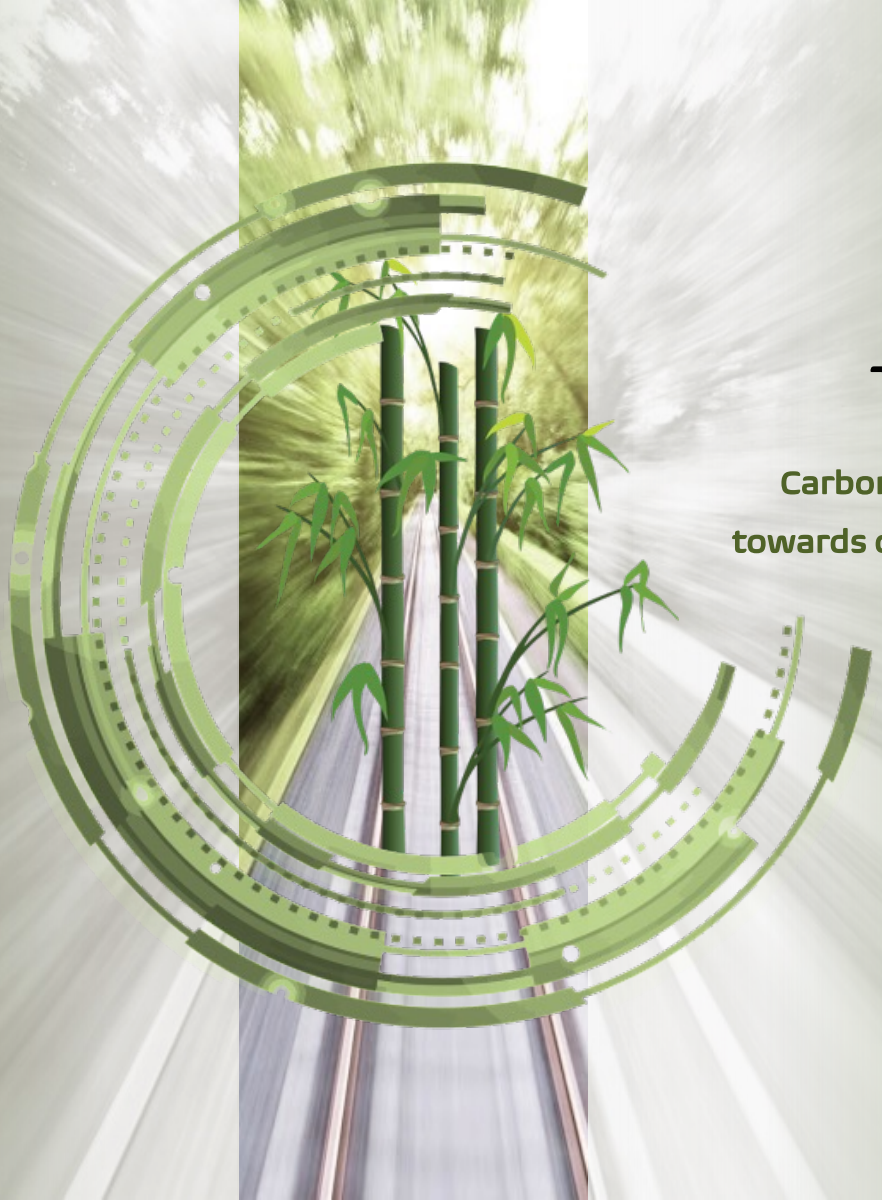
Elof Hansson



TRUE CARBON ZERO

Carbon capture and offset proposal towards corporate net-zero strategies

TEASER DECK

Q1 2023

EXECUTIVE SUMMARY

Reliable carbon offsets will be a key instrument of choice for achieving net zero emission targets. The race for most industries is on to procure credible and reliable carbon offset certificates to avoid set-backs and penalties.

- Industries are severely challenged to reach voluntary and regulatory emissions targets – and many corporate players have already committed to net-zero ahead of EU's 2050 targets.
- Aside from avoidance and reduction measures, a CO_2 footprint reduction will require a comprehensive set of responses, including CO_2 offsets.
- Our aim is to capture CO_2, certify the capture / sinking and offer accountable offsets of the highest standards to corporations – to assist in reliably reducing their Scope 1-3 emission needs.
- For this we will establish a globally leading CO_2 offset enterprise aimed at working with premium customers on the foundation of impeccable environmental and governance standards.
- The aim of Phase 1 is to set-up a plantation unit of 10.000 ha of bamboo forests in West Africa. EHCT Bamboo plantations are the most effective in capturing CO_2 (up to 2.0 M tons of CO_2 per 10 K ha / p.a. after year 5).
- In subsequent phases, the plantation capacity can be expanded significantly, however scaling will require additional measures.
- The planned total investment will be € 100 M yielding 2 types of CO_2 certificates from both carbon capture and carbon sinking, exceeding 1.3 M certificates p.a. from year 5 (*steady state*).
- In becoming a joint equity partner, investors can avoid buying certificates in the voluntary market. They will be able to rely on self-produced high-quality certificates for a period of more than 20 years.
- The operation will be set up from Germany, following highest quality and innovation/technology standards.
- The Core Team draws on 120 years of Elof Hansson experience and brings a highly relevant mix of skills and experiences to the enterprise. Numerous partners have already signalled an interest in collaboration.

THE CHALLENGE

Industries are generally facing 5 critical impact factors for reducing their carbon footprint and complying to regulatory or self-imposed levels of CO_2 emissions. These will involve numerous wide-ranging measures, including an **offset strategy**.

Critical Impact Factors

1 Carbon Neutrality

- Increasing pressure/ requirement to fulfil scope 1-3 standards
- Timeline complexity

2 Regulatory

- Increasing pressure from regulatory prescriptions
- Limited window for subsidies/ support

3 Compliance

- Implementation dependencies
- Internal standard requirements (ISO)
- Accountability

4 Competitiveness

- Comprehensive industry commitments
- Disclosure pressure (time, scope, policies)

5 Cost Implications

- Punitive costs
- Transitional costs
- Offset costs
- Market opportunity costs

THE PROPOSITION

There are currently mandatory, voluntarily, and expected measures that call for CO_2 offsets now. Individual CO_2 offset analyses / strategies will be able to quantify the carbon offset requirements over time and across all applicable scopes.

- As numerous industrial competitors are committing to net-zero strategies, we wish to offer a highly competitive and attractive proposition to support your efforts for securing high-quality solutions.

- We propose to build a stable carbon offset enterprise, which is based on **real and accountable *CO_2 absorption* & effective *carbon sinking*** – following thoroughly sustainable ecological guidelines and standards.
- The scale and capacities provided allow for industry-wide applications generating significant solutions to any CO_2 offset requirements (**from 1.3 M tons p.a. in Phase 1**).

OUR PROPOSITON

Avoid	Improve	New Technology	Offset
Avoid emissions through operational improvements	Improve efficiency of current processes	Leverage new lower-carbon technologies	Compensate for hard-to-abate emissions using carbon offsets

1 carbon credit = 1 ton CO_2

Approx. 1.3 M tons of CO_2 offsets p.a.

THE AMBITION

The ambition is to build a new breed of industrial-scale true offset enterprises, adhering to the most discerning standards and deploying fully responsible development standards, thus becoming the default carbon offset partner for top global OEMs.

- We are building the **first industrial-scale true carbon offset enterprise** and brand in the world utilising the **most advanced agricultural, social and infrastructural systems** to build a highly performant and fully integrated circular carbon capture and sinking operation.
- Total investment will be **€ 100 M** to build a fully operational base, leading to *steady state* yields.
- This both contributes to tackling one of the primary global issues and recognised SDGs whilst offering a viable solution for carbon offsets for industrial transformation measures towards meeting zero-emission targets.
- For this we aim to fully **control and ensure transparent and accountable carbon credit generation** that will withstand the most stringent scrutiny. We aim to **deliver the entire value chain** for effective carbon offsets – buttressed by globally recognised partners.

Certification*

south pole

Gold Standard
Climate Security & Sustainable Development

Verified Carbon Standard
A VERRA STANDARD

Financing & Grants*

south pole

EULER HERMES

KFW IPEX-Bank
Bank aus Verantwortung

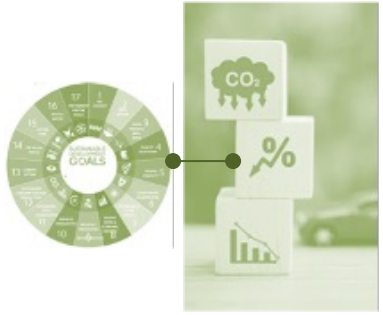
Bayern LB

Collaboration*

PIK
Potsdam Institute for Climate Impact Research

STIFTUNG Allianz für Entwicklung und Klima

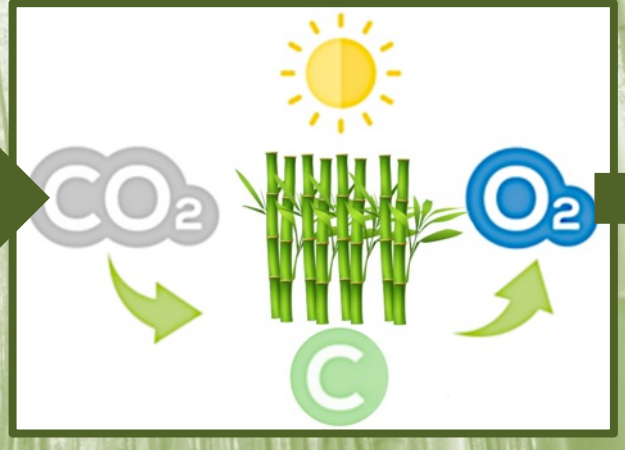
Technische Universität München



*) *Planned – To be agreed / confirmed*

OUR INTENT

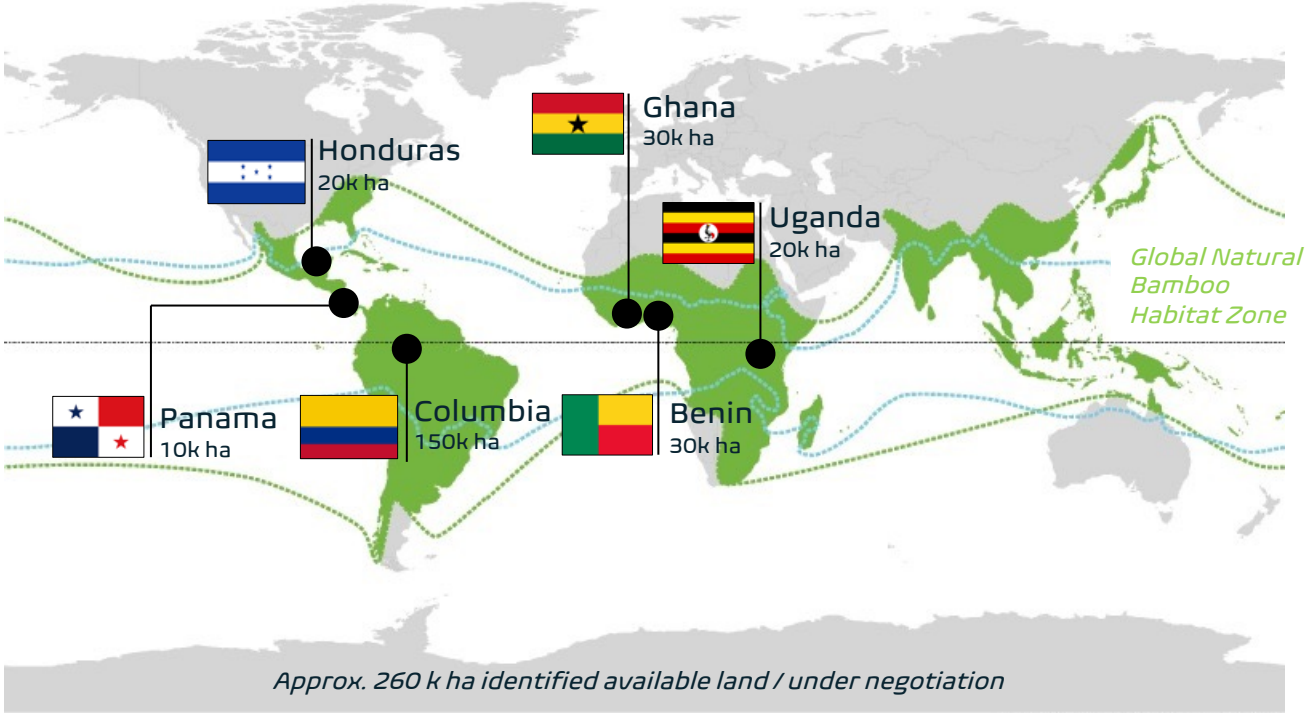
Our intent is to set up a 10 K hectare bamboo plantation unit that can capture up to 2.0 M tons of CO_2 / year. The carbon captured will be sold as carbon credits, which the automotive industry can use to offset their CO_2 footprint.



THE OPPORTUNITIES

We identified / are under negotiation for numerous land rights across the globe. This allows us to hedge risks, offer different products and supply chains whilst promoting positive environmental impact and pursuing accountable SDG objectives.

UN SDG Objectives



Environmental Impact

- Degraded land re-use
- Moisture retention
- Stopping soil erosion
- O_2 content increase (from 20-30%)
- Cleaning air of fine particles
- Cleaning of waste-water

Source: National Geographic (1980) / United Nations

THE PROCESS

Critical Process Steps

Growth of Original Seedlings → Greenhouse Cultivation → Planting → CO_2 Capture



IMPACT

5G Network Coverage

Drone Monitoring System

Soil Sensor System

AI Optimisation of all Processes

THE PROCESS

Critical Process Steps

Carbon Bio-Mass Maturation → Bamboo Harvesting → Hydro-Thermal Carbonization → Carbon Sinking

IMPACT

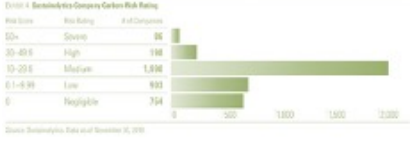
Reliable Certification

Gold Standard
Climate Security & Sustainable Development

Verified Carbon Standard
A VERRA STANDARD

puro • earth

Stakeholder / Investor ESG-Risk Ratings



Sustainable Development & CSR

STIFTUNG Allianz für Entwicklung und Klima

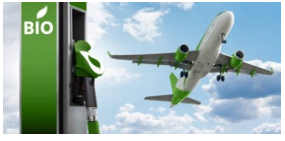
Consumer Sentiment

Source: https://www.sustainalytics.com/esg-data

Exemplary only.

DERIVATIVE PRODUCT OPTIONS

Biochar production is an effective way to maximise Carbon Sinking Certificates. However, there are numerous options how to make effective use of the harvested bamboo / biomass, which will be considered.

Product Options:		Possible Uses:
1. **Biochar / Activated Carbon**		• Fertilizers • Cement Components
2. **Bio-Fuels**	  	• Syngas • Bio-Methanol • Bio-Ethanol
3. **Consumer / Industrial Items**	  	• Vehicle Trim Materials • Consumer Goods (kitchen ware, furniture etc.)
4. **Manufacturing**	  	• Construction materials • Pulp & Paper • Bamboo yarn

WHY GET INVOLVED?

The race for reliable carbon offsets is expected to increase and may become a business defining factor for investor valuations, consumer perceptions and compliance achievement.

Business Sense

- Direct ownership and control of carbon offsets to support corporate net-zero offset requirements / needs.
- Hedging foreseeable carbon offset capacities and expected price increases / volatility.
- Reducing significant future cost impact towards required zero emissions measures.
- Investing into green tech and accountable / sustainable green projects with transparent and certified offsets at premium industry levels.
- Entering an emerging market for professional CO_2 offset- and sinking enterprises at highest professional and technological levels.
- Building a credible image as a responsible OEM to secure customer trust and appeal with top certified CO_2 offset measures.

Investment Sense

- Underlying business assumptions are consistently prudent / conservative.
- Overall business case is highly attractive, with an expected DCF valuation of € 600 M.
- Savings potential for external certificate purchases exceeds € 50 M p.a. (*assuming 50% partnership*).

ABOUT ELOF HANSSON

The Elof Hansson Group conducts international trade in forest, industrial and consumer products across the world. Our roots go back to 1897, when the young merchant Elof Hansson started the company in Hamburg.

- Elof Hansson, the founder, was a merchant who began operations in Hamburg, Germany, in 1897. By now, business activities and expertise includes:
- **Elof Hansson Trade** sources forest products from leading suppliers in Europe, Asia and the Americas for customers all over the world. We do not just sell a product, but rather an added-value package of financing, risk management, shipping and marketing.
- **Elof Hansson Industry** supplies components, equipment, machinery and complete plants to all kind of industries. We offer worldwide products and services within five business segments: Special Projects, Projects China, Medical, Sustainable Projects and Equipment & Components.
- **Elof Hansson Properties** is a real estate company in Gothenburg/Sweden that builds on Elof Hansson tradition of recognizing and exploiting business opportunities. The company invests in, develops, owns and manages mainly commercial real estate and invests in new real estate projects.

- **Elof Hansson Clean Tech** is a young clean technology company in Starnberg/Germany that builds on the Elof Hansson tradition of recognizing and growing new business opportunities. The company invests in, develops, owns and manages mainly solar park, bamboo plantation, biochar, bio-methanol, green hydrogen, and green ammonia production projects.

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