

# VARO increases stake in agro-science leader SilviCarbon and announces issuance of high-quality carbon removal credits to customers

- **SilviCarbon is an agro-science leader which connects reforestation projects with carbon market participants:** SilviCarbon's nature-based solutions projects absorb CO<sub>2</sub>, while also delivering benefits to local communities and biodiversity around plantations.
- **The transaction is in line with VARO's 2026 twin-engine strategy:** Carbon Removals is one of the five growth pillars targeting the most attractive low-carbon growth markets in Europe, alongside Biofuels; Biomethane & BioLNG; Hydrogen and E-mobility.
- **VARO's increased shareholding accelerates participation in high-growth carbon credits market:** Allows VARO to access greater share of the fast-growing voluntary credits market, which is expected to rise to >1 GtCO<sub>2</sub>e per year in 2030 (CAGR of 25-30%).
- **Inaugural issuance of 134,000 certificates offers transparent and verified nature-based carbon removal solutions for customers:** Enhances VARO's decarbonisation offer for customers in the hardest-to-abate sectors with the issuance of 134,000 high-quality Carbon Dioxide Removal (CDR) certificates. The certificates issued are the equivalent to 13,000 cars being taken off the road in one year.
- **Leverages a world-class, science-led team of experts:** Leadership team of Michael Knap, Carl Johan Krigström, Jan-Willem Martens and Dr Peter Ebsen bring decades of experience and knowledge in forestry. Combining VARO's trading and marketing capabilities with SilviCarbon's experience in afforestation, reforestation, projects with biodiversity and community engagement, creates opportunities to develop more carbon solutions for customers.

**31<sup>st</sup> August 2023, Zug, Switzerland** – VARO Energy (“VARO”) announces that it is increasing its shareholding in SilviCarbon, an agro-science leader which connects reforestation projects with carbon market participants, from 51% to 59.8%. This investment provides greater exposure to the fast-growing voluntary credits market and enables SilviCarbon to deploy increased coverage in key forestry assets, deepening its already strong local expertise, leveraging its world-class, science-led team and building on its track record of managing complex carbon projects.

SilviCarbon today announces it has completed the issuance of an inaugural set of 134,000 high-quality Carbon Dioxide Removal (CDR) Certificates. These certificates confirm carbon removals which are correctly quantified, deliver climate benefits, strive to store carbon for a long time, prevent carbon leaks, and contribute to sustainability.

These CDRs originated from the ‘Burapha Agroforestry’ project in Laos, which is a Forest Stewardship Council™ accredited Laotian-Swedish plantation. The project focuses on lands previously harmed by intensive farming techniques and aims to substitute these practices with sustainable agroforestry methods, creating new employment opportunities and contributing to economic growth locally, as well as supporting biodiversity conservation.

Achieving this first milestone demonstrates both VARO’s and SilviCarbon’s joint commitment to delivering traceable, high-quality CO<sub>2</sub>-removal solutions to help the hardest-to-abate emitters to decarbonize. These achievements are important steps toward realizing VARO’s ambition, articulated through one of its five strategic growth pillars, to offer a fully integrated, cost-effective carbon removal solution for customers, optimized through advisory and trading.

Founded in 2019, SilviCarbon brings together decades of science-led expertise and experience in forestry. SilviCarbon currently has registered 110,000 hectares of land with Verra, the independent certification body that has developed specific standards for quantifying, monitoring, and verifying carbon offsets. Together with its customers and project owners, another 500,000 hectares have been validated and are undergoing registration approval. SilviCarbon is involved in eight projects in Laos and Paraguay which will provide the company with rights of approximately 10 million tonnes of CO<sub>2</sub>e removals over their lifetime (which is equivalent to the yearly consumption of around 5.5 million cars that drive 15,000km per year, as per the European average).

**Dev Sanyal, CEO of VARO Energy commented:**

“This is an important milestone for VARO. Silvicarbon, a leading agro-science company with eight material and verified projects, provides an important platform for our growing Carbon Removal business. Silvicarbon’s track record in forestry combined with VARO’s marketing and trading expertise will accelerate the provision of fully integrated decarbonisation solutions for our customers. This increase of our stake and the issuance of our first CDR’s represents a major milestone and another significant step towards becoming the energy transition partner of choice.”

**Michael Knap, Director of SilviCarbon, added:**

"We are proud to have achieved this important milestone in collaboration with VARO. My team and I have initiated and managed hundreds of carbon projects, explored over a hundred forestry locations and have been involved in and responsible for dozens of forestry projects. We are looking forward to combine our extensive experience in plantations, forestry products and carbon markets to develop carbon financing solutions for large-scale forestry projects, and provide carbon removals to companies seeking to meet their net zero climate targets."

**Notes to Editors**

**What are Carbon Dioxide Removals (CDR)?**

The International Union for Conservation of Nature (IUCN) defines nature-based solutions or nature-based Carbon Dioxide Removals as "actions to protect, sustainably manage, and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits". Nature-based solutions projects absorb more CO<sub>2</sub> or prevent the release of greenhouse gases, while also delivering benefits to local communities and biodiversity around the plantations. Carbon removals are one of the mechanisms for investing in nature-based solutions projects; each tonne of CO<sub>2</sub> removed and stored by a project generates one credit, which can be sold to help fund the project as it continues to protect, sustainably manage, or restore nature.

**What is agroforestry and what benefits does this bring?**

Agroforestry is a land management approach that combines trees and shrubs with crop and livestock farming systems. Agroforestry has a number of advantages, such as: enhancing farm productivity, increasing wildlife, improving soil health, boosting livestock welfare, better managing water flow and contributing to climate change mitigation.

**About Burapha Agro-Forestry Co., Ltd.**

Burapha Agro-Forestry is a Forest Stewardship Council™ accredited Laotian-Swedish plantation and wood products manufacturing company, with its own sawmill, processing facilities and plantations. Burapha Agro-Forestry is committed to managing and developing the business in a sustainable manner. Burapha believes that balancing the economic, environmental and social responsibilities is necessary for sustainable business and beneficial to all stakeholders. By focusing on degraded lands previously harmed by intensive farming techniques, the project aims to substitute these practices with sustainable agroforestry methods, creating new employment opportunities and contributing to economic growth locally, as well as supporting biodiversity conservation.

## **About SilviCarbon**

With an abundance of expertise in carbon, forestry and agro-forestry markets, SilviCarbon is a global leader in nature-based Carbon Dioxide Removals (CDRs), SilviCarbon brings together reforestation projects and carbon market participants to remove carbon from the atmosphere for the long-term. SilviCarbon has a portfolio of CDR's from large-scale forestry, agro-forestry and agricultural solutions that remove carbon dioxide from the atmosphere and store it in a steadily increasing volume of living biomass, like trees, living soil, root systems and undergrowth. By creating partnerships with organisations who share their vision and engaging with local communities, Silvicarbon creates meaningful change for our planet and society.

## **About VARO**

VARO Energy ("VARO") is the partner of choice for customers in the energy transition by providing the sustainable and reliable energy solutions that they need to decarbonise. Engine 1 includes manufacturing, storage, distribution, marketing, and trading of conventional energies. Engine 2 activities are focused on sustainable energies and include biofuels, biogas, green hydrogen, e-mobility, and nature-based carbon removals. VARO plans to invest around \$3.5 billion over the 2022-26 period, with two-third committed to sustainable energies. The company has a net zero target for scope 1, 2 and 3 by 2040. VARO is a Swiss-based private company.

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