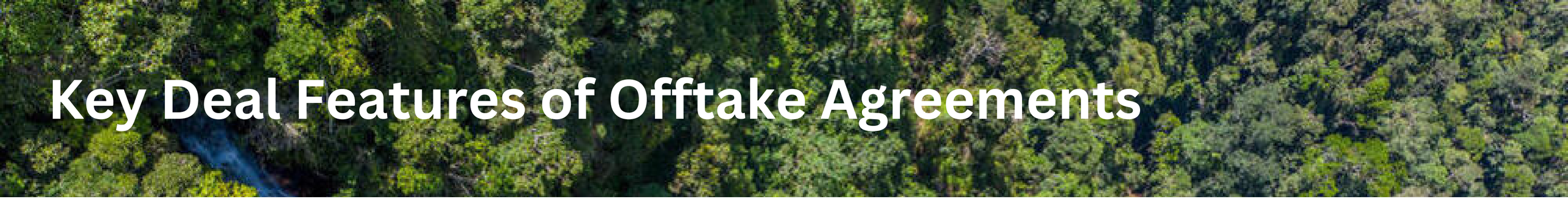
Impact: Avoided Deforestation
Biodiversity; Climate

Safeguards biodiversity and provides education, healthcare and other co-benefits for indigenous people.

Credits Issued: 37,594

Price: $3.95

https://app.regen.network/project/C03-002



Key Deal Features of Offtake Agreements

Project Company Capital Structure	Creation of a Project company with 50% funding from Project Partner, 50% from the Green Inset Fund+ as 37.5-40% in Debt and 10-12.5% in Equity
Debt Interest Rate	6%+ APR (~9%)
Equity Contribution	Allows for Alpha to be generated leading to dividend payouts
Liquidation Preference	One-time participating liquidation preference upon exit, calculated as 10% of the termial value
Project Cashflows	$50 per tonne of high quality carbon credits sold to Project Partner + Proceeds from sales of pre-decided proportion of credits generated to the VCM
Debt Payment to the Inset+ Fund	Debt repaid in 12 years ammortised at a floating rate with quarterly payouts
Equity payout to the Inset+ Fund	Dividends paid out from Year 5 (projects turn cashflow +ve)+ Equity Payout on Exit
Exit	Buyout of Equity stake by project partner/ third party, and/or termination of project
Impact Measurement	Tonnes of Carbon Sequestered, Ecosystem stacking, measurable co-benefits for communities and ecosystems where operations are conducted

Detailed Financials (Returns to LPs)

	Capital calls	Net Revenue from Projects	Management Fee	Net Revenue from Projects after Management Fee	Capital to LPs including GP Equity portion	GP Profit Payout	LP Profit Payout	Total LP Payout
Year 0	$40,000,000							$(40,000,000)
Year 1	$40,000,000		$1,500,000					$(40,000,000)
Year 2	$60,000,000		$1,500,000					$(60,000,000)
Year 3	$60,000,000	$4,703,498	$1,500,000	$3,203,498	$3,203,498			$(56,796,502)
Year 4		$8,079,937	$1,500,000	$6,579,937	$6,579,937			$6,579,937
Year 5		$14,414,620	$1,500,000	$12,914,620	$12,914,620			$12,914,620
Year 6		$21,043,927	$1,500,000	$19,543,927	$19,543,927			$19,543,927
Year 7		$22,057,310	$1,500,000	$20,557,310	$20,557,310			$20,557,310
Year 8		$23,372,273	$1,500,000	$21,872,273	$21,872,273			$21,872,273
Year 9		$24,706,937	$1,500,000	$23,206,937	$23,206,937			$23,206,937
Year 10		$26,063,470	$1,500,000	$24,563,470	$24,563,470			$24,563,470
Year 11		$27,303,069	$1,500,000	$25,803,069	$25,803,069			$25,803,069
Year 12		$28,433,037	$1,500,000	$26,933,037	$26,933,037			$26,933,037
Year 13		$29,390,644	$1,500,000	$27,890,644	$27,890,644			$27,890,644
Year 14		$30,186,692	$1,500,000	$28,686,692	$6,531,278	$2,215,541	$19,939,873	$26,471,151
Year 15		$60,216,832	$1,500,000	$58,716,832		$5,871,683	$52,845,149	$52,845,149
Year 16		$54,409,470	$1,500,000	$52,909,470		$5,290,947	$47,618,523	$47,618,523
Year 17		$63,034,747	$1,500,000	$61,534,747		$6,153,475	$55,381,272	$55,381,272
Year 18		$53,542,350	$1,500,000	$52,042,350		$5,204,235	$46,838,115	$46,838,115
Total		$490,958,813	$27,000,000	$466,958,813	$219,600,000	$24,735,881	$222,622,932	$242,222,932

Carbon Pricing Calculation

Price Modeling (2022)	
NbS Price	$10.61
Forestry Price (ARR and IFM)	$13.56
Agri Current Price	$11.02
1 addl co-benefit premium	1.78
SDG premium	1.86
Recency Premium	1.58
Removals Premum	2.5
Forestry Inset Base Price Forecast	$38.14
Agri Inset Price Base Forecast	$30.99
Removal Credit Price (Agri)	$77.48
Removal Credit Price (Forestry)	$95.34

Our Limited Partners

The Debt Tranche - Provides private credit style returns on a 18 year time horizon.

British Pension Funds which have been at the forefront of responsible investing due to accelerated legislative action are increasingly seeking forestry and biodiversity based investments. We will be targeting them as the immediate partners in the debt tranche specifically leaders such as GMPF which is currently investing in such projects through mission driven investment firms like Gresham House, and the Canada Pension Plan.

MDBs have been at the forefront of crowding-in capital for climate resilient value chains for many years. Their joint statement at COP28 and the G20-led MDB reform has further boosted these efforts. Illustratively, the Asian Development Bank has invested in climate-resilient agricultural value chains in Cambodia.

Mission-oriented **family offices** like the Blue Haven Initiative have demonstrated their commitment to climate action by investing in natural capital asset managers like Mirova, which has a project portfolio consisting of regenerative agriculture, forestry, soil quality etc.

The Equity Tranche- Provides project finance style returns over a 15-18 year horizon. Returns to LPs from Year 3 onwards.

Specialty investment funds which are investing in agroforestry, precision agriculture, regenerative agriculture, and other natural carbon solutions. Illustratively, Builders' Vision, Homecoming Capital, Silver-strand Capital, Pelican Ag and AGR Partners, among others, are funds who are directly and indirectly invested in similar projects.

Cambodia : Climate-Friendly Agribusiness Value Chains Sector Project

Sovereign Project | 48409-002

UK pension schemes search out forestry investments

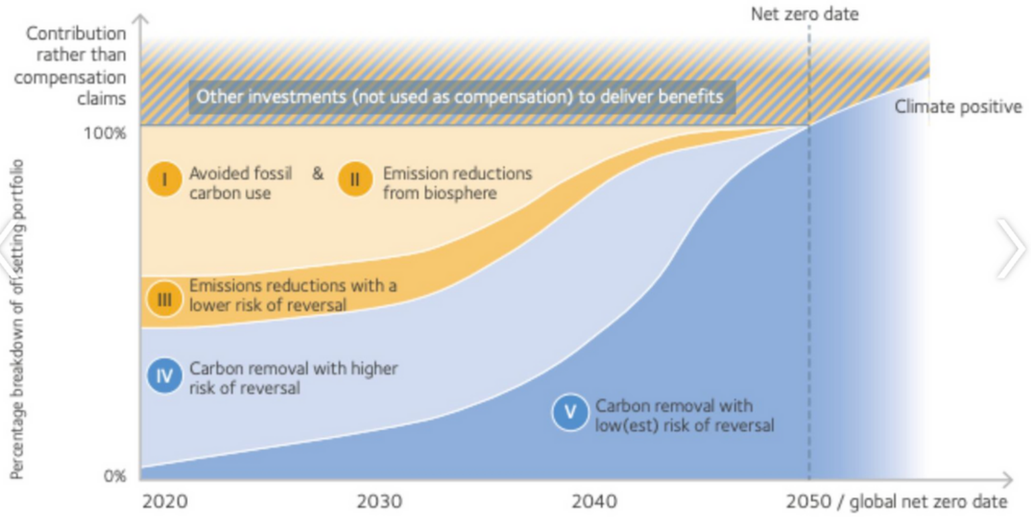
Our Project Partners

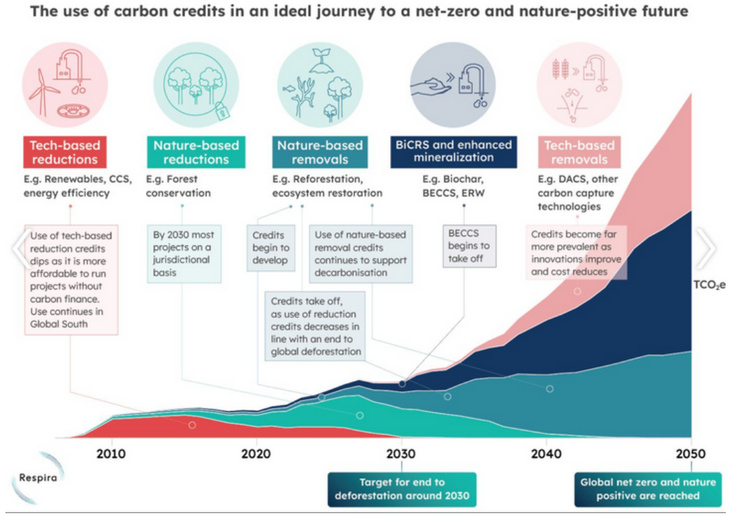
Unilever targets a 30.3% reduction in absolute Scope 3 forest, land, and agriculture (FLAG) GHG emissions by 2030, mainly focusing on emissions associated with ingredient procurement. These targets have been submitted to the SBTi for validation as aligned with the 1.5°C pathway in November 2023.

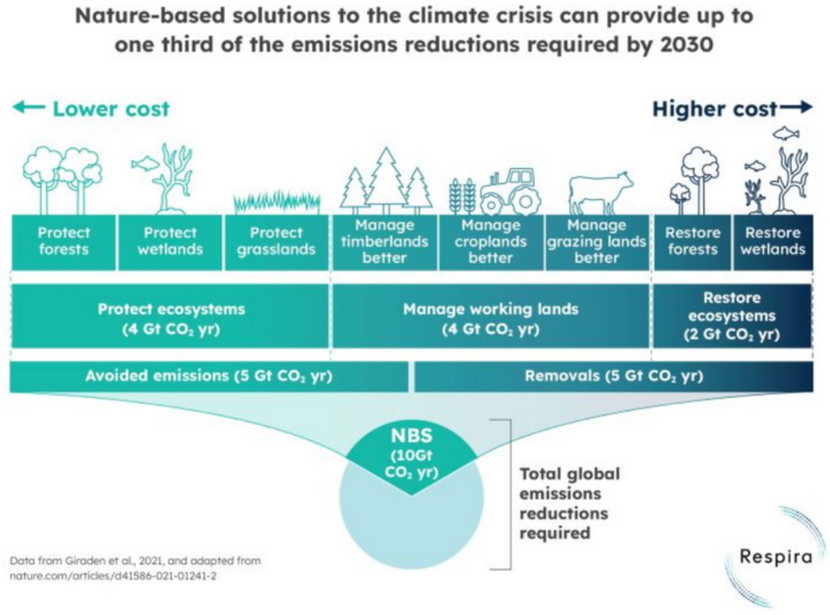
Cargill's RegenConnect program works with farmers in its value chain to provide them with upto $35 per ton of carbon sequestered and helps them in implementing no-till cropping for greater carbon capture.

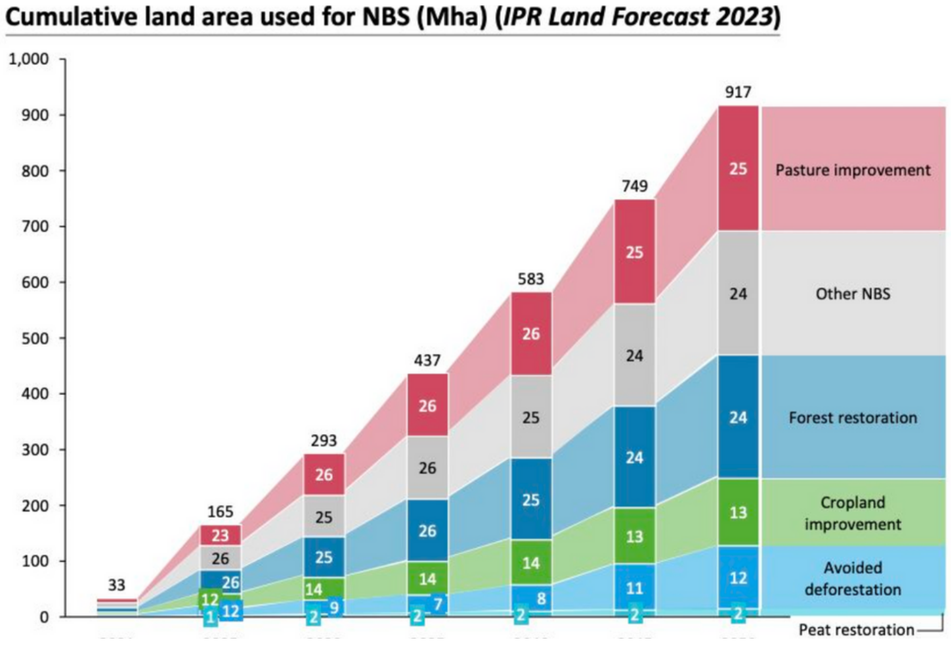
Gap Inc. has a gal to reduce its Scope 3 GHG emissions from purchased goods and services by 30%. They established a science-based target that includes Scope 3 GHG emissions in 2017. Their goal is to achieve Carbon neutrality across the value chain by 2050.

Market Landscape for NbS









Top 100 Food Engineering Companies by emissions disclosures

ASA	CCJ	MAR	MCB	NES	PEP	SUN	ANA	HOR	SDL
BRY	DIA	KEL	MCC	NFG	AHB	AJI	FLF	JBS	OSI
CCC	GNM	KRH	MON	SCH	PER	RFC	HER	JRS	PER
CCE	KDP	DAN	CAR	UNI	THF	VIO	SAP	LAC	CMD
CCF	AJI	CLB	BAR	MNC	NSU	BRF	TTP	LND	DMK
FER	MFL	HBC	KER	SAH	CON	JMS	ING	DFC	SUD
ITO	FON	ARL	NSG	MEI	MAF	CAB	OET	ITY	THB
BAC	DAN	TYS	LVMH	ADM	NHF	PHS	HWG	LBW	TSB
ABF	SMF	MOR	HEI	KHC	EJG	SAV	AGR	LOL	YAM
DFA	CAM	BUN	GRB	MLG	RDB	JDE	CHS	MBG	YIG

Has scope 1, 2, and 3 goals
Has scope 1, 2, and 3 emission disclosure

Has scope 1, 2, and 3 goals
Lacks full emission disclosure

Lacks full climate goals
Has scope 1, 2, and 3 emission disclosure

Lacks full climate goals
Lacks full emission disclosure

Lacks any climate goals
Lacks any emission disclosure

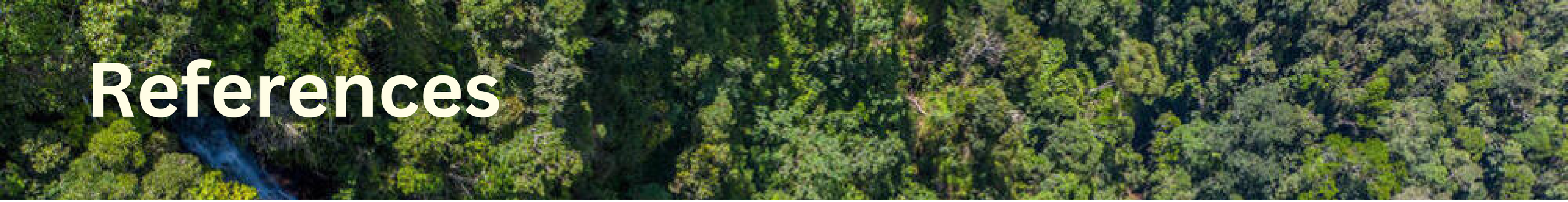
Evidence of New Boost to VCM

'A new chapter for the voluntary carbon market': Gold Standard, CAR and ACR win approval to use CO_2 credit integrity label

Integrity Council reveals first carbon-crediting programs

Verra Releases Revised Improved Forest Management Methodology

Leading Investors Back New Regenerative Organic Agriculture Fund



References

1. *The state of Scope 3: A review of trends and challenges*, Aligned Incentives
2. *Corporate Engagement with Voluntary Market Claims*, The Market Board
3. *Paying for Quality, State of Voluntary Carbon Markets 2023*, The Ecosystem Marketplace
4. *Addressing Scope 3 – how insetting can be scaled to tackle supply chain emissions*, International Insetting Platform
5. *Evaluating the Use of Carbon Credits 2022*, Ceres
6. *How Carbon Market Convergence Creates New Opportunities*, Sylvera
7. *Explaining "Scope 1" Carbon Offset Credits and "Scope 3" Supply Chain Reporting Assets in ESMC's Program*, Ecosystem Services Marketplace Consortium
8. *Insetting Approach Standards*, International Insetting Platform
9. *A Practical Guide to Insetting*, International Insetting Platform
10. *Understanding Impact Performance: Agriculture*, Global Impact Investing Network
11. Scope 3: Stepping up science-based action, Science Based Targets Initiative
12. *Global Carbon Market Outlook 2024*, BoombergNEF
13. *Ecosystem Marketplace Insights Report*, Ecosystem Marketplace
14. *NESPRESSO AAA PROGRAM & GLOBAL ASSESSMENT REPORT 2014-2020 AGROFORESTRY*, Nestle
15. *Doubling Finance Flows into Nature Based Solutions,* UN Environmental Program