

Cultivo Land PBC Public Benefit Report

December 2021



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**Message from Dr. Manuel Piñuela,
CEO & Co-founder**

We founded Cultivo in December 2019 to contribute to a nature positive world. While, over the last two years, there has been significant development and increased understanding of the role of nature-based solutions in reducing the emissions gap and adaptation to climate change, there is still an urgent need for action.

We are facing a triple crisis of climate change, devastating biodiversity loss and a looming global water shortage, which are interconnected and need to be addressed holistically, using high-quality nature-based solutions.

Our ambition is to regenerate 1% of the world's land into healthy ecosystems. We are tackling this by building portfolios of natural capital assets with high regeneration potential. Our diverse and purpose-driven team believes that the key to unlocking investment in natural capital at scale is to attract private investment and demonstrate strong financial returns, as well as positive natural and social returns.

We look at nature-based solutions, adopting an end-to-end approach from project assessment to initiation and ongoing monitoring to ensure permanence over the long term. We mobilize private capital, facilitate sustainable land use practices based on the highest global certification standards, and develop systemic approaches to deliver transformational impact. We do this in partnership with the public and private sectors, respecting the needs of all stakeholders, in line with our foundation as a Public Benefit Corporation.

We are a data-driven company using satellite technology and proprietary algorithms, coupled with environmental science capabilities, to accurately calculate, measure, assess and manage the full natural capital potential and risks of a natural capital project. We prioritize working directly with NGOs and landowners to generate unique opportunities for financial partners, channelling investment into projects

that regenerate and protect nature while also addressing social justice. As new methodologies emerge in biodiversity measurement and other natural capital areas, we also partner with a range of subject-matter experts to continue to enhance and refine the capabilities of our suite of technology tools.

This science-based approach, combined with our expertise in finance, has helped us attract investment, accelerate growth and achieve recognition that includes our acceptance into the Mulago Foundation's Henry Arnhold Fellowship and the Unreasonable Impact Entrepreneurs Group.

We have a diverse set of natural capital projects across a range of ecosystems and global geographies. These projects will deliver a range of natural, social and financial benefits that include carbon sequestration, biodiversity gains, water management and support for local communities.

We're excited about the potential we have to positively impact society and the natural world, and that's what drives us to continue to innovate and to find new ways to unlock investment in nature at a scale and speed that matches the crisis of our times.



Our status as a Public Benefit Corporation

Cultivo Land PBC (“Cultivo”) incorporated as a Public Benefit Corporation (a “PBC”) in the state of Delaware, USA on December 6, 2019. A PBC is a legal corporate form that allows a company’s board of directors to make business decisions based not just solely on the economic interests of the company’s financial shareholders, but based also on (a) the interests of those materially affected by the company’s conduct, like employees, customers, communities and the environment and (b) a specific “public benefit” approved by the company’s board of directors and stockholders.

Cultivo’s public benefit is to

“regenerate and protect land to improve ecosystem productivity, biodiversity and resilience.”

How we deliver our public benefit and impact

We build portfolios of natural capital assets with high regeneration potential. The suite of technology tools that we have developed, and will continue to do so, provides the data and evidence to support how we are positively impacting nature.

The impact that we create, be it carbon sequestered, biodiversity gains or water retained, we market as ecosystem services through commercial offtake agreements. We ensure that these services are certified and audited, have permanence and are additional.

The key indicator of our impact is the land area that we have under regeneration. For each of our nature-based projects, a baseline is established and then we monitor over time using our proprietary suite of tools to assess changes that will support ecosystem productivity, biodiversity, resilience and social impacts.

Our Vision

To create a nature positive world.

Our Purpose

To regenerate 1% of the world’s land into healthy ecosystems.

Our Mission

To accelerate investment into nature at scale.

Material Sustainability Issues

Based on engagement with our key stakeholder groups (Employees, Board, Suppliers, NGOs, Corporate Partners, Local Communities and Investors), we have identified topics that are most material to our business. These fall into two categories: those that relate to how we support ecosystem regeneration through nature-generating projects, and how we conduct business:

Regenerating Ecosystems

- Biodiversity
- Land use
- Climate resilience
- Carbon sequestration
- Water
- Community inclusion
- Sustainable innovation and technology

Responsible Business Practices

- Ethics and integrity
- Employee health and wellbeing
- Governance, accountability and culture
- Diversity, equity and inclusion
- Talent and development
- Data security and privacy

Addressing the United Nations Sustainable Development Goals

We have identified three specific Sustainable Development Goals (SDGs) that our projects can most materially impact. They are #13 Climate Action, #15 Life on Land and #17 Partnerships for the Goals. However, there are many other SDGs that our projects will indirectly influence and we will also monitor these.



A nature positive commitment



We have committed to setting a science-based target through the Science Based Targets initiative and have joined the Race to Zero campaign. We are currently net zero for Scope 1 and 2 emissions and we aim to achieve net zero for Scope 3 by working closely with our suppliers and partners. To support our nature positive commitment, we will invest in each of our projects, capturing the full range of ecosystem benefits, as well as offsetting any Scope 3 emissions until we reach net zero.

Responsible Investment

Signatory of:



We have established an Environmental, Social and Governance (ESG) management system policy and process to support project investment and have become a signatory of the Principles for Responsible Investment.

To ensure we are developing portfolios of 'high-quality' projects, we rigorously analyse each piece of land to determine viability for investment and implementation. The analysis considers ESG and economic components. Three stages of analysis are undertaken for each project followed by an Investment Committee review, to determine whether it progresses to the next stage.

Additionally, we screen partners and investors to exclude companies involved with deforestation and which do not yet have an ambition for net zero or a commitment to a science-based emission reduction target.

“ Investing in nature in the way that Cultivo and other companies and NGOs champion is a great way to achieve positive outcomes for biodiversity, water, communities and of course climate.”

Mark Tercek, member of Cultivo's board of directors
(former CEO, The Nature Conservancy)



Nature needs a holistic approach

To sustainably protect and regenerate land to support healthy ecosystems, we collaborate and manage land through the full life of a project - from analysis, to origination, to development and implementation, ensuring that natural capital impact is realized.

We search for land with maximum regeneration potential by working in partnership with NGOs or private and corporate landowners across a range of ecosystems, including grasslands, forests and croplands.

There is no single metric to measure the health of an ecosystem; we instead understand each ecosystem relative to what it would have been like without human intervention. To do this we look at three dimensions: Productivity, Biodiversity and Resilience, which together give us an overall picture.

This analysis is informed by our proprietary suite of tools and algorithms, part of the Cultivo Technology Hub™, which gives us the ability to efficiently scale globally. We are also able to integrate complementary third-party datasets and technology solutions to give breadth and deepen our analysis.

“ As an ambassador to the fourth generation of family-ranchers, I grew up in the natural world and with an appreciation for the intrinsic natural value of land.

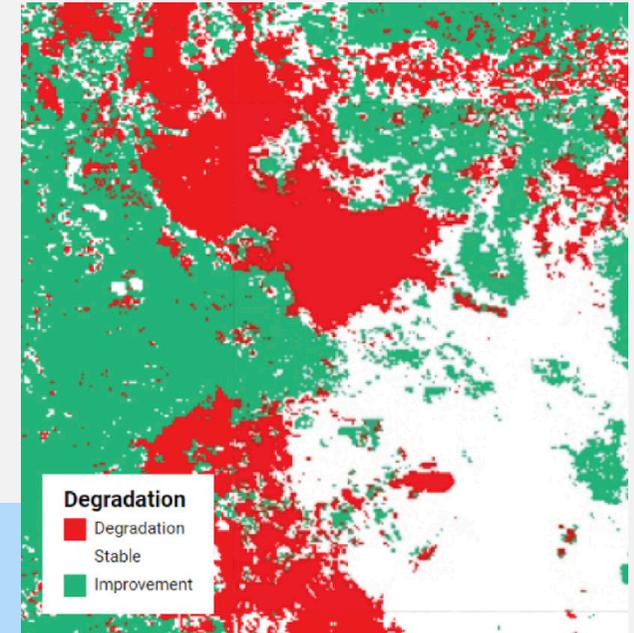
My uncle and mentor Bill Osuna always inspired me, especially through his friendship with Allan Savory. In their proximity I came to appreciate how critical it is to have a holistic vision and engagement with our environment.

My family pioneered sustainable/ holistic land management methods in Mexico. I am proud to identify similar pioneering principles in Cultivo, bringing technology and new financial insight that supports landowners and enables land preservation and regeneration.”

Gabriel Holschneider, member of Cultivo's board of directors

Our toolset makes use of geo-spatial remote sensing technologies, enabling us to analyse land degradation, soil moisture potential, land cover/vegetation change, species biodiversity, water balance and the potential for droughts and floods. It is critical that we confirm and supplement such information with on-the-ground data, otherwise known as ground-truth data, which we do regularly and as part of each project.

Beyond quantitative data, we also gather human and local insight, particularly in locations with rich histories and indigenous communities. Natural capital management is greatly enhanced by technology, but the experience of locals, practitioners and scientists is critical, particularly in identifying the most appropriate regenerative practices to support natural infrastructure development and the provision of ecosystem services.



Illustrative image of the outputs generated by our degradation tools.



Financial sustainability is necessary to achieve scale

This year the UN Environment Programme highlighted the US\$4.1 trillion funding gap to halt the climate, biodiversity and land degradation crisis by 2050. Given the scale of the challenge and the resources required, we believe that the only sustainable way this can be achieved is by orientating financial markets, and particularly private capital, to support nature. This means that nature needs to be an attractive asset for investment.

We originate high-quality natural capital assets for investment, initially searching by using remote sensing technologies and proprietary algorithms, then forecast the natural capital potential before packaging it into investment-ready portfolios with full financial models and risk analysis. We identify the best financing mechanism for the portfolios and create special purpose vehicles ready for investment.

It is important to look holistically, beyond carbon, and consider that there may be a number of ecosystem services linked to water and biodiversity also available and a range of co-benefits. Unlike other assets, investing in nature-generating projects brings the potential for natural, social and financial returns, all in support of the UN SDGs.

“ A substantial increase in private sector investment is needed to complement public funding including actions within companies’ own value chains and as a means of compensating for and neutralizing residual emissions en route to net zero.¹”

Mark Carney, UN Special Envoy for Climate Action and Finance and the Prime Minister’s Finance Adviser for COP26

“ Working with Cultivo, we can help vulnerable communities affected by climate change receive a sustainable income from natural capital.”

Hank Cauley, Co-founder and Managing Director - Strategy and Resources, Nature for Justice

“ Using technology to facilitate capital flowing to projects that allow carbon to be removed using nature-based solutions is compelling and has not only environmental but also massive social benefits.”

Brace Young, Chair of Cultivo’s board of directors



Natural Capital

Protected species, healthy soil, clean water



Social Capital

Jobs created, livelihoods protected



Financial Returns

Cash flows from ecosystem services, generate strong IRR²

¹ https://ukcop26.org/wp-content/uploads/2020/11/COP26-Private-Finance-Hub-Strategy_Nov-2020v4.1.pdf

² Internal rate of return (IRR)

Cropland Restoration in Florida, USA



Over a 20-year period, 1,000 hectares of degraded land caused by intensive agriculture practices will be restored by introducing a range of sustainable agriculture practices, including agroforestry. It also presents an opportunity to connect fragments of forest to support improvements in biodiversity, to reduce fertiliser use and to provide an additional source of income through ecosystem services.

Terviva, a food and agricultural technology company, is a key partner in the project, bringing agroforestry expertise in pongamia

trees which produce abundant protein and oil-rich seeds, similar to soybeans. Terviva is working to address the challenges global food production is causing with the significant contribution to greenhouse gas emissions and partnering with farmers to drive land restoration. The high-yielding trees produce beans that are processed to create sustainable food ingredients. Pongamia trees sequester more carbon than is emitted during production, supporting the natural ecosystem by improving water quality and soil biodiversity, as well as producing high-quality, nutrient-dense food.

“ We strengthen community livelihoods through the revitalization of inactive land and by putting people to work in permanent agriculture with regenerative and equitable farming practices. We partner with landowners and growers who steward and strengthen natural capital by preparing land and farming pongamia trees to harvest. This enables us to deliver the pongamia crop as pohnova food ingredients in a wide range of foods that showcase taste, nutrition and sustainability for end consumers.”

Naveen Sikka, Founder and CEO of Terviva

Data brings speed and transparency

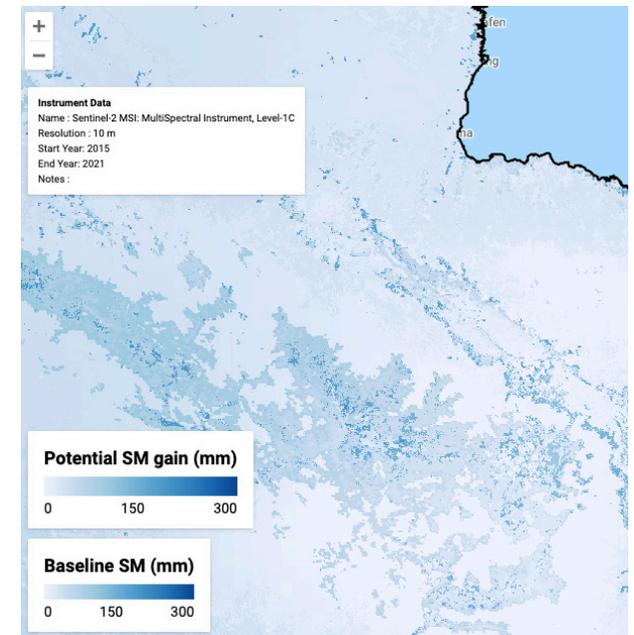
Data is at the heart of Cultivo and embedded in our culture. Whether it is our scientists or investment professionals, we use data to drive rapid, customized and reliable analysis and insights. Our commitment to data brings further transparency to our partnerships and a more aligned understanding of the level of degradation of land and the regenerative options available.

In addition to sharing our technical analysis with our partners, we also share details of our financial modeling, land rights data and suppliers, which help partners, landowners, communities, investors and offtakers fully understand the process as well as gain comfort that returns are fairly distributed.

Partners can monitor projects as they progress through the Cultivo Technology Hub™ and access the details they require for their own ESG reporting.

“ I joined Cultivo because I see a real opportunity in making the analysis and monitoring of real asset investment strategies much more efficient via the use of digitalization and technology. I watched this play out in public markets over the past decade and I think it is now reaching private markets, especially real assets.”

Kristof Bulkai, Managing Director, Investments, Cultivo



Illustrative image of the outputs generated by our soil moisture potential tool.

Financially sustainable forest protection with Ejido² communities

Cultivo has been able to collaborate with Ejido communities and government agencies in Mexico to market quality offsets, ensuring their full value is realized, particularly as demand tightens and prices increase. This has provided a new mechanism to support the economic livelihood of these communities.

In the Trans-Mexican Volcanic Belt in the State of Puebla, Mexico, sustainable forestry practices and increased surveillance are enabling the Ejido San Rafael Ixtapalucan community to minimize illegal extraction of local flora and fauna, prevent fires and support forest growth in the 1,600 hectares of common land that they manage.

While in the Cutzamala basin, in the same volcanic plain, but in the State of Mexico, the Ejido of San Bartolo de Amanalco have been protecting one of the main sources of water for Mexico City and sustainably managing 1,500 hectares of natural resources, ensuring clean and potable water and forest resources including timber, edible plants and fungi. They face risks of illegal logging, man-made fires and the pressure of urbanization.



Government agencies have supported these communities financially to achieve sustainable forest development and preserve the ecological environment, while strengthening social participation. However, this model of government support may not be possible to maintain over time. By looking to the voluntary markets for ecosystem services, the Ejido communities of San Rafael and San Bartolo have been able to receive payments for carbon capture from corporations like Aeroméxico who are wanting to support local initiatives in line with their sustainability ambitions. This is enabling the Ejido communities to manage their forests in a financially sustainable way.

“ By partnering with Cultivo, we were able to protect our forest and improve community livelihoods in the long term.”

David Salinas Justo, member San Bartolo Ejido community, Mexico

“ Working with Cultivo, we were able to support a project that generated carbon certificates, protected biodiversity and had a positive social impact. A triple win!”

Christian Pastrana, Communications Director, Aeroméxico

² An Ejido or ‘propiedad comunal’ is an area of communal land mainly used for agriculture, on which community members farm designated plots and collectively maintain communal holdings.

Diversity makes us stronger

The Cultivo team continues to grow, both with specialists in data science and environmental science driving the development of our technology, coupled with investment and commercial skills.

We are also fortunate to have a deeply experienced board of directors and a cohort of highly skilled special advisors who bring subject matter expertise to the specific geographies and ecosystems where we operate.

Our ambition is to build a team that reflects the rich diversity of the world and to create an environment that continues to be inclusive of individual differences.

We are an international team representing a range of cultures and ethnicities, educational and professional backgrounds. Gender representation in the team is 37% female and 63% male, which does not yet represent the broader population but we are working towards achieving gender balance. Similarly, we need to ensure greater focus on the full range of diverse characteristics as we expand.



We offer fully-flexible home-based working to 100% of staff and the opportunity to work together on a weekly basis in our hub locations. The team is currently located across four countries, in the US, Mexico, UK and Spain. We support staff to take on further study and assist with relocation, both domestic and international, when requested.

Cultivo's vision to create a nature positive world is the common theme that unites the team and is the foundation of our culture.

“ Something that I love about my team are my colleagues. It is so inspiring to have women doing science research and the fact that we take the time to mentor and support each other is super empowering.”

Jimena Terrazas, Data Analyst, Cultivo

“ Being part of a team of passionate and driven people where your voice is heard and your work is respected is very important to me. I've gained experience, but also confidence, in being given the liberty to experiment and the support to further develop my ideas and hone my skills.”

Madeleine Nicolas, Environmental Scientist, Cultivo



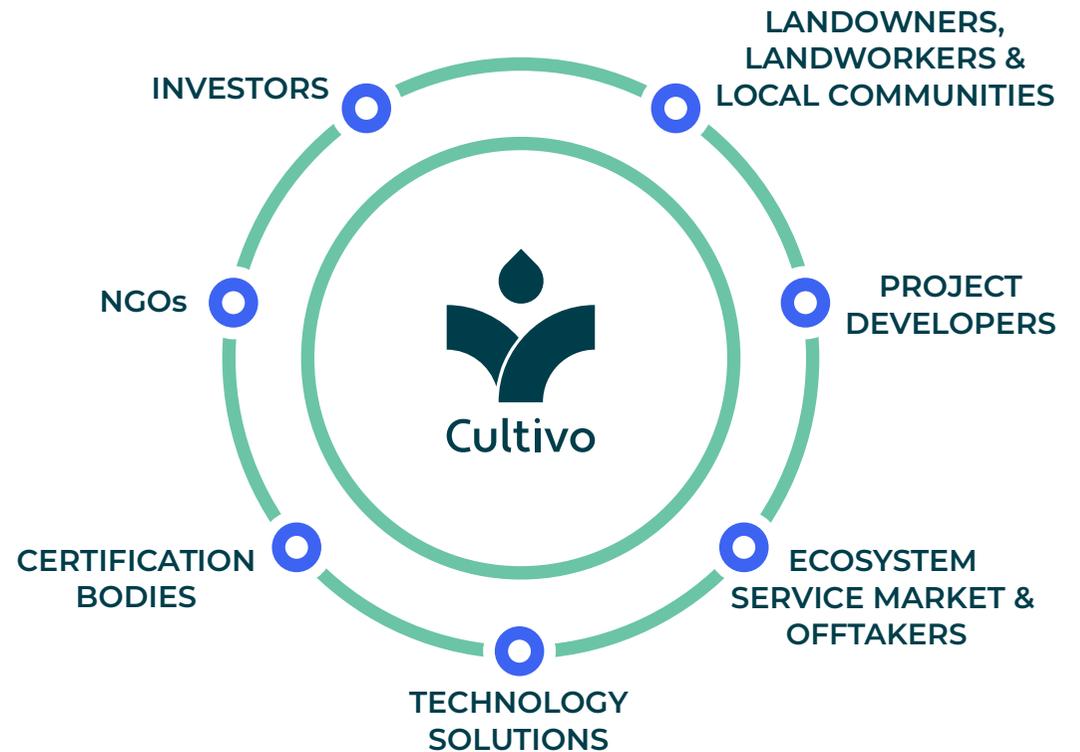
Ecosystems build ecosystems

Only by working together can we protect and regenerate nature at scale. Our approach is to proactively partner with a range of stakeholders who complement our expertise, bringing skills, local knowledge and insights on communities, ecosystems and regenerative practices. Partnerships enable us to expand and deepen our thinking, leverage world-leading subject matter experts and the latest scientific developments, as well as ensuring we move at pace.

We collaborate, manage and measure through the life of a project - from analysis, to origination, to development and implementation, ensuring natural capital impacts are realized.

“ I grew up in the country knowing the names of all the birds and trees around me. A career in the investment industry has felt quite disconnected from that strong early awareness and respect of nature. Cultivo connects the dots between an industry that creates tremendous value for its beneficiaries and the need for that industry to take care of nature so nature can take care of us.”

Lucy Thomas, member of Cultivo's board of directors



Sustainable Grassland Management, Chihuahuan Desert, Mexico



Over the next 30 years, we will help manage 22,000 hectares in the largest desert in North America to reverse the trends of unprecedented biodiversity loss, tackle the threat of climate change and mitigate impacts driven by intensive agriculture.

The land is located near the Maderas del Carmen Flora and Fauna Conservation Area in Mexico, adjacent to the Big Bend National Park in Texas, USA, and functions as a cross-border biodiversity corridor. The area is home to endemic species of red oak and black bear, representing one of the continent's most important open grasslands for migratory birds and other emblematic species such as the American bison, black-tailed prairie dog, burrowing owl and golden eagle.

Regenerative ranching will support rotational grazing using low-impact virtual fencing technology, aiming to restore natural balance to the ecosystem's species abundance, nutrient distribution, energy and water cycles. There will be a specific focus on improving soil health and fertility and increasing water capture capacity, which will result in carbon sequestration and provide a revenue stream from ecosystem services.

Project partners will include local NGO Terra Habitus which will manage the ranch and implement regenerative activities supporting local communities, ejidos, ranchers and students.

“ I have devoted the last 10 years of my professional life to regenerative ranching and private land conservation in northern Mexico. Cultivo is the perfect conservation finance and technology partner to advance our dreams and speed up impact at a meaningful scale.”

Lorenzo Rosenzweig, CEO, Terra Habitus



Innovation will create a new future

While the policy and regulatory frameworks for environmental markets and ecosystem services, including voluntary carbon, biodiversity and water, are highly dynamic and still maturing, there is growing support and advocacy for a transformational shift in the way markets value nature. The landmark independent global review on the economics of biodiversity, led by Professor Sir Partha Dasgupta, published in February 2021, stated the case for putting a value on nature and which Sir David Attenborough recognized in the Foreword:

“*The Dasgupta Review at last puts biodiversity at its core and provides the compass that we urgently need. In doing so, it shows us how, by bringing economics and ecology together, we can help save the natural world at what may be the last minute – and in doing so, save ourselves.*”

Sir David Attenborough

In 2021, the G7 and G20 endorsed the work of the Taskforce for Nature-related Financial Disclosure (TNFD), which is advancing nature and biodiversity-related measurement and reporting.

Corporations and institutional investors are also maturing their own sustainability strategies and becoming increasingly focused on the role insetting and offsetting can play in supporting their own business models and climate or nature positive ambitions.

For our part, we use technology and market-based thinking to reduce transaction costs to create market efficiencies and apply algorithms to bring new insight. Our research and development makes use of open source data along with emerging technologies, which may help us address challenges that investments in nature present. This includes the application of blockchain technology to bring greater trust and transaction to the registration and flow of ecosystem services, low-impact virtual fencing to replace traditional infrastructure, and eDNA and camera trap data analysis, bringing new approaches to biodiversity measurement.

Our innovative approach is being increasingly recognised. In 2021, Cultivo's solution to global reforestation was shortlisted by the UpLink World Economic Forum 1 Trillion Trees Challenge, aiming to conserve, restore and grow 1 trillion trees by 2030 to address biodiversity and fight climate change.

In addition, the Mulago Foundation offered a Henry Arnhold Fellowship to Cultivo as a business with a conservation and climate solution with significant potential to scale. And the Unreasonable Impact initiative selected Cultivo as part of its Americas cohort, providing mentorship and support to rapidly scale highly profitable business models that are addressing environmental issues.



Such partnerships provide an invaluable opportunity for Cultivo to learn from highly experienced entrepreneurs and leaders and to build relationships that can help drive our innovation and unlock greater impact and value.

The Cultivo team is impatient and committed to taking action, sustainably and at scale, to protect and regenerate nature.

We welcome your support, interest and partnership.

 cultivo.land

 [Get in touch with us here](#)

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