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# CARBON GUIDEBOOK

PINION ADVISORY: SUSTAINABILITY SERVICES

Carbon  
Credits and  
the Future of  
your Farm

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## Improving Profitability and Protecting What Matters Most

U.S. agriculture is quickly becoming a leader in climate solutions by creating emission reductions, storing carbon, and reducing the greenhouse gas footprint for the benefit of end users globally.

But the parameters of the new carbon “market” have been defined primarily by the private sector, and it can be difficult to understand contract commitments, payments for carbon, verification costs, and other aspects of carbon contracts. For these reasons, some have dubbed carbon trading as ‘the wild west.’



“The wilds of the carbon-credit market can be tamed with a knowledgeable team that has your back. KCoe makes sure everything is in place on your behalf—from evaluating your land’s potential and your ability to collect and verify the data needed, to financials and contracts—they ensure it makes sense for your operation.”

Jesse Hough, Hough Farms



## Navigating the Carbon Market: Is it a strategic fit for you?

The first step, before deciding to add carbon to your business strategy, is to investigate carbon opportunities, assess viability, and navigate decisions related to carbon contracts. With so many variables and sources trying to define this new market, farmers and ranchers should consider leveraging financial and carbon advisory to assess the merits of this opportunity. Financial and carbon experts will ensure that selling carbon credits is a cost-effective and efficient long-term opportunity for landowners, while remaining in the best interest of the farming or ranching operation.



# Carbon Market Sustainability

## Exploring Environmental Opportunities



While farmers now have the ability to sell carbon credits by adopting conservation practices such as no-till, strip till, cover crops, and precise farming, the first challenge is to determine whether the land a viable option for the carbon market.

Interested landowners will need to assess whether it's worth switching farming practices, what the per-acre return might be, and the amount of time and data required -- and ultimately, will this be a worthwhile financial investment today, as well as in the long term.

**Today.** As some producers await actions on the carbon credit market by Congress and USDA to create more transparency, technical support, and reduced costs of measurement and verification – many landowners are forging ahead with the potential diversified revenue opportunities that carbon sequestration can provide.

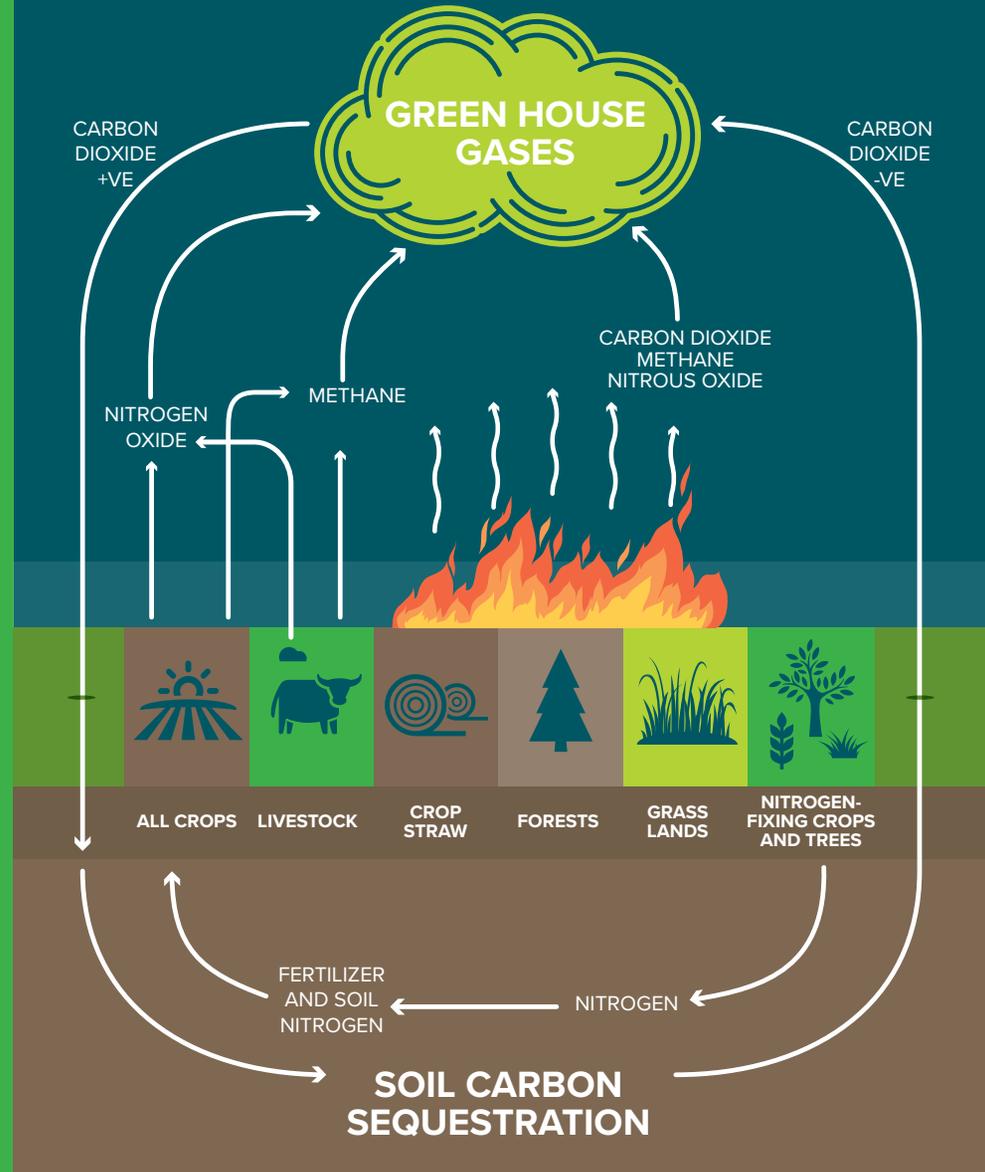
**Tomorrow.** It is expected that the U.S. will likely see more environmental sustainability rewards to incentivize carbon-reducing efforts. Additionally, many food companies have made commitments to reducing their carbon footprints and are seeking carbon-lowering partnerships with farm operations.

**Future.** The agribusinesses who stand to benefit from the carbon market in the long term will be those who have fully investigated their farm operations and confirmed they are viable candidates to provide carbon offsets from their land.



# Selling Carbon Credits

Farmers and ranchers who can document increasing stores of carbon in their soils stand to benefit financially as a means to offset carbon dioxide.



## Know Your Carbon Score: A Test for Carbon Offsetting Viability

Through a unique carbon scorecard, KCoe's sustainability experts examine key data and quantify the carbon footprint of a business to determine qualified candidates for carbon offsetting.

### Land Assessments

The scorecard evaluates four areas of viability in relation to providing carbon offsets from land:

- » Soil health
- » Ag chemical usage
- » Agronomic practices
- » Energy usage

### Economic Assessments

The sustainability team will also assess whether transitioning the operation to engage in carbon markets, or adding practices to qualify a farm for carbon markets, would be economically beneficial. Collected data will be needed to make a full and effective determination. For example, in the case of a cover crop operation, reporting the percentage of the farm under no-till, as well as the acreage base make up, are both crucial factors in carbon offsetting viability.

KCoe's carbon consultants evaluate the financial investments and returns on conservation, as well as better categorize the carbon potential of the farm.



## Determine Your Cost-Benefit Ratios

### Analyze and Improve Performance Data



Identify what is important, then create data and sustainability management plans. These comprehensive plans will enable landowners to report on emissions and other sustainability factors, as well as set goals or science-based targets to achieve improvements and reductions over time.

### Secure the Long-term Opportunity of Monetizing Carbon



KCoe acts as a bridge to help growers understand: the business plan of the credit buyer, what a grower must do to develop a credit, how to adopt effective new practices, and the value of performing a cost-effective analysis of measurement and verification.

## What to Know Before You Sign a Carbon Contract



Before you enter into a carbon contract, it is critical to understand what you are signing on to. Every operation should understand the following about any carbon contract:

- » The business plan of the developer
- » What you will have to do to develop a credit
- » If you're doing a new practice or one that's not "common" in your area (additionality)
- » How long that practice will be in place (permanence)
- » How much 'Measurement and Verification' will cost and who will pay
- » What happens if there is a reversal
- » What data you are providing
- » Basic contract terms



## Creating Environmental and Financial Value

As farmers themselves try to mitigate the risks that are emerging from climate instability – including intense rainfall events, drought and water shortages, as well as increased pest and weed pressure – the entire food and agricultural supply chain is trying to build resilience. U.S. agriculture can be part of the climate solution by creating emission reductions, storing carbon, and reducing the greenhouse gas footprint for many of its end users.



“ Nebraska farmer Jesse Hough is planting cover crops and creating credits for a local power provider and validates there's potential for carbon markets, “I think farmers have always been in the carbon business – we just didn't call it that, and now we can.” ”



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KCoe's food and agriculture sustainability team helps agribusinesses to seize environmental opportunities and secure revenue diversification strategies where they make sense. We work with farmers and landowners to ensure that an investment in carbon sequestration is a long-term opportunity that adds value to both the land and its farming legacy.

**Contact a KCoe sustainability expert to determine if carbon sequestration and offsetting is a viable and cost-effective strategy for your operations.**

**800-461-4702** or visit [kcoe.com/pinion](https://kcoe.com/pinion)



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