

NATURAL CAPITAL EXCHANGE

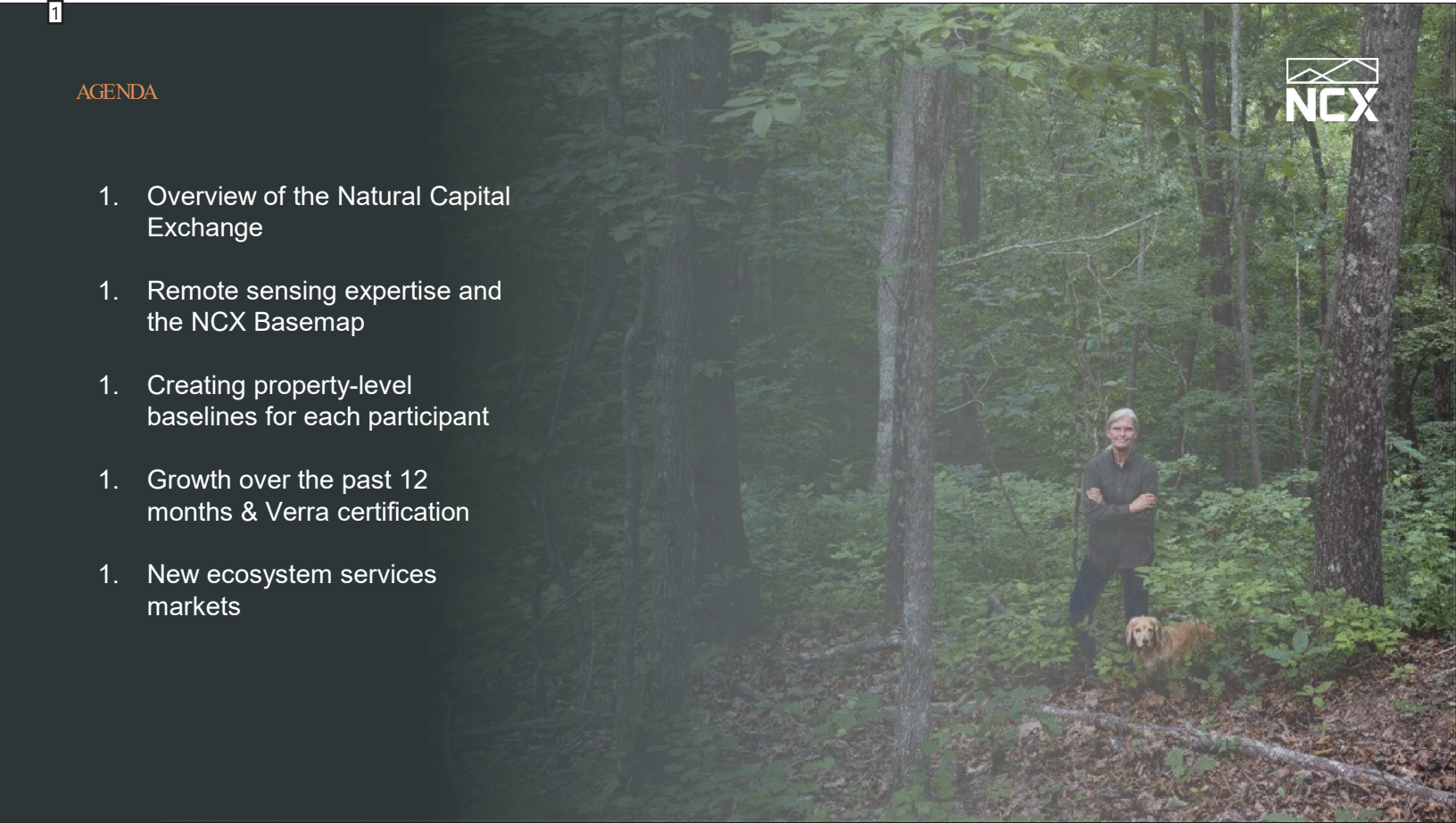


NCX

The Data-Driven Forest Carbon Marketplace

AGENDA

1. Overview of the Natural Capital Exchange
1. Remote sensing expertise and the NCX Basemap
1. Creating property-level baselines for each participant
1. Growth over the past 12 months & Verra certification
1. New ecosystem services markets



Summary of Comments on 4NCX-Natural Capital Exchange_A Macintosh 3_8_22.pdf

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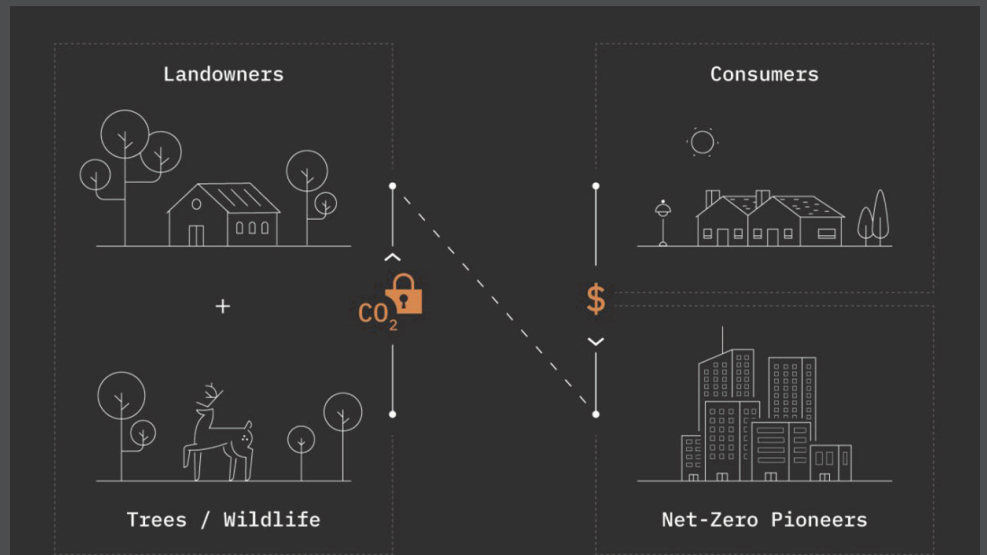
 Number: 1 Author: Presenter Subject: Presentation Notes Date: 3/22/2022 9:17:17 AM
Total acres and landowners ACCEPTED

THE TRUSTED FOREST CARBON MARKETPLACE

Natural Capital Exchange

Connects companies to quality credits at scale

Democratizes access to forest carbon markets



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How NCX works overview:

NCX measures "business as usual" scenario and the volume of carbon eligible for earning credits

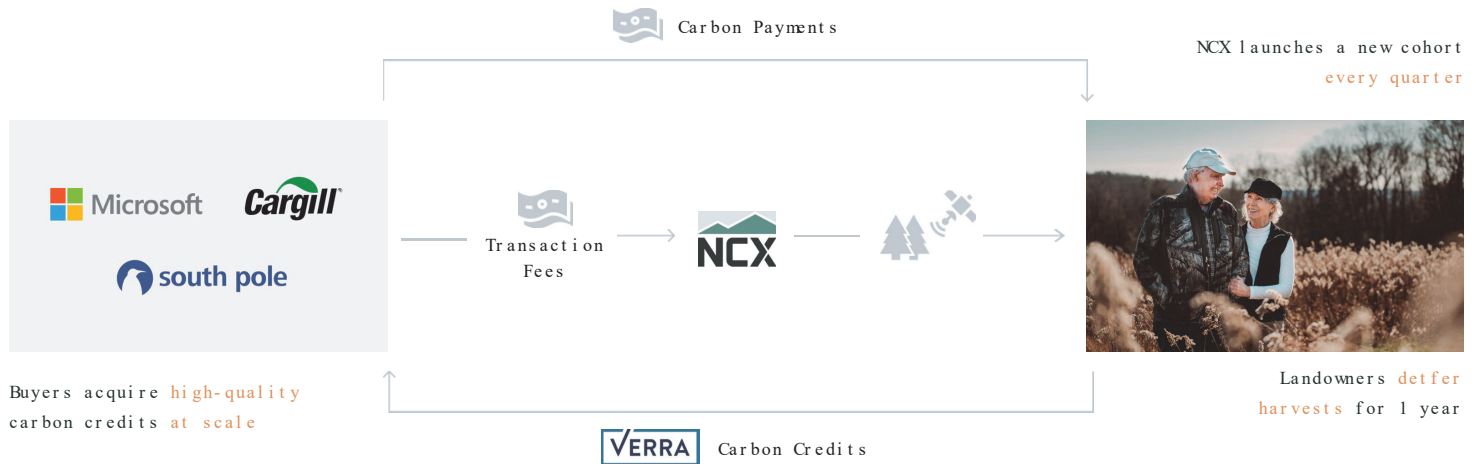
Landowners bid on the price at which they would be willing to defer some or all harvests for one year. NCX runs a reverse auction.

Once bids are accepted, landowners reduce their harvest by the agreed amount for one year, and NCX verifies the reduction, issuing credits to buyers and payment to landowners for the actual amount of additional carbon delivered.

HOW IT WORKS



NCX connects net-zero pioneers to forest landowners



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Reminder of how our program works

Emphasis on quarterly cycles: we are currently sharing results from Winter 2022 cycle, next up is our Spring 2022 cycle

This isn't an exchange. We run projects where we pay landowners for activities. Those projects generate carbon credits. For the project economics to make sense, we have to balance the price we pay landowners with the price we receive for carbon credits, taking into account the number of credits we think the projects will generate. That's it.

THE TRUSTED FOREST CARBON MARKETPLACE

Using program innovation and technology to reimagine forest carbon markets

1-year contracts

\$0 enrollment fees

No minimum acreage

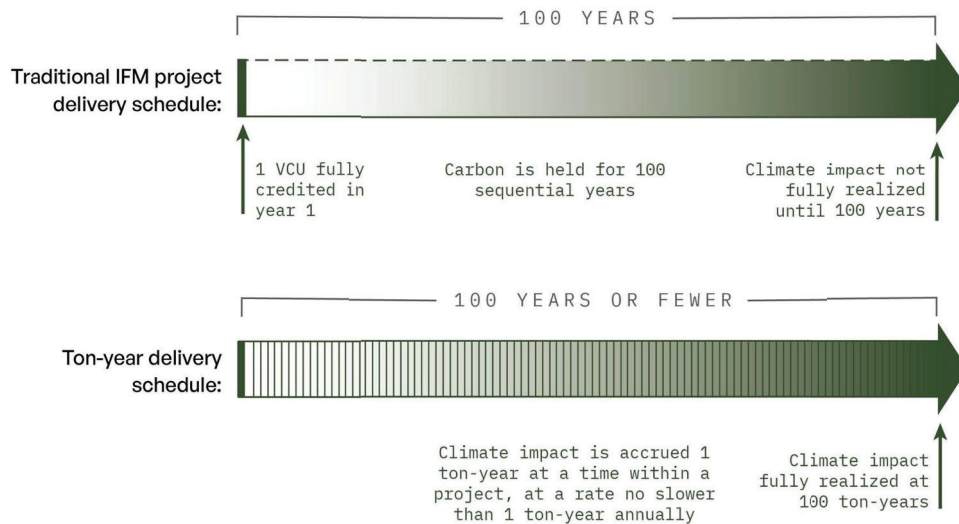
Payment on delivery

\$3-10/acre/year average

PERMANENCE



With ton-year accounting, we can create more flexible program terms.



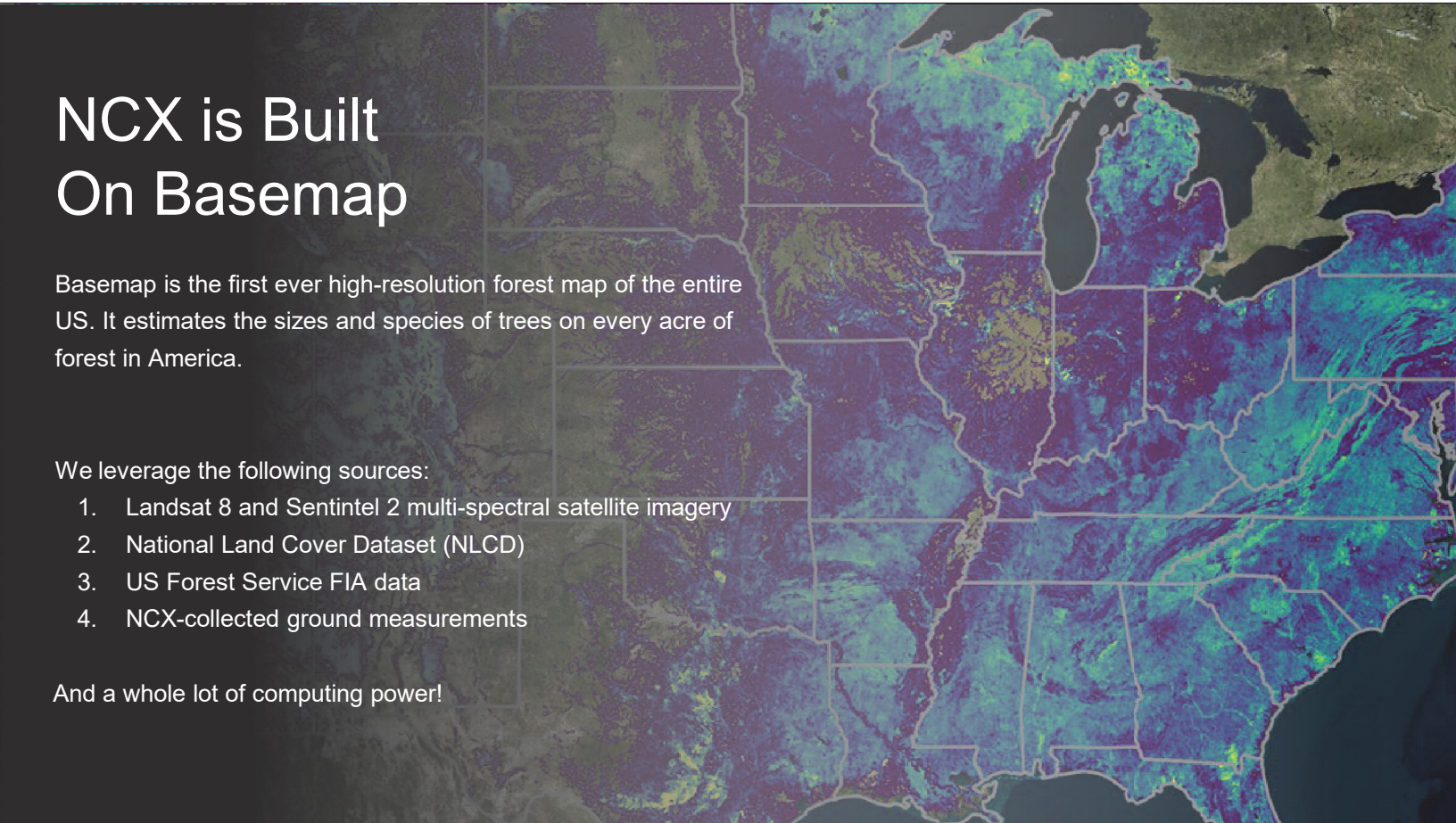
NCX is Built On Basemap

Basemap is the first ever high-resolution forest map of the entire US. It estimates the sizes and species of trees on every acre of forest in America.

We leverage the following sources:

1. Landsat 8 and Sentintel 2 multi-spectral satellite imagery
2. National Land Cover Dataset (NLCD)
3. US Forest Service FIA data
4. NCX-collected ground measurements

And a whole lot of computing power!



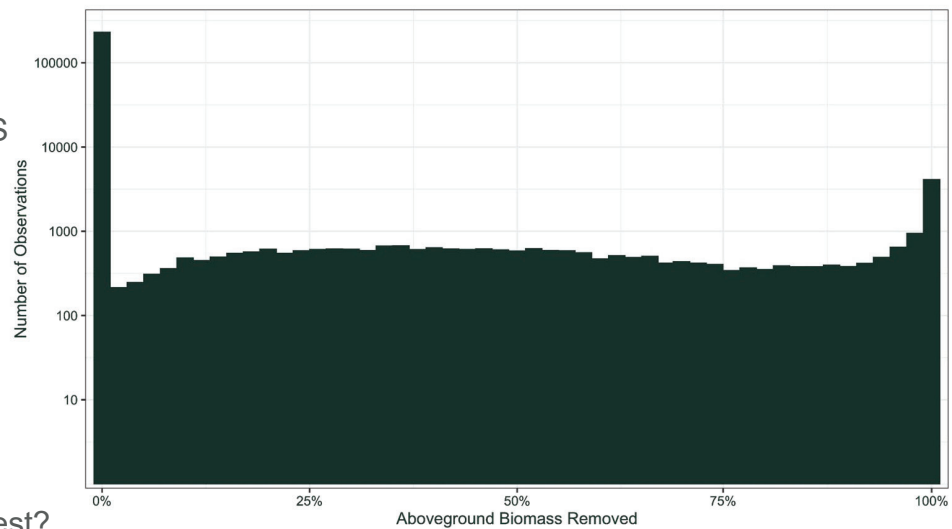


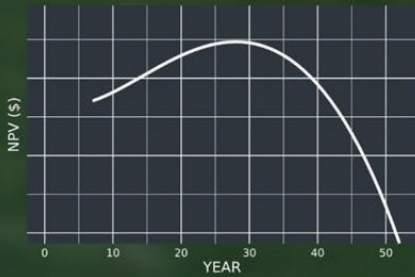
Achieving
additionality with
property-level
baselines for every
participant

1. Inventory from Basemap
2. Ownership type
3. Access to markets
4. Market conditions

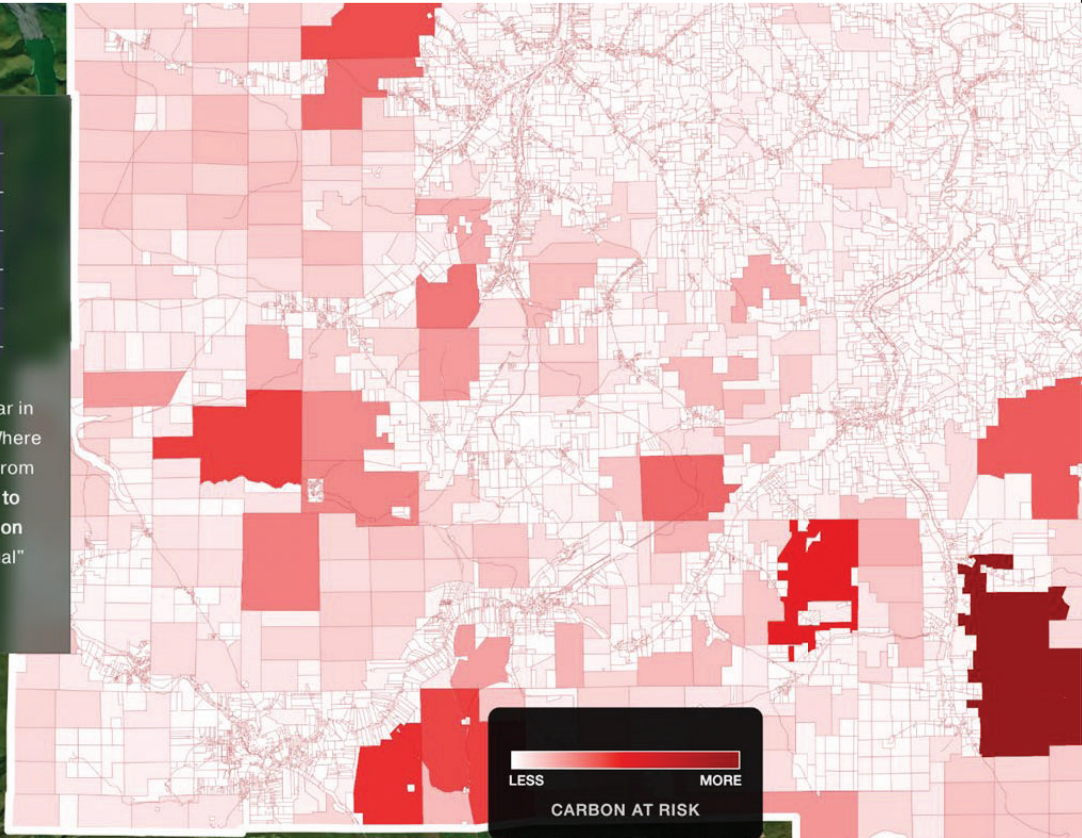
How does NCX think about harvest risk?

- Data from FIA revisited plots, NWOS survey data, and other public data sources
- Aiming to predict the percent of aboveground biomass that will be removed in the next 12 months
- Two predictions:
 1. What is the probability of harvest?
 2. How much is harvested?





But of course, many timber harvests occur every year in this county, removing carbon from the landscape. Where is carbon at risk? Using high-resolution forest data from NCX Basemap and economic modeling, **NCX** is able to calculate how much carbon is likely to be harvested on each property. This represents the "business as usual" case.



CYCLE PERFORMANCE

Over 3.7M

Acres enrolled in NCX across
38 states

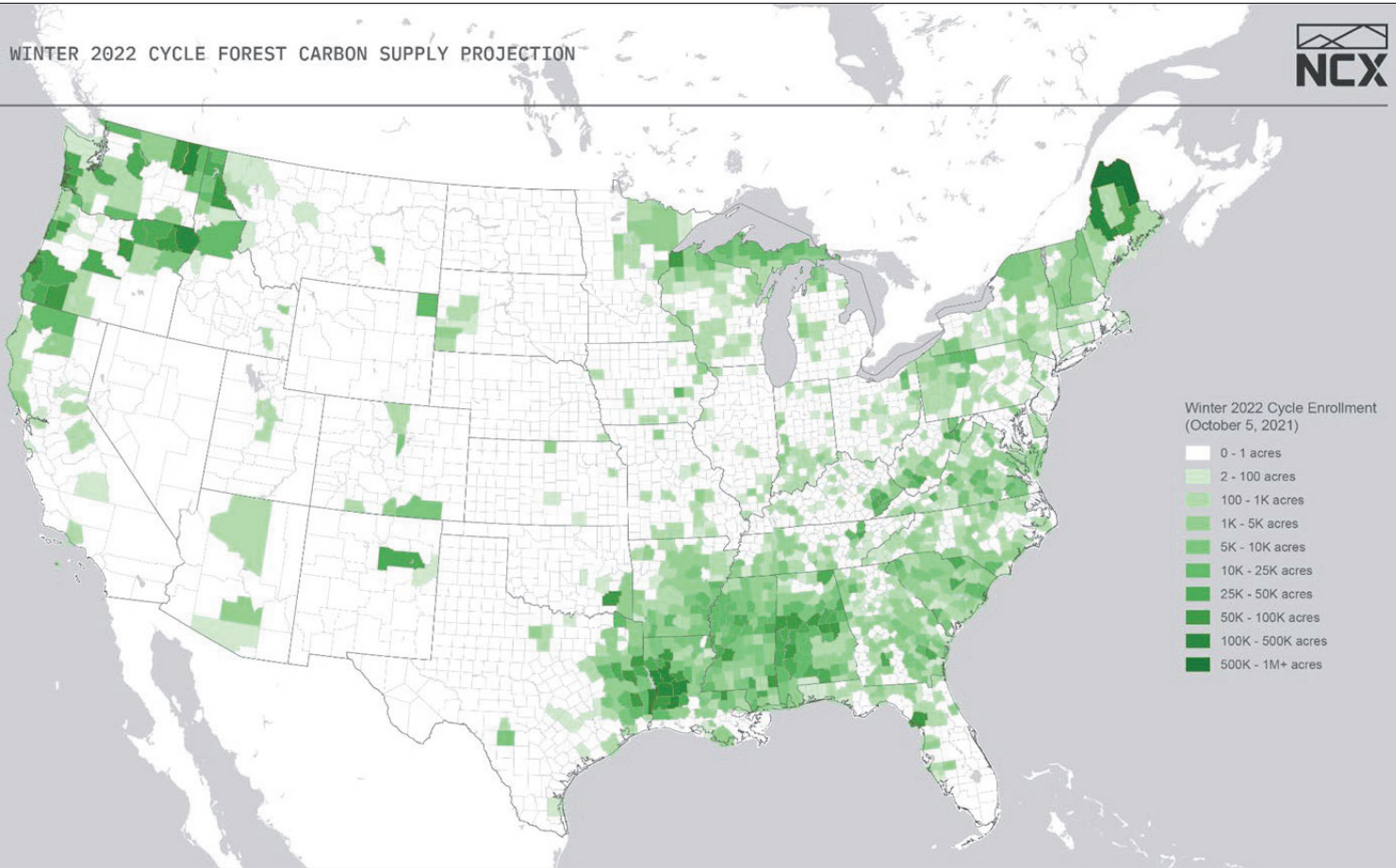
Over 2,400

Landowners under contract
to defer timber harvests

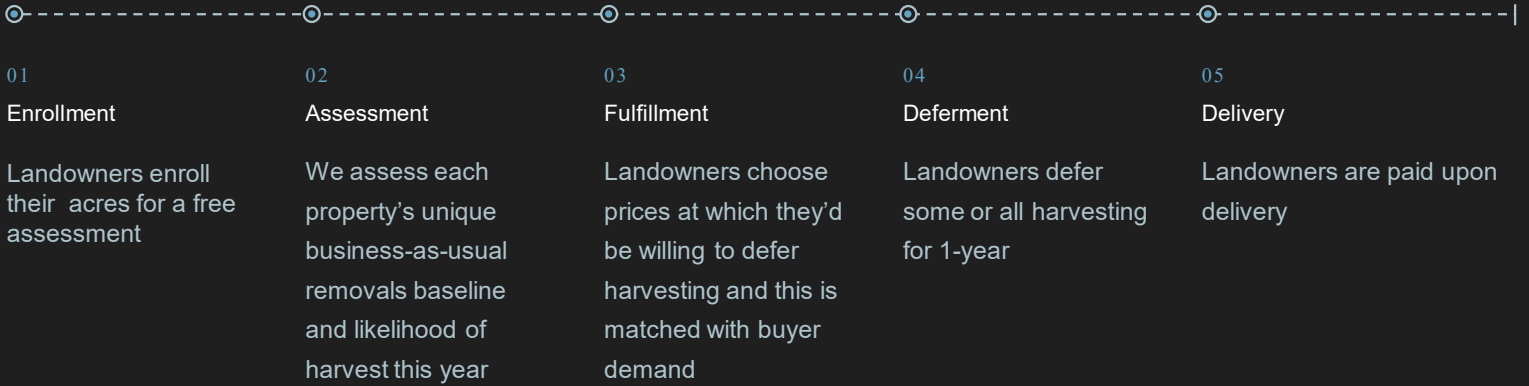


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We've seen a tremendous increase in engagement and participation over the three commercial cycles held in 2021:
We have 2,475 landowners actively participating in our harvest deferral program across 3.7M acres!



How the NCX forest carbon program works from the landowner perspective



To ensure additionality, NCX needs to know about existing easements on the property

- The landowner/participant needs to have the timber rights
- If the easement already restricts or limits harvesting, the property won't be eligible for NCX
- Programs that encourage/require harvesting are a good fit for simultaneous NCX enrollment (ex. Current use property tax reduction programs)

More than 35% of NCX landowner participants are represented by a consulting forester



Tom Manuel

Consulting Forester | Louisiana | Mississippi

"I'm a landowner, but also a consulting forester. The added income is appealing for our family farm and learning more about the program so I can introduce it (or not) to my clients is important.

I particularly like that NCX has overcome what I think have been the problems with other carbon programs in the past; namely multiple-year contract periods and third party verification costs."

On the Path to Verra Certification

“ Verra is excited about the potential of NCX’s methodology, particularly its incorporation of tonne-year accounting and its use of remote sensing to improve measurements both for baselining and for project monitoring.

We believe this approach has the potential to unlock greater supply, reduce monitoring costs, address issues of project reversibility, and increase transparency in forest carbon markets.

—Jerry Seager, Senior Director, *GHG Programs*

Concept note approved by



Expect to **deliver fully certified credits** by mid 2022

The Future of Natural Capital

2x managed forest value when all forest benefits valued by 2035

Timber



Carbon via harvest deferral



Wildfire risk reduction



Biodiversity & wildlife habitat



Water



Carbon via afforestation & non-US credits



Thanks for your
interest in NCX!



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