



Growing the community you serve

The Acorn approach to compensate smallholder farmers for carbon sequestration



What is Acorn?

Acorn is Rabobank's response to climate change, a threat that affects us all, but that disproportionately disadvantages smallholder farmers in developing countries. Acorn is an acronym for Agroforestry Carbon removal units for the Organic Restoration of Nature. With Acorn, we unlock the international voluntary carbon market for smallholder farmers in Africa, Asia, and South America.

Our mission

Acorn's mission is to support and compensate millions of smallholder farmers globally in a transition to sustainable agroforestry practices.

We turn the CO₂ that is sequestered through agroforestry into carbon credits to be sold on the voluntary carbon market. We developed an innovative and scalable method for measuring, certifying, and monetizing the biomass growth of planted trees and turning that growth into Carbon Removal Units (CRUs). The CRUs (or carbon credits) are sold to organizations with strong emission reduction commitments. To close the loop, 80% of the income of every sold CRU flows back to the original smallholder.

Our focus on agroforestry

At Acorn, we focus solely on agroforestry carbon sequestration. We believe that sound and locally adapted agroforestry systems have the potential to improve farmers' livelihoods. Not only through increased yields, the nutritional benefits of more diverse diets, climate resilience, and diversification of income streams, but also by sequestering CO₂ from the atmosphere. The agroforestry systems furthermore provide valuable other ecosystem services, such as soil enrichment and biodiversity conservation.

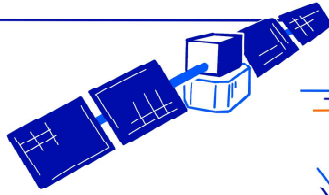
CRUs

Carbon Removal Units are at the core of the Acorn program. One CRU represents one metric ton of CO₂ that has been removed from the atmosphere and sequestered into tree biomass. Our innovative approach is based on carbon offsets that already have been realized (ex-post credits), rather than credits based on sequestration expected to occur in the future (ex-ante credits). This enables buyers to offset part of their annual emissions with sequestration that has happened in the same year. With our technical approach, we ensure that every CRU is traceable all the way to the plot of the farmer where it was generated, which ensures a high level of transparency.

Certification and measurement

All Acorn CRUs are independently certified by Plan Vivo. To generate CRUs, we created a scalable umbrella certification process. Projects that we set up with a Local Partner and that adhere to the Acorn Framework and Acorn Methodology will become certified, rather than having to certify each individual project. On a sampling basis, a select number of projects will be additionally verified and validated. In all, this reduces the costs and lead times of certification significantly. Furthermore, by using an innovative combination of ground truth data, LiDAR, and satellite imagery, we are able to bring down the costs of biomass measuring, making carbon sequestration monitoring and monetization cost-effective as well as scalable.

The eligibility criteria for a project are outlined in our Framework. Only carbon stock from aboveground and belowground biomass (no Soil Organic Matter) that is sequestered between project and baseline scenarios is taken into use. Furthermore, the plots of each smallholder farmer in a project should be between 0.1 to 10 ha and consist of either cultivated or degraded land at the start of a project intervention.



✓ quick ✓ verifiable ✓ scalable
biomass growth monitoring



Agro Forestry
↑ Climate resiliency
biodiversity
CO₂ removal



Monoculture
↓ land degradation
pest sensitivity
nutrient deficiency



crucial for
food supply

Smallholders

Facilitated by **Acorn**

Legend of the drawing:

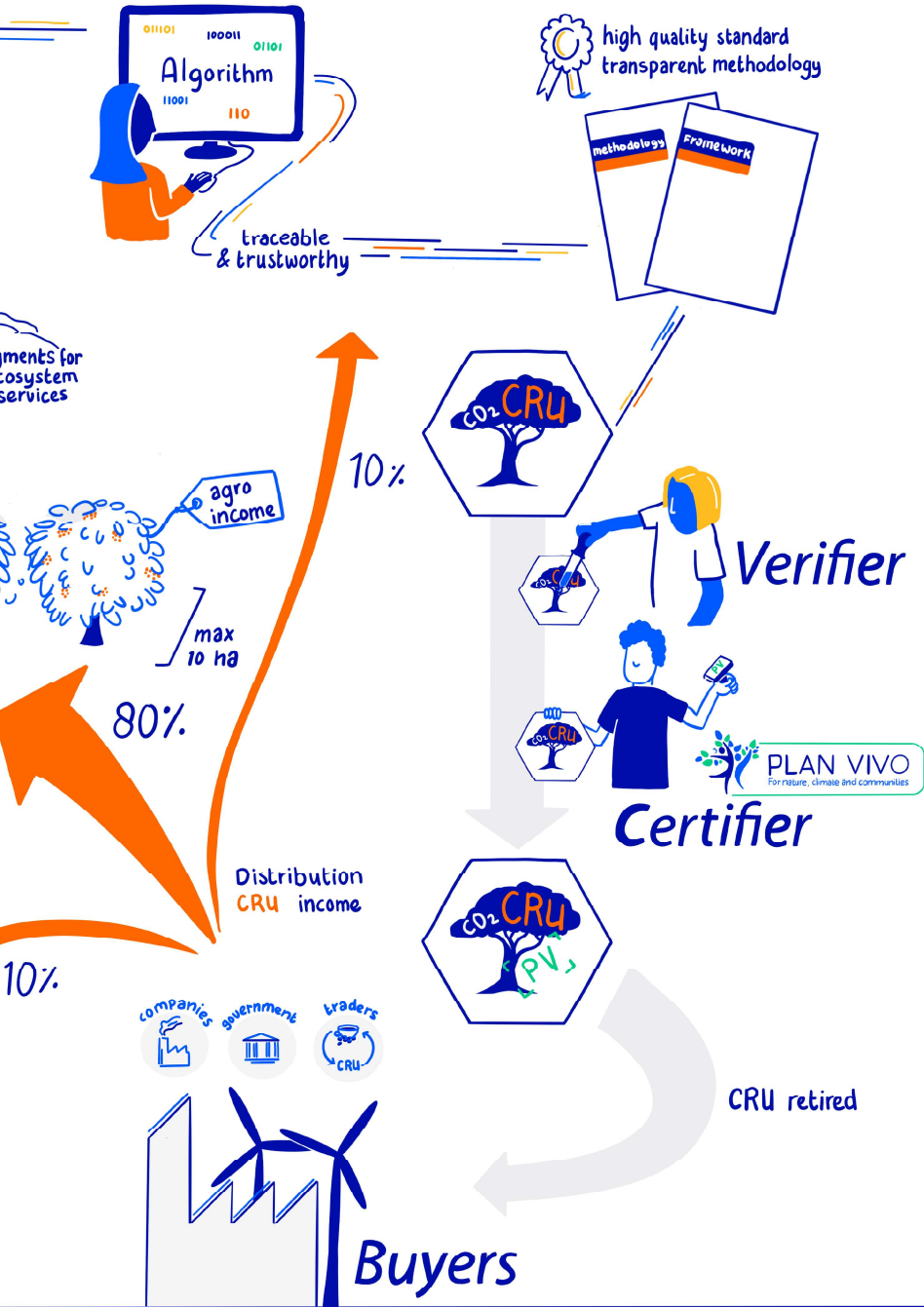
- Remote sensing data flow
- Carbon Removal Unit (CRU) development
- Carbon payments
- Agroforestry support



Local Partners



How Acorn works





Local Partnership

Working with us

To realize our mission of supporting millions of smallholder farmers, we are looking for partners to join forces. We believe that only together we can achieve more. To do so, Acorn wants to work with strong Local Partners on the ground with direct relationships with smallholders and the capacity to work with a large group of farmers. Types of Local Partners we would like to partner up include NGOs, farmers' co-ops, trading companies, and governments.

Long-term relationship

Local Partners are pivotal for the success of Acorn and act as the link between Acorn and the farmers, being responsible

for the on-the-ground implementation of the program. Being the first point of contact for the smallholders, supporting the implementation of a suitable agroforestry system and connecting them to our platform are a Local Partner's key activities.

Local Partners are the ones assisting with agroforestry design, the selection of plant species, and the logistics of procuring seedlings and saplings. They are the ones arranging the necessary funds to get farmers started with agroforestry, although in those cases where there is a clear financial need, Rabobank can play a part in assisting with the arranging of blended finance solutions. Finally, closing the loop by assisting in the farmers'



payout is part of the Local Partner's responsibilities.

We are looking for a long-term relationship in which we both work toward our common goal: improving the lives of smallholders globally.

Your benefits

- **Impact.** Working with us means that your organization will significantly improve local livelihoods and will set an example in the fight against climate change. Meanwhile, generating an additional income stream will increase the chances of establishing sustainable agroforestry systems.

- **Strengthening your farmer network.** Besides the additional income stream for farmers that Acorn provides, agroforestry can lead to higher or additional yields, and higher quality agricultural products.

- **Cost-efficiency.** Using the latest remote sensing technology and AI, we bring down the costs of measuring biomass and monitoring. This substantially reduces the workload and resources required to link farmers to the voluntary carbon market, making your project a viable business case.

- **Additional income.** From the CRUs generated at their project areas, Local Partners receive 10% of the total amount of the CRU sale to cover operational costs. This recurring income stream can help finance your organization's ongoing operations, reduce dependency on grant funding, or be passed on to the farmers you support.



Our responsibilities

To keep things transparent and clear, we'll discuss the objectives and responsibilities of Acorn and of the Local Partner in detail before we start. We too have responsibilities towards our Local Partners and are there to support them every step of the way. The Local Partner's and our responsibilities are governed by a formal Partnership Agreement ("Partnership Agreement for the Trade in Carbon Removal Units") signed by Acorn and the Local Partner.

Acorn's responsibilities include measuring and certifying carbon credits, issuing carbon credits, selling them for a fair and reasonable price, and collating and safeguarding the data required for the program. The main activities in which our Local Partners are involved are detailed below, in the Key activities of Local Partners section.

Key activities of Local Partners

- **Selecting projects.** Local Partners identify projects and perform eligibility checks for potential projects, ensuring that they comply with the project eligibility criteria of Acorn, which are explained in detail in the Acorn Framework.
- **Onboarding farmers.** Local Partners onboard farmers into Acorn by collecting details (e.g. field coordinates, tree data, ask status of land ownership and farmer consent forms). They present Acorn to farmers and sign agreements with participants.
- **Implementing agroforestry.** Local Partners assist in tree planting and sustainable implementation of agroforestry designs. Besides this, they connect with local agronomists for agroforestry advice, including training for

farmers.

• **Connecting farmers.** Local Partners facilitate council meetings in order to inform and involve participants in the decision-making process throughout the project, from design, to implementation, to field management, and monitoring. In this way, they function as an intermediary between Acorn and local farmers, enabling communication both ways.

• **Paying out farmers.** Local Partners are responsible for annual and traceable carbon benefit payments to the participants. At least 80% or more of the proceeds from CRU sales should accrue to participants as either fully monetary or partially in-kind payments, with at least 50% being monetary (always in agreement with participants).

• **Reporting and Monitoring.** Local Partners support the general monitoring of carbon and project indicators, prepare progress reports and project council conclusions to Acorn. They also assist external validation and verification bodies during their audit if selected for validation and verification.

Checklist

We work with organizations which have a trustworthy relationship with smallholder farmers. Organizations that believe in the benefits of agroforestry, are committed to venture into an innovative project in the voluntary carbon market, and have the

capacity to partner with the Acorn program. Therefore, we ask our partners to meet several conditions. For a more elaborate checklist, please consult the Acorn Framework, which is available on our **website**. Please ensure the following applies:

Checklist

- √ Presence of legal right to sell Carbon Removal Units (no restricting governmental policy)
- √ The project includes new agroforestry and/or existing agroforestry with a maximum of 5 years since trees were planted
- √ 2.000+ ha potential project scale
- √ No deforestation took place in the project area in the last 5 years
- √ No carbon credits are being sold currently from the project, or CO2 (to be) sequestered is not yet monetized
- √ The area cultivated by each farmer is between 0.1 and 10 hectares
- √ There is local engagement and organizational capacity to undertake the project for a minimum of 20 years after CRU sales
- √ Every farmer has proof of formal or informal land tenure



How to become a Local Partner

Join Acorn in seven steps

Does the checklist apply to your project(s)? Does your organization's work align with Acorn's mission? If so, great! We welcome you to apply to become an Acorn Local Partner. To do so, there are several application steps to complete. You can apply via our online portal. Every step and the documentation required are explained in detail. Of course, the Acorn team will assist you in completing the process. An application link can be requested via our **website** or directly by sending an e-mail to **acorn@rabobank.com**.

1. Intake

First, let's talk! During your initial conversations, we will go through the intake checklist together to verify that your project meets the basic criteria to participate in Acorn.

2. Project summary

In this step, you will need to provide us with a summary of the general characteristics of your project such as location, project objectives and proposed activities, etc. This will help us to gain more knowledge about your project and determine its compatibility with the Acorn program.

3. Eligibility

Not all tree planting activities are eligible for the Acorn program, as our focus is on agroforestry. Therefore, in this step we determine whether your organization, participants and project meet the required conditions to participate in Acorn. To do so, you need to complete two checklists. These will be reviewed by our team to determine the eligibility of your project to participate.

4. Additionality

The additionality assessment determines whether your project is additional. Additionality is important for us. For Acorn, a project is considered additional only when agroforestry practices would not have been successfully implemented in the long term without the Local Partner, project intervention and the additional revenues generated through the sale of CRUs. Demonstrating additionality is a key requirement for ensuring the quality of CRUs.

5. Business case

In this step, Acorn would like to learn more about your proposition as a Local Partner to assess the feasibility and long-term success of the project. You will need to create a detailed business case to prove that your project is financially viable based on Acorn criteria. Our team will support you in the development of the business case and, if the business case needs financing, Acorn will help in finding a financing party.

6. Customer Due Diligence (CDD)

Acorn performs a CDD check in order to ensure that there are no potential risks to our institution before entering a formal collaboration. As part of this process, we will require some personal information from your directors and ultimate beneficial owners of your organization, as well as a confirmation that you comply with Rabobank's sustainability policy.

7. Contracting

Once the CDD is completed successfully, a standard partnership agreement will be sent for your review and signature. The agreement describes your responsibilities as a Local Partner.

For more detailed information about what it means to be a Local Partner, please consult our Framework and Methodology on our **website**. If you have any specific questions about the functioning of the program, please have a look at the FAQ on our **website**.

Interested in working with us? Please contact us at acorn@rabobank.com or visit: acorn.rabobank.com.

**Let's enable and serve your
smallholder farmer community
together!**

