



A Manulife Investment Management Company

May 18, 2020

Craig Ebert, President
Sami Osman, Senior Policy Manager
Climate Action Reserve
policy@climateactionreserve.org.

Re: Proposed Soil Enrichment Protocol

Dear Mr. Ebert and Mr. Osman:

Hancock Natural Resources Group (“HNRG”) welcomes the opportunity to submit these comments on the Climate Action Reserve’s (the “Reserve”) proposed Soil Enrichment Protocol (“SEP” or “Protocol”). HNRG manages over \$14 billion in timberland and farmland assets in the United States, Australia, Canada, New Zealand and Chile. We are committed to sustainability and responsible investing, including the ongoing reduction of environmental impact and improved stewardship performance. Our agricultural investment group is one of the largest global institutional managers of agricultural properties, managing over 470,000 acres of farmland, primarily in the United States, but also in Canada and Australia. Through our timberland investment group, we are already participating in forest carbon markets in the US and New Zealand. We look forward to including our management and operations of agricultural properties in carbon markets.

HNRG supports the adoption of a single protocol that includes the wide range of regenerative agriculture practices. A comprehensive, flexible and forward-looking protocol will foster more widespread adoption of these vital practices by offering growers a viable path to participate in voluntary and, potentially, compliance carbon markets. We support the Reserve advocating to include the SEP among its CORSIA compliant programs and hope other compliance markets, such as members of the Western Climate Initiative, will consider adopting it.

Expanding the array of agricultural practices that qualify to generate offsets is a significant benefit to environmental markets generally. While emission reductions from regenerative techniques present obvious measurement, monitoring and verification challenges, they are accompanied by significant environmental and social co-benefits that align with HNRG’s commitment to sustainability and responsible investing. We support the Reserve’s position that reporting non-carbon co-benefits is not and should not be required, while maintaining flexibility to include co-benefits if desired, for example with respect to land where early adoption of SEP practices makes land ineligible or to the extent required by a program such as CORSIA. We question the need to encourage reporting of co-benefits if they are not required by the Protocol.

Existing methodologies focus on narrower sets of agriculture practices. We support the Reserve's inclusion of a wider set of regenerative practices within a single protocol. We also support including mechanisms to account for different practices across landscapes within a single project. As the manager of over 470,000 acres of farmland, we have significant experience with the diversity of agricultural practices that are used from grower to grower and even from field to field. We applaud the Reserve for proposing a Protocol that recognizes different practices and provides significant flexibility.

We support the Reserve's inclusion of alternative mechanisms for monitoring permanence, which have the potential for reducing the burden of ongoing monitoring over the 100-year permanence period. From our perspective as a participant in carbon markets and as a land manager, the 100-year permanence requirement remains a challenge, as it is in other Reserve protocols. However, we support the Reserve's recognition that a grower's maintenance of SEP practices for five years after the end of carbon crediting (and carbon revenue) demonstrates long-term adoption of those practices. Based on our twenty-nine years of experience, we concur that growers are necessarily risk-averse and require incentives and stable markets in order to change their established land management practices. We support the Reserve's recognition that if growers maintain SEP practices in the absence of payment, the Reserve reasonably can assume growers will continue to maintain those practices for the project's duration.

We note that the proposed Protocol recognizes emission reductions from projects that adopted SEP practices two years prior to adoption of the Protocol, thus allowing growers who previously adopted SEP practices to participate. However, we believe there are certain cases where growers that adopted SEP practices more than two years ago also should be eligible to participate. Specifically, we are thinking about growers who adopted SEP practices to participate in programs like Walmart's Project Gigaton, where the driver for adopting SEP practices was value derived from emission reductions. Because carbon value played a critical role in the grower's decision to change practices, such changes meet the performance standard for additionality. The Reserve allows existing projects that are registered with other carbon offset programs to transfer to the Reserve if they meet the Reserve's protocol requirements. We recommend that the Reserve add a mechanism to the Protocol to allow growers who adopted SEP practices to participate in programs such as Project Gigaton to be considered for transfer to the SEP.

Thank you again for the opportunity to submit these comments. We look forward to working with the Reserve and other stakeholders to successfully implement the Soil Enrichment Protocol.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Kernohan". The signature is written in a cursive, flowing style.

Brian J. Kernohan
Chief Sustainability Officer