



WOODLANDS CARBON

CREATING ACCESS TO CARBON MARKETS FOR FAMILY WOODLAND OWNERS

Q: What is Woodlands Carbon?

A: Woodlands Carbon is a C Corporation, established in 2008 by the Oregon Small Woodlands Association (OSWA) in partnership with the American Forest Foundation (AFF). Woodlands Carbon aggregates and trades sequestered carbon credits from certified family woodland owners in the Western United States. The aim is to create yearly revenue for family woodland owners from carbon markets.

Q: What is “sequestered carbon”?

A: Carbon that has been removed from the atmosphere and stored long-term. Trees capture carbon naturally through photosynthesis. By removing carbon dioxide and other “greenhouse gases” from the atmosphere, trees help to reduce or reverse global warming.

Q: So, I can get paid for growing trees?

A: Yes; the Chicago Carbon Exchange (CCX) recognizes certified managed forests as a legitimate method for long-term storage of carbon. Certified managed forest carbon credits are accrued annually; you are selling the annual increase in carbon sequestered by your forest (the volume growth), and guaranteeing that this amount will remain sequestered for the length of the contract between you and Woodlands Carbon.

Q: What am I committing to?

The current contracts for Woodlands Carbon run through December 31st 2012. You are also committing that your woodland remains certified for 15 years after the date of enrollment.

Q: Why should I trade with Woodlands Carbon rather than doing it myself?

A: Woodlands Carbon plays the role of an aggregator to make economies of scale work for the CCX accounting and auditing requirements. CCX traders buy and sell credits in 10,000 metric ton blocks. Woodlands Carbon aggregates (bundles) woodland owners’ yearly carbon growth together into carbon credit pools and then trades the pools on the open market. By pooling owners together, Woodlands Carbon creates access to CCX. By pooling resources we are also able to employ experts in the fields of forestry and commodity trading, putting us in the best position to succeed in generating additional income for forest landowners.

Q: How many tons of carbon will my forest sequester?

A: On average the western forests will sequester 1.5 to 5 metric tons per acre per year; the exact number will come from the data generated by your inventory.

Q: So I can trade up to 5 tons per acre per year?

A: Not exactly. You can realistically trade up to 70% of the sequestered carbon annually.

100% Actual amount of carbon removed from atmosphere annually by forest

- 0- 10% minimum error calculated into the inventory (could be more based on data)

- 20% mandatory reserve against catastrophic loss (can be recaptured at end of contract)

70% Maximum Sequestered Carbon available to trade

Woodlands Carbon

1775 32nd Place, Ste. C, Salem, Oregon, 97301,

Email - woodlandscarbonco@gmail.com Tel - 503 588 8356 Cell - 503 507 2612



WOODLANDS CARBON

CREATING ACCESS TO CARBON MARKETS FOR FAMILY WOODLAND OWNERS

Q: How often?

A: Credits are accrued annually, and are based on the calendar year. As they are commodities they might not be sold immediately, but held until market conditions are more favorable. Woodlands Carbon pays the landowner within 32 days of when credits are traded.

Q: How much?

A: The CCX is an open market exchange that trades carbon just like any other commodity; the market sets the price. In 2008 carbon credits traded on the CCX ranged from a high of \$7.50 to a low of \$1.20 per ton. A similar project in Michigan returned forest owners an average of \$8 per acre.

Q: Can I still sell timber and cut firewood?

A: Harvests do not need to take place every year, and as long as growth exceeds harvest levels you can sell credits annually. Any removals (either commercial or non-commercial) have to be accounted for and affected stands re-inventoried. You will also want to retain the rights to the carbon in any products sold. This can be done by a simple stipulation in your timber sales contract.

Q: Can I enroll just a portion of my forest to start with?

A: No. CCX requires that all eligible properties of an ownership must be enrolled. This ensures that the market isn't artificially inflated by enrolling only the best growing stands or areas that are not scheduled for harvesting for many years.

Q: What if I change my mind after I enroll?

A: You will have a contract with Woodlands Carbon in order to enroll in the program. The contract contains specific penalties for non-compliance. This includes willful breach of contract, failure to adhere to a management plan, non-conformance to certification standards, and changing to non-forest use.

Q: What if insects, disease, or natural disasters decimate the stand and kill the trees?

A: Each pool of carbon sold represents 70% of the total amount sequestered, 20% is insurance against catastrophic loss. As long as the loss is in no way due to deliberate actions or negligence on your part, the liability for loss is limited to that 20% reserve. If the reserve is not used at the end of the market period, it becomes part of the pool and it can be sold outright.

Q: What do I need to get started?

A: An accurate, recent inventory (guidance coming soon) of the entire property including trees down to the 2 inch diameter class; a forest management plan that meets the standard for and enrollment in the American Tree Farm System; membership in the Washington Farm Forestry Association or the equivalent industry trade association for the state the property is located; and willingness to adhere to a 15 year certified management commitment once enrolled.

Woodlands Carbon

1775 32nd Place, Ste. C, Salem, Oregon, 97301,

Email - woodlandscarbonco@gmail.com Tel - 503 588 8356 Cell - 503 507 2612



WOODLANDS CARBON

CREATING ACCESS TO CARBON MARKETS FOR FAMILY WOODLAND OWNERS

Q: What does it cost to get started?

A: Most likely you will need to re-inventory your entire property to meet the standards for enrollment; Woodlands Carbon has a revolving loan fund available to help cover this cost, and can deduct the amount from your shares of carbon sales leaving minimal or no out of pocket expenses. If you are a Certified Tree Farm or your forest management plan meets the standards of the American Tree Farm System, there are no costs associated with certification. WFFA membership for forest owners is a sliding scale based on acres owned; the current annual dues for a landowner with 40 acres or less is \$65, 41-200 acres is \$125 and those with owning more than 201 acres pay \$175.

Q: How much does Woodlands Carbon charge for services?

A: Woodlands Carbon's commission is a percentage based on sales includes all accounting, auditing, and trading fees. The landowner may be responsible for additional costs for verification and registration.

Q: How Woodlands Carbon fits into the market?

Woodlands Carbon will sell the carbon credits from family woodlands on the Chicago Climate Exchange (CCX), North America's only voluntary cap and trade system for green house gas emissions. CCX pays landowners for the carbon that is stored in the daily practice of sustainable forest management and harvested wood products.

Landowners who are thinking about carbon markets should:

Develop or Update your Forest Management Plan

Have clear objectives. Link your style of management to the desire to improve the carbon sequestration and storage of your forest.

Get Certified

Most voluntary schemes require sustainable forest management certification. Both individual and group American Tree Farm System certification is now recognized.

Attend a "Woodlands Carbon" workshop in 2009

To help you assess the potential for your family forest to earn yearly revenue from carbon credits and what that commitment means to you in the future, Woodlands Carbon will be hosting a number of workshops in 2009.

Coming soon... Inventory Requirements and Loans.

Woodlands Carbon is developing inventory requirements to help landowners and consultant foresters establish your "carbon baseline" from both current and new cruises. The requirements will be available soon from Woodlands Carbon and will be used to calculate the amount of carbon being stored in your trees. Woodlands Carbon is establishing low cost loans available to help pay new inventories. Loans will only be repaid as carbon is sold at a profit so landowners do not have to risk an out of pocket expense for a new cruise.

Woodlands Carbon

1775 32nd Place, Ste. C, Salem, Oregon, 97301,

Email - woodlandscarbonco@gmail.com Tel - 503 588 8356 Cell - 503 507 2612