ANNUAL REPORT 2020

THE &GREEN FUND

01 JANUARY 2020 - 31 DECEMBER 2020

2020 HIGHLIGHTS

IMPACT HIGHLIGHTS

15,903 — **PEOPLE DIRECTLY EMPLOYED** in projects financed by &Green.

150,974 — **HECTARES OF NATURAL TROPICAL FOREST** under conservation in &Green projects.

11,060 — **SMALL SCALE PRODUCERS** included in the supply chains of &Green clients.

FOUR — **NDPE** commitments secured.[1]

PORTFOLIO HIGHLIGHTS

DSNG

Pioneering investment into Indonesian palm oil sector. Goal to reach zero deforestation, while including small scale producers, across the full value chain.

RONDACOR

First cattle and first Brazilian investment. Funding the scale-up of an innovative approach that maximizes efficiency and sustainability of land-use in the Cerrado and Amazon biomes.

USD 64M

Total portfolio reached USD 64 million at year-end.

[1] Please refer to the &GREEN VOCABULARY on pages 6 and 7 for an explanation of an NDPE.

OPERATIONAL HIGHLIGHTS

Indefinite term contract concluded with the **Investment Advisor.**

Successful virtual meetings between all members of the Advisory Board, Board of Directors, Credit Committee and Investment Advisor.

Efficient and robust **response to the impact of COVID-19**. Due diligence on the Fund done virtually and two new contributors approved investment in the Fund. Three new transactions were also closed.

Credit Committee strengthened further with the addition of senior environmental and social impact professional, Mark Eckstein.

FUND HIGHLIGHTS

Indonesia approved (at a national level) as an eligible jurisdiction for investment.

Colombia and the Brazilian state of Pará were re-approved as eligible jurisdictions for investment.

Independent evaluation of &Green's initial progress conducted, with positive feedback.

Second private sector investor secured, as an institutional investor stepped in with a long-term loan.

&Green's portfolio generated sufficient **investment income to cover its annual operating expenses** for the first time since inception.

&GREEN'S PURPOSE

In order to maintain a sustainable planet that allows its people to thrive, the world needs to reach its global climate change mitigation and biodiversity conservation goals, while still being able to meet the growing demand for commodities.

Within that context, &Green supports the transformation of global supply chains by de-linking them from deforestation and producing a positive climate change impact. The &Green Fund aims to do that by proving that financing agri-commodity operations that are inclusive, sustainable and deforestation-free, can be commercially viable and replicable.

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01 &GREEN VOCABULARY

B

Blueprints means sustainable practices that our clients adopt, in order to achieve Environmental Returns and Social Inclusion, which are Replicable by other participants in the same market, thereby leading to Market Transformation.

IF

Innovative Financing refers to the ability of &Green to blend public and private funding - allowing us to structure our investments in a flexible way to accommodate the projects that we finance to generate the maximum impact.

R

Replicable means that the Blueprint sustainable practices of our Clients are able to be implemented by other participants in the same market/sector as our Client (and possibly other similar sectors), i.e. once our clients have shown it can be done, others will replicate. To be Replicable, projects must also be commercially viable.

MT

Market Transformation means the steady change in a sector due to the influence of &Green, through its Clients, on the practices and policies of all participants in that sector (and possibly even other similar sectors).

C

Our **Clients** are the borrowers that receive finance from &Green.

O

Origination refers to the &Green investment team's process to source projects for investment.

TF

Tropical Forests are forests growing within the tropics (between 28 degrees north and south of the equator), which are very wet places with high temperatures.

D

Deforestation means the clearance of natural forests, including through fires, typically for the purpose of taking commercial advantage of the cleared land. Although Deforestation is often illegal, it can, in some cases, be legal (i.e. in compliance with local law).

P

Peatlands are wetland ecosystems in which waterlogged conditions prevent plant material from fully decomposing. They have the highest store of global soil carbon.

NDPE

A **No Deforestation, No Peat and No Exploitation (NDPE)** commitment is a public commitment by our Clients in order to make their operations sustainable. The commitment should pledge to have zero deforestation, peatland destruction or exploitation of indigenous people in the operations and supply chain of their business.

GT

Ground Truthing is the practice of confirming information through direct observation and measurement on site.

HCV

High Conservation Value (HCV) / High Carbon Stock (HCS) means areas that are important for conservation (environmental values) and livelihoods (social values) and for which it is important that no-deforestation commitments apply in order to protect biodiversity.

J

Jurisdiction means a country, region or province in which the Fund would consider investing.

ER

Environmental Return (ER) refers to the impact targets of the Fund related to Forest Conserved (ER1), Agricultural Intensification (ER2) and Forest Restored (ER3).

SI

Social Inclusion (SI) refers to the impact targets of the Fund related to Small scale producers being included in supply chains (SI1) and Households Benefitting (SI2) from our projects.

IP

Indigenous People (IP) means the communities that are considered indigenous to a Landscape in which a Client operates.

ESAP

An **Environmental and Social Action Plan (ESAP)** is a detailed plan implemented by our Clients to address gaps in their practices which, when closed, will mean they comply with international standards, specifically the IFC PS. This ensures that the project's E&S risks are identified and well managed.

LA

Land Acquisition means the expansion of the land area on which a Client operates through the purchase of new land from others.

E&S

E&S is a term used often in the development finance space referring to Environmental & Social.

L

Landscape is the Project Area from which the Fund's Environmental and Social Return are to be derived, and includes areas with direct and indirect influence from the Client.

TA

Technical Assistance (TA) is financial assistance provided to a client in the form of (grant funding for an expert assessment which the (prospective) client can use to improve its processes and practices.

LPP

Landscape Protection Plan (LPP) is a sustainable land use and management plan prepared by our Clients setting out how the Environmental Returns and Social Inclusion will be generated during the financing period.

ESMS

Environmental and Social Management System (ESMS) is an internal system which we require from our Clients to manage their E&S risks and to develop approaches to mitigate these risks.

EJ

Eligible Jurisdictions are those Jurisdictions in which the &Green Fund may invest because they have met the **Fund's Jurisdiction Eligibility Criteria (JEC)** and have been approved by the Advisory Board.

IFC PS

The **International Finance Corporation Performance Standards (IFC PS)** set out international standards for managing environmental and social risks, and are recognized as the gold standard by many international investors and development banks.

RSPO

The **Roundtable on Sustainable Palm Oil (RSPO)** aims to transform markets to make sustainable palm oil the norm. It is the leading global palm oil certification.

02 LETTER FROM THE BOARD

During 2020, the &Green Fund weathered the pandemic storm as well as we could have hoped. We grew the portfolio to three (and, shortly after the end of the year, four) highly impactful investments – all in line with the expectations that our anchor contributors had from the outset.

STRATEGIC PROGRESS

In the first half of 2020, &Green closed the Agropecuária Roncador Ltda (Roncador) and PT Dharma Satya Nusantara Tbk group (DSNG) transactions, in Brazil and Indonesia, respectively. During the year, both transactions began generating broad-based benefits, alongside RLU (our existing investment), as the Clients started to meet their *environmental and social action plan* items, agreed with &Green, and delivered on their financial requirements.

A strong pipeline generation effort in 2019 stood us in good stead as the pandemic closed borders and travel halted entirely. This meant that, towards the end of 2020, we could approve a third transaction for the year: a sizeable investment into Marfrig Global Foods (Marfrig), one of the world's largest meatpackers and a significant market influencer. The transaction was subsequently closed at the start of 2021.

Our learning journey as a Fund continues. In 2020 it became clear that fundraising in this market, and particularly for the kind of funding that &Green requires, is challenging. There are only a few investors with a good understanding, or even a mandate, for this land-use/agri space. 2020 was certainly a demanding year for fundraising, and it was a significant success for our Fund to receive investment approval from the Dutch Development Bank, FMO, towards the end of the year (with the loan facility signed in early 2021). FMO is a leading impact investor with a rigorous due diligence process, especially in terms of environmental and social compliance and safeguarding. We intend to work closely with FMO to enhance our processes and to seek further funding for &Green.

We remain committed to the highest level of transparency.

Our website and public reports will continue to provide all stakeholders with the opportunity to engage meaningfully with our approach and our portfolio.

NANNO KLEITERP,
CHAIRMAN OF THE BOARD OF DIRECTORS

During 2020, the Fund commissioned an independent review of its progress – such periodic evaluations being required by the contribution agreement between the Fund and its anchor investor, the Norwegian government (acting through Norway's International Climate and Forest Initiative (NICFI). The review was a useful exercise in that it both took stock of the Fund's overall positive progress and also highlighted some areas for further attention. On the back of this, and our discussions with FMO, &Green is embarking on a revision of our Environmental and Social Management System (ESMS). We are going deeper into the definitions and the attribution metrics of our key performance indicators.

During July, we were delighted to welcome Mark Eckstein as an additional member of the independent Credit Committee, which advises the Board on all transactions. Mark has extensive global experience, having worked at the IFC and WWF in the past, and is currently an ESG Director at the CDC Group.

The Board would like to thank our Investment Advisor, SAIL Ventures, for their great work in making &Green a success. We also thank our other service providers for their professional support.

OPERATIONAL HIGHLIGHTS

The financial performance of 2020 was in line with expectations. &Green maintains its ability to preserve capital for investors and we expect the Fund to break-even cumulatively in 2021. We do note, however, that the Fund's credit investments are long-term in nature, with substantial repayments backended. Accordingly, the Board remains cautious about the expected financial performance of &Green and is managing the credit risk closely.

We are happy to have now secured the services of SAIL Ventures indefinitely, as we renewed our agreement with them to act as the Investment Advisor for the Fund. SAIL has built a highly professional team to support &Green and have proven their ability to source highly impactful transactions for the Fund.

Although no physical meetings were possible in 2020, the Board, Advisory Board and Credit Committee met virtually with each other and SAIL throughout the year. We are appreciative of the speed with which the governance bodies adapted to this new online approach, and that robust discussions and full engagement remained intact.

At the last meeting of the year, the governance bodies had the opportunity to speak with the CEO of one of &Green's clients: Andri Oetomo of DSNG. We were encouraged to hear Andri highlight the positive impact which &Green is having on his business. We also benefitted from his frank discussion about the palm oil sector and the courage and support that is needed for businesses to invest in a truly sustainable approach.

The Board met (virtually) five times in 2020 with the main discussions being on the strategy to make sure we grow our portfolio and thus show that our activities are scalable and are adding value by making the supply chains of our clients deforestation-free. Furthermore, the Board focused on the funding strategy going forward for &Green.

LOOKING AHEAD

Although 2020 has been a positive year for &Green, fundraising has proven to be time-consuming, which has impacted our origination process substantially. The closing of the FMO facility, in early 2021, and resultant additional contribution from NICFI, has provided the Fund with some breathing room. However 2021 will remain an important year for the development of a broader and more diverse pool of potential contributors.

The Board hopes to see the Fund's portfolio grow beyond Brazil and Indonesia in 2021. We are reassured to see that some promising leads already exist in other jurisdictions. In general, however, we do recognize that further investments in these jurisdictions will be necessary as &Green maintains its momentum through 2021.

Although we still expect some impact from COVID-19, we have every reason to believe that &Green remains an attractive proposition in the market. In this regard, we also note that SAIL is adapting its due diligence process by using local partners for ground-truthing while increasing technological capabilities (e.g. satellite imaging) so that progress can be maintained.

Finally, we remain committed to the highest level of transparency. Our website and public reports will continue to provide all stakeholders with the opportunity to engage meaningfully with our approach and our portfolio. In line with this, &Green will be investing in additional communication tools in 2021 to explain the Fund's "theory of change" and demonstrate how our portfolio is bringing that thesis to life.

NANNO KLEITERP
CHAIRPERSON OF THE BOARD OF DIRECTORS
STICHTING ANDGREEN.FUND

03 REVIEW OF 2020 TIMELINE

2017

Stichting andgreen.fund incorporated by IDH Sustainable Trade Initiative in Amsterdam, the Netherlands.

&Green Fund launched.

Appointment of Board of Directors, Advisory Board and Credit Committee.

Appointment of Sail Ventures as Investment Advisor & Innpact as Fund Management Advisor.

First jurisdictions approved by Advisory Board as &Green investable jurisdictions.

Contribution agreement finalised with NICFI (Norway's International Climate and Forestry Initiative), the Fund's anchor investor.

2018

Contribution agreements finalised with Unilever and the UN Environment Programme (UNEP), as implementing agency for GEF (Global Environment Facility).

2019

First portfolio investment closed — a USD 24 million invested into a sustainable rubber operation in Indonesia, PT Royal Lestari Utama (RLU).

USD 1 million Technical Assistance Budget established for dedicated pre- and post-investment support.

2020

Second portfolio investment closed — a USD 30 million credit facility to sustainable palm oil producer, PT Dharma Satya Nusantara Tbk. (DSNG).

Third portfolio investment, and first investment in Brazil, closed – a USD 10 million loan to Agropecuária Roncador Ltda (Roncador) for its integrated cattle-and-soy project at scale.

First (concessionary) loan agreement concluded with a private sector institutional investor.

TODAY

- USD 64 million portfolio of 3 investments across 2 jurisdictions, with a 4th investment and USD 30 million of further capital invested in early 2021.
- 8 jurisdictions eligible for investment.
- USD 127 million capital committed to &Green.

04 THE &GREEN APPROACH

&Green aims to remove *deforestation* from major commodity supply chains in a way that is commercially viable and *replicable*. It achieves this by attaching conditions to the finance it offers that require both the adoption of sustainable agricultural practices and the commitment to protect existing forest, restore forest where appropriate and to be *socially inclusive* in approach.

The Fund focuses on valuable ecosystems in the *tropical forests* and *peatlands* that are most in need of protection and/or restoration and that face increasing pressure from agricultural production. &Green invests in the commodity sectors most active in those ecosystems – e.g. cattle, palm oil, soy, and forestry – and more specifically in projects that can deliver inclusive, sustainable, and deforestation-free production within a defined area (the *landscape*). The Fund uses *innovative financing* that drives the transition to sustainable agricultural practices and protection of the wider *landscape* from deforestation. We prioritise the inclusion of other stakeholders in that landscape – local communities, producers, financiers, supply chain companies, local and national government, and civil society.

Specifically, &Green's finance includes clear financial, environmental & social targets for each client. These targets are set out in documents such as the *Landscape Protection Plan* (LPP) and *Environmental & Social Action Plan* (ESAP) which each client draws up with expert guidance. Our clients' commitments under their LPPs and ESAPs are published on the &Green website and are closely monitored and reported upon by &Green. The unique requirements set out in the LPPs and ESAPs mitigate the E&S and reputational risks to our investors and enhance the long-term sustainability of the businesses of our clients.

&Green's impact targets are there to provide a reference point for what the Fund means by being 'sustainable, deforestation-free, and commercially viable'. The aim is to create *blueprints* for sustainable land use and management that others in the market can adopt, replicate and scale significantly; thereby making &Green's initial investment in the market 'transformational'.

JURISDICTIONAL SCOPE

&Green concentrates on select geographic locations in the tropics, which are demonstrably aligned with its mission. To identify those locations, &Green takes a unique approach to the jurisdictions it considers for investment, using a proprietary screening tool to assess whether a jurisdiction has a progressive forest and/or peat protection agenda, and if local authorities are committed to the reduction of deforestation and the protection of valuable ecosystems. This jurisdictional approach taken by &Green links public policy more directly to private sector policy within a Landscape. Ultimately, environmental regulations and their implementation are a critical part of the process of protecting natural forest, which cannot be replaced by private sector policy alone. &Green periodically (at least every two years) reassesses jurisdictions to ensure continued suitability for the Fund.

MARKET TRANSFORMATION NEEDS SCALE

&Green assesses every investment to determine whether it is able to accelerate market transformation towards zero-deforestation and sustainable actions for the sector as a whole. Our clients are innovators in their respective sectors and the projects that they embark on with our funding are blueprints for others to follow. Given the size and breadth of these commodity supply chains (e.g. soy or palm oil), &Green needs to get to sufficient scale to be able to act as a financial catalyst for the significant financing of sustainable production.

The Fund aims to invest USD 400 million of its capital in the coming years and intends to catalyse five times that amount in further funding advanced to &Green projects. Beyond this goal, the &Green concept will continue to scale up to reach its *market transformation* goal.

05 ORIGINATION

&Green is a thematic investor looking for projects that fit squarely within the core mission of delinking deforestation from major commodity supply chains, i.e. financing the transition of these supply chains from extractive to truly sustainable. &Green's origination process is governed by a simple decision tree (see below).

INVESTMENT THESIS

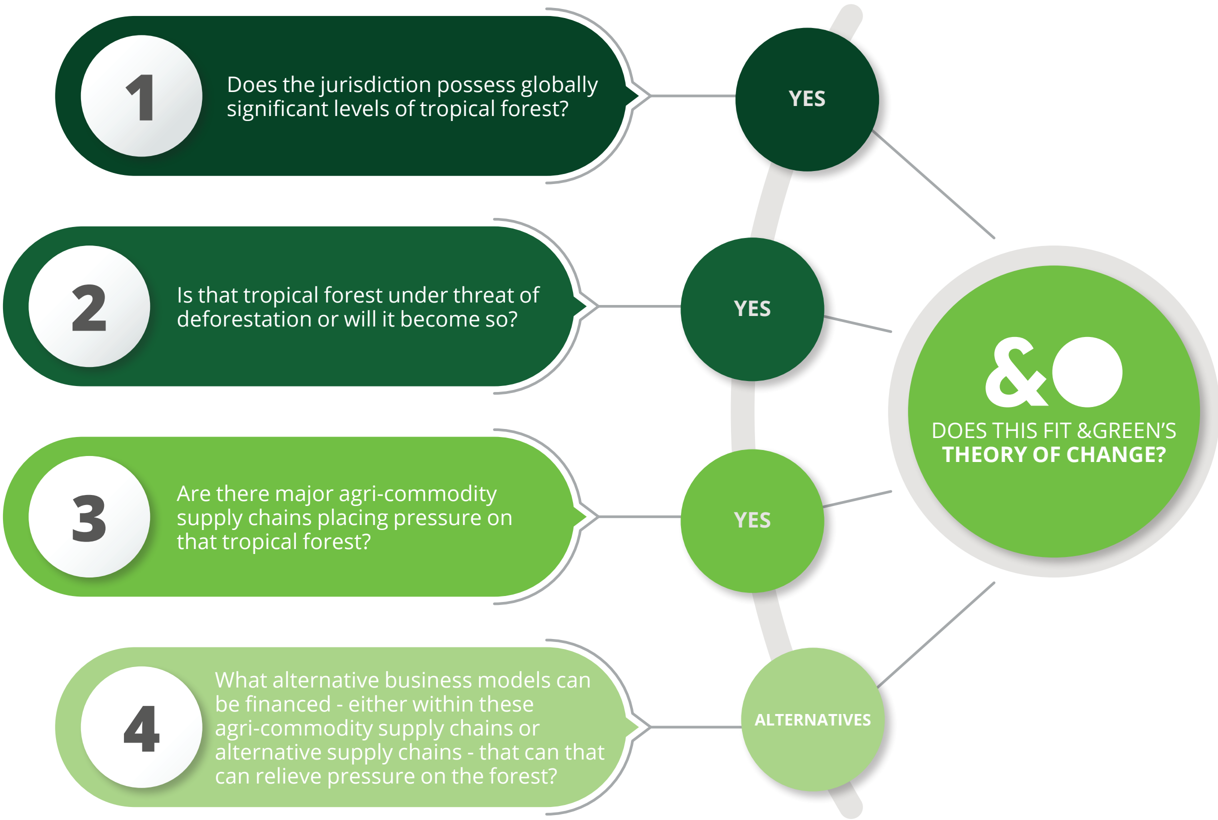

Figure 1: &Green decision tree for originating projects

Given this decision tree, the &Green investment team is able to determine the universe of opportunities that are relevant for the Fund to consider. First the team will distinguish relevant jurisdictions, and the relevant supply chains within those jurisdictions. Next it will identify the types of business models that would reduce pressure on the forest. Then, importantly, the team will focus on opportunities that are able to be transformative for those supply chains, i.e. those that can be replicated and thereby allow the sustainable deforestation-free business model to get to scale.

INVESTABLE UNIVERSE AND &GREEN'S ORIGINATION STRATEGY

&Green is able to finance projects in tropical forest zones and peatlands globally. The investable universe, however, is further refined by the decision tree of the investment thesis and the *eligible jurisdictions* approved by the Fund.

The most prominent opportunities in &Green's current portfolio and pipeline are cattle & soy supply chains in Brazil, palm oil and forestry (including rubber) in Indonesia, and cattle in Colombia. These sectors are not only prolific, but also require necessary transitions to sustainability in order to maintain their licence to operate going forward. Finally, the shift of these sectors and jurisdictions to being deforestation-free will have a material, positive impact on global emissions.

The &Green investment team will also review opportunities which come in from a new landscape (not yet reviewed or approved as an *eligible jurisdiction*) and see whether our investment thesis fits. In order to maintain credibility in the market, and not waste valuable resources of potential clients, the &Green investment team's first process is to develop a potential 'investment rationale' for a prospective deal. That 'investment rationale' is stress tested internally before a decision is taken on whether to continue discussions with the client on the project. This rationale focuses on the market transformation prospects of the deal and its fit with our investment thesis.

In 2020, &Green remained in a build-up phase with respect to the Fund portfolio. Consequently, it aimed to have constant momentum in the pipeline funnel, although COVID-19 has slowed that down somewhat. Nonetheless, the Fund remains on course to reach a portfolio size of USD 400 million by 2025. Annual growth is expected to be 'lumpy', as transactions tend to have long investment lead times (often longer than 12 months). Nonetheless, &Green expects to close approximately two to five transactions over each calendar year period. At USD 400 million invested, the Fund expects to still have a majority of the portfolio allocated to projects in Brazil, Indonesia, and Colombia but with a nicely diversified mix of high-quality transactions spread across the tropics, including SE Asia, Africa, and Latin America.

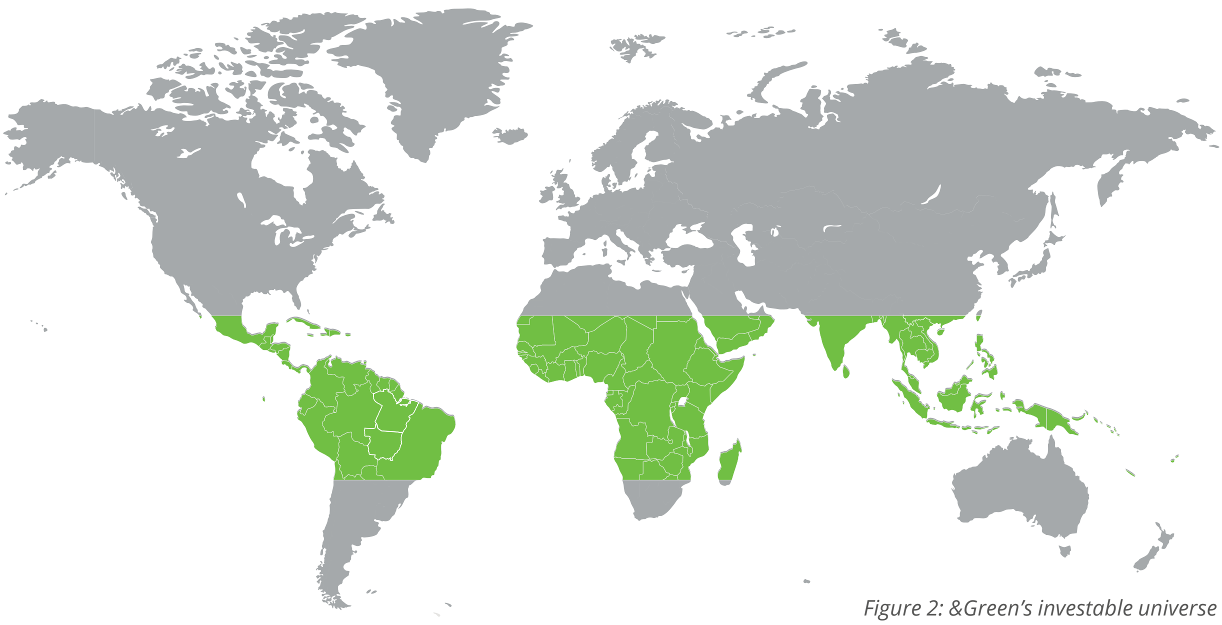

Figure 2: &Green's investable universe

SELECT LEARNINGS FROM &GREEN'S ORIGINATION PROCESS

&GREEN AS LEAD INVESTOR.
&Green started out in 2017 expecting that it would be the grease-in-the-wheels needed for many existing DFIs, commercial impact funds and local banks to finance land-use in a sustainable way in our *eligible jurisdictions*. This thesis has proven incorrect, as &Green has found hardly any international investors considering this sector and, in turn, &Green has been required to act as the lead, and often the only, investor, in the transactions it has worked on over the past years. The main reasons for this lack of co-investors are the concerns with respect to the sectors and the jurisdictions on which &Green focuses. These remain challenging sectors for the vast majority of international investors who are concerned about reputational risk of the sectors and do not have the internal knowledge to properly assess credit risk for land-use investments in the emerging markets.

MARKET CREATION TAKES PATIENCE AND TRUST-BUILDING.
It is clear that creating a market for this kind of zero-deforestation financing in these sectors requires building a lot of trust with the potential client base. In the long-run, the focus that &Green puts on building these relationships in specific markets will be advantageous and will provide the Fund with a first-mover advantage. However, it requires patience and a willingness to invest considerable human resources in the first few transactions in a specific jurisdiction.

STRONG OPERATIONAL PERFORMERS ARE BEST SUITED TO TAKE ON AMBITIOUS ENVIRONMENTAL AND SOCIAL CHALLENGES.
The first years of originating transactions has shown that businesses that are top performers, from a production and supply chain perspective, are often best placed to take on a partnership with &Green, and to implement an ambitious environmental and inclusive growth strategy going forward.

A STRONG ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) SETS THE GROUNDWORK FOR IMPACT DELIVERY.
&Green requires a lot from its clients in terms of the impact targets that are expected to be delivered during the period of its loan. The initial focus is on supporting clients to build a robust *ESMS* which incorporates the necessary processes, resources and actions to achieve these targets into the operations of the business. This is critical for the long-term success of the project... or so it appears thus far.

06 **THE** PORTFOLIO

During 2020, &Green's portfolio grew to three investments: PT Royal Lestari Utama (RLU); Agropecuária Roncador Ltda (Roncador); and PT Dharma Satya Nusantara Tbk Group (DSNG).

Following this expansion, the results and learnings from the field can be meaningfully discussed for the first time. The 'hard numbers' of the Fund's impact journey are in the ***Annual Impact Report*** section of this report. We have purposely placed all the numbers in one place just before the financial numbers so that there is one dedicated place that you can always find them. This Portfolio section provides the stories behind those numbers.

The &Green portfolio reflects our Contributors' wish to focus on the major sectors and jurisdictions that are linked to deforestation. In this regard, cattle and soy in Brazil, and palm oil and large agricultural concessions in Indonesia, provide excellent opportunities to prove the Fund's concept. Brazil and Indonesia will remain central pillars of the &Green portfolio, however the portfolio will extend into other jurisdictions in the coming years.

During 2020, the &Green Advisory Board discussed Indonesia as a jurisdiction and, upon deliberation, agreed to approve the entire country as eligible for &Green investment. This decision was taken upon the back of the consistent forest protection results in Indonesia, as well as positive public policy steps taken over the course of the recent years. During the year, the State of Pará, in Brazil, and the country of Colombia were also reapproved as *eligible jurisdictions* for investment.

6.1 PT ROYAL LESTARI UTAMA

SUSTAINABLE RUBBER CONCESSIONS

The Fund's inaugural investment, in early 2019, was in the PT Royal Lestari Utama (RLU) project. Established in 2015, as a joint venture between tire producer, Michelin, and Indonesian industrial conglomerate, Barito Pacific Group, RLU aims to develop a new model for inclusive and sustainable rubber concessions. The company has two concessions covering nearly 90,000 hectares and it intends to plant up to 34,000 hectares of that with rubber trees.

Initially only the Indoneisan province of Jambi was an approved *eligible jurisdiction* for &Green within Indonesia, and thus all impact targets were based on the concession in that province only. However, with the whole of Indonesia being approved in 2020, RLU's other concession in East Kalimantan has now been added to the impact metrics going forward. Stakeholders should take comfort that &Green's due diligence of this investment covered both concessions.

&GREEN'S INVESTMENT RATIONALE

The Jambi landscape in Indonesia, where RLU is transforming a concession into a large-scale, sustainable rubber plantation, highlights the realities of the context in which &Green's clients often operate. There is significant population pressure with both long-standing and migrant communities spread throughout the client's concession. Tropical forest is vast and includes a full array of plant and animal species – including elephants, tigers and orangutans in the national park adjacent to the concession – which are under constant encroachment threat.

This is exactly the type of landscape where responsible public authorities, private sector and civil society can play a crucial role in safeguarding the environmental and social integrity of the *landscape* while delivering sustainable long-term economic growth in the region. &Green provides long-term patient capital to RLU for its ambitious and transformative plan for its concession, which will also have a positive impact more broadly in the *landscape*. As highlighted in &Green's 2019 Annual Report, investing in a greenfield rubber operation is a long-term play as it required significant upfront investment of time, resources and capital. However, if this investment is successful it will deliver material economic, environmental and social impact for the landscape. The Fund remains comforted by the long-term commitment that the sponsors, Barito Pacific, and Michelin Group, are showing to get this project off the ground with sufficient initial support.

Figure 3. RLU operating landscapes

HIGHLIGHTS

LAND ACQUISITION STRATEGY IMPROVED

During the year, RLU appointed outside experts to help it improve its *land acquisition* strategy and engagement with *indigenous peoples*. Both are complex matters in the Jambi *landscape* in particular, and &Green has been in constant dialogue with our client on the best approach to safeguard communities. This process will continue in 2021, and &Green is happy with the resources allocated by RLU and the quality of the experts now supporting them.

SMALLHOLDERS INCLUDED

As noted in &Green's 2019 Annual Report, 2020 was the year identified for RLU to expand on its smallholder schemes. In this regard, RLU rolled out its Community Partnerships Program to 77 households, covering 300 hectares over the year. Although only an initial step, it is an important one as the program aims to strengthen the community's social and economic stability. In order to benefit from the learnings of the initial approach, RLU has rolled the program out in four different communities in both its Jambi and East Kalimantan concessions.

CONSERVATION & LIVELIHOODS CONNECTED

Through a forest partnership scheme rolled out in 2020, RLU supported the livelihoods of indigenous groups living in the Wildlife Conservation Area – an area of just under 10,000 hectares that was set aside by RLU to act as a buffer to the neighbouring national park. There are five farmer groups that have been established through this scheme, consisting of 84 households in total and covering nearly 300 hectares. In December 2020, forestry partnership agreements were signed between the farmers groups, RLU and relevant government agencies.

PLANTATION DEVELOPMENT ON TRACK

Despite the impact of COVID-19, which had limited effect on the concessions but did impact the ability of senior management and experts to travel between the main cities and the concessions, RLU was able to remain on track with its planting plans targeting 34,000 hectares of sustainable rubber by 2033.

KEY LEARNINGS

SATELLITE MONITORING HELPS BUT ONSITE IS STILL NEEDED

RLU has set aside all *High Conservation Value (HCV), High Carbon Stock (HCS)*, and riparian areas for protection – some 31% of their concessions. In 2020, RLU and &Green appointed an international satellite imagery agency to strengthen monitoring of this land cover. This process took longer than expected due to the need to carefully manage on- and off-concession monitoring, given legal and cultural rights. In addition, although satellite imagery is very useful, deep monitoring still requires *'ground truthing'*, which has been difficult in 2020 due to the pandemic.

LEGACY ISSUES NEED TO BE CONFRONTED TRANSPARENTLY

During 2020, Mighty Earth, a global campaign organization, published a report alleging that deforestation had occurred prior to the establishment of RLU, and that Barito Pacific and the Michelin Group were aware of this. Several media outlets picked up on this report and, alongside Mighty Earth, contacted &Green. That report's findings highlight the complex concession history in the area. &Green has stepped into this project to make a positive impact and to contribute to landscape protection and social inclusion. The Fund continues to monitor progress closely and RLU has increased its own resources available to monitor the landscape. At the same time, following the publication of Mighty Earth's report, the Fund is working with RLU and the Tropical Landscape Finance Facility (which issued the Note that &Green bought to contribute to this project) to make sure stakeholder concerns are addressed and information is shared transparently.

LOOKING FORWARD TO 2021

IFC PS COMPLIANCE CONTINUES

During 2021, the Fund, in partnership with IDH Sustainable Trade Initiative, expects to work with RLU and its key stakeholders, including Partnerships for Forests, to enhance the project's compliance with international standards such as *IFC Performance Standards* (IFC PS) in line with RLU's *Landscape Protection Plan* (LPP) and Environmental & Social Action Plan (ESAP).

SOCIAL INCLUSION SCALING UP

In addition, updated data from the ongoing *HCV/HCS* reassessment, combined with datasets from the satellite imagery provider and a social impact assessment study are expected to inform RLU's Community Partnership Program. It is our hope that the information, and further support from partners, will accelerate the progress of adoption of the community approach across multiple villages and community members.

&Green Fund's investment in RLU has gradually grown into a partnership, challenging us at times, but also supporting and encouraging RLU's efforts to make a positive impact for communities and biodiversity. We really value that &Green understands the complex context of the landscape and variety of stakeholders that need to be managed, all while balancing the commercial needs of a sustainable rubber plantation.

- YASMINE SAGITA
DIRECTOR CORPORATE AFFAIRS, RLU

TRANSACTION SUMMARY

BORROWER

NAME

Royal Lestari Utama via the Tropical Landscape Finance Facility

MAIN SPONSOR(S)

Michelin Group and Barito Pacific

JURISDICTION

Indonesia (Jambi + East Kalimantan)

SECTOR

Rubber

E&S RISK CATEGORY[2]

A

&Green Investment	USD 23.75 million
Investment Term	15 years and 7 years exposure via the Notes
Financial Structure	&Green invested in RLU through a Note issue structured by the Tropical Landscape Finance Facility. &Green's investment into a subordinate tranche played a critical role in making the Note issue a success and helped to catalyze further investment into the other tranches. Although RLU secured further support from an international bank in 2020, the project still requires funding in 2021.
Estimated total project cost	> USD 400 million

Impact Targets

72,200 hectares	**20,000** hectares	N/A
ER 1 (Conservation) contribution	**ER 2** (Intensification) contribution	**ER 3** (Restoration) contribution
4,430	**4,450**	
Number of smallholders involved	Number of jobs supported	

[2] &Green categorises its investments into one of three categories: A (high potential for adverse social or environmental impacts); B (adverse social or environmental impacts are able to be mitigated); or C (minimal or no adverse social or environmental impacts). It uses a categorisation process that identifies and scores potential environmental and social risks (and is aligned with the categorisation of projects under the IFC Performance Standards). The Fund's full categorisation process for projects is set out in the &Green Environmental and Social Guidelines available on the &Green website.

6.2 DSNG

ZERO-DEFORESTATION PALM OIL

&Green's maiden investment in the palm oil sector was concluded with PT Dharma Satya Nusantara Tbk Group (DSNG) in April 2020. The investment establishes a 10-year partnership with a well-regarded, top tier Indonesian palm oil company with a strong commitment to sustainable and inclusive production of palm oil. Anchoring this partnership is DSNG's public commitment to fully implement its *NDPE* throughout its supply chain by 2025 and to achieve *RSPO* certification across all its mills by 2023.

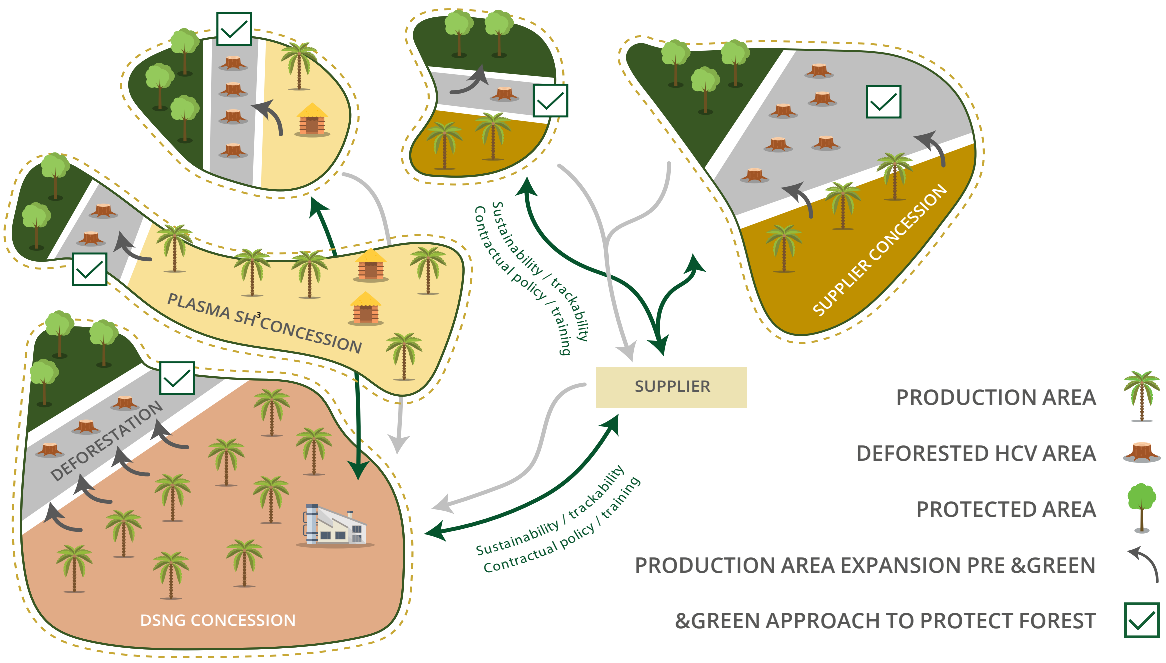

Figure 4. DSNG supply chain transformation

INVESTMENT RATIONALE

Since its launch in 2017, &Green has been seeking to partner with an ambitious palm oil company, given the importance of this supply chain to reversing forest degradation and destruction in Indonesia.

In DSNG, the &Green investment team found a willing partner to formulate and implement a comprehensive public commitment *(NDPE)* and Landscape Protection Plan *(LPP)* across its own plantations as well as the entire supply chain across Kalimantan. This will result in DSNG being able to credibly claim zero-deforestation in its supply chain, whilst also adopting an inclusive approach so as not to isolate small scale producers who need support to transition to sustainable practices.

[3] Smallholders

In making itself accountable to &Green, and its other stakeholders, DSNG is setting the bar higher on transparency in the palm oil sector. &Green's partnership with DSNG is one that can be replicated and scaled by the sector-at-large.

&Green's long-term funding and advice gave us the confidence to take an ecosystem-wide view to balancing our business objectives with the interests of communities and the natural resources around us. So, we embrace the challenge of striving toward a net positive impact on the landscape that will hopefully support our businesses for another 40 years or more! With support from our trustworthy partners.... SAIL and &Green we are committed to tackle it transparently.

- ANDRIANTO OETOMO,
PRESIDENT DIRECTOR, DSNG

THE YEAR IN REVIEW

HIGHLIGHTS

SUPPLY CHAIN MAPPING
In 2020, DSNG has mapped its own supply chain, which helped inform DSNG's *NDPE* roadmap: 66% of total production comes from its own plantations, 13% from plasma cooperatives and 21% from external partners. DSNG's NDPE commitment is fully aligned with international best practices and entails incremental implementation to reach 100% group-wide compliance by 2025.

100% RSPO PALM OIL
DSNG committed to obtaining 100% *RSPO* certification within two years. By the end of 2020, five palm oil mills, out of the 10 owned, had RSPO certification and the company's palm kernel mill achieved RSPO Supply Chain Certification (SCC), with additional mills in the certification progress by the end of the year. The RSPO certified plantation area totalled 50,000 hectares (44%), with an additional 2,700 hectares on plasma estates.

DELIVERING ON ITS ACTION PLAN
In 2020, DSNG demonstrated strong commitment and good progress towards being aligned with the IFC Performance Standards, despite the challenging circumstances posed by COVID-19 restrictions. DSNG has successfully addressed the 27 deliverables for 2020 set out in its *Environmental and Social Action Plan* (ESAP). DSNG has also focused on establishing policies and procedures to improve environmental and social sustainability and accountability of its operations.

NEW SUSTAINABILITY BOARD

On &Green's recommendation, DSNG sought to embed sustainability deeply in its governance by establishing a Sustainability Advisory Board with experienced and respected sustainability experts. This board, which includes an &Green representative, meets periodically throughout the year, and has direct access to DSNG's leadership team.

MARKET REACTS POSITIVELY

DSNG is listed locally in Indonesia, and since the &Green investment it has been increasingly well regarded by the market in terms of *ESG*. It was one of only two palm companies included in the SRI KEHATI Index, a new ESG index on the Indonesian Stock Exchange; and it was the largest mover of the year in the **SPOTT**[4] rankings.

KEY LEARNINGS

STRONG OPERATIONS UNDERPIN STRONG IMPACT

DSNG's particularly strong track record of operational efficiency has been a good leading indicator in terms of how it has tackled new environmental and social requirements from &Green. DSNG's proactive approach, willingness to invest in required human resources upfront, and their courage to strive for excellence has been a welcome sign in our first year working together.

SMALLHOLDERS ARE NOT A HOMOGENOUS GROUP

A large share of DSNG external suppliers are smallholders, who supply DSNG through their existing agents or cooperatives. The implementation of *NDPE* requirements for smallholder-based supplier groups are complex because they lack documentation, resources and access to advice and expertise. DSNG thus needs to provide careful attention to each smallholder, by developing tailored roadmaps for compliance and providing training and support for Best Management and Agricultural Practices.

LOOKING FORWARD TO 2021

In 2021, DSNG will look to continue its efforts for building the foundation of its sustainability performance, through the delivery of its *ESAP* deliverables, *NDPE* and *LPP*. Amongst others, it has to develop a group-wide Environmental and Social Management System *(ESMS)* (including for its non-palm operations). This is a significant undertaking, that will require a lot of effort, from &Green as well as with other key stakeholders.

[4] Sustainability Policy Transparency Toolkit is a free, online platform supporting sustainable commodity production and trade. It is used as a barometer by international investors on sustainability.

TRANSACTION SUMMARY

BORROWER

NAME

DSNG

MAIN SPONSOR(S)

DSNG Shareholders

JURISDICTION

Indonesia (Kalimantan)

SECTOR

Palm oil

E&S RISK CATEGORY[5]

A

&Green Investment	USD 30 million
Investment Term	10 years
Financial Structure	&Green provided a long-term senior, unsecured loan to DSNG subsidiaries but fully guaranteed by the DSNG Group. This type of long-term financing is not readily available in Indonesia, but it is required in order to deliver on this project.
Estimated total project cost	> USD 130 million

Impact Targets

>8,000 hectares	85,000 hectares	N/A
ER 1 (Conservation) contribution	**ER 2** (Intensification) contribution	**ER 3** (Restoration) contribution
>8,000	11,000	
Number of smallholders involved	Number of jobs supported	

[5] &Green categorises its investments into one of three categories: A (high potential for adverse social or environmental impacts); B (adverse social or environmental impacts are able to be mitigated); or C (minimal or no adverse social or environmental impacts). It uses a categorisation process that identifies and scores potential environmental and social risks (and is aligned with the categorisation of projects under the IFC Performance Standards). The Fund's full categorisation process for projects is set out in the &Green Environmental and Social Guidelines available on the &Green website.

DSN Group has been supporting our cooperative members, starting from providing the seedlings, maintenance, harvesting, to selling fresh fruit bunches to the company. The farmers' income continues to increase, around Rp 1.5 million for the plasma farmers with an average area of 2 hectares and around Rp 3-4 million for independent plantations.

- YONATAN LUHAT, CHAIMAN OF KARYA SEJAHTERA COOPERATIVE, WORKING WITH DSNG

6.3 RONCADOR

SUSTAINABLE FARMING SYSTEM BY COMBINING SOY AND CATTLE

In Brazil, cattle ranching and soy production are seen as two important drivers for direct and indirect land conversion. Given that context, &Green was happy to announce its first Brazilian and cattle sector transaction in June 2020. Agropecuária Roncador Ltda (Roncador) is a cattle and soy farmer operating on a farm of approximately 150,000 hectares in the State of Mato Grosso in Brazil.

INVESTMENT RATIONALE

&Green is supporting Roncador with the upscaling of its sustainable production model, which integrates crop and cattle on the same hectare of land. The model allows for the recuperation of degraded pastures and, by planting grass in between soy fields, there is a positive impact on the soil nutrient value as well.

In addition, Roncador is restoring natural forest on its farm and protecting all existing natural forests, resulting in forest of more than 70,000 hectares being conserved. &Green chose to support Roncador with taking its sustainable production to scale and becoming a *blueprint* for the sector in Brazil. Implementing the model at such scale is operationally untested and risky, as it requires capital upfront, has a long payback period and requires sophisticated management of the rotation of agriculture with cattle raising on the majority of the productive farm area.

Beyond the farmgate, Roncador is running farmer-field-days for other ranchers in the area to learn more about Roncador's approach and how they can also adapt their own farms to follow in Roncador's footsteps.

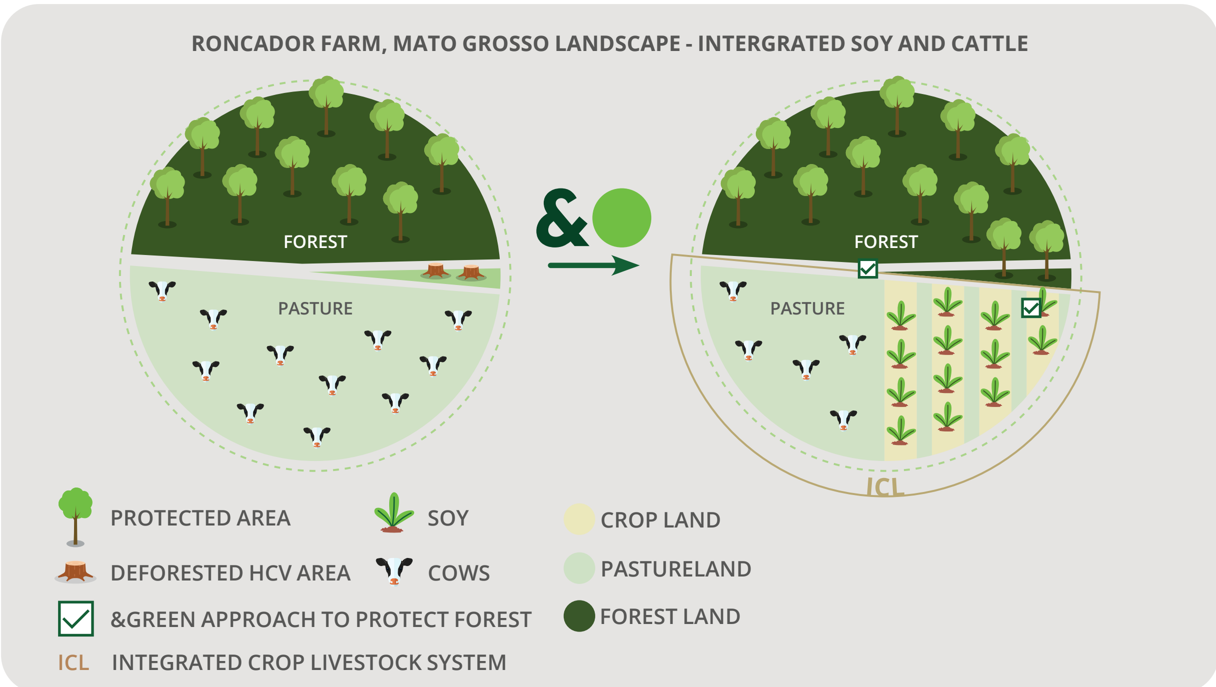

Figure 5. Roncador's transformative farming practice

HIGHLIGHTS

INTEGRATING SOY WITH CATTLE AT SCALE

In the 2019/2020 season, Roncador expanded its soy production area from 20,061 hectares to 24,532 hectares and consequently reduced the area dedicated to its cattle from 35,413 hectares to 30,085 hectares[6]. This was the last land use change planned to establish its cattle-soy integration model.

NDPE PUBLISHED

As required by &Green, Roncador drafted and published an *NDPE* commitment prior to disbursement of the &Green loan.

LANDSCAPE-LEVEL ENGAGEMENT

During 2020, Roncador continued its close partnership with the Liga do Araguaia – a farmer's movement in the *landscape* which comprises more than 60 farms, covering 150,000 hectares of pastureland. The Liga has been an important platform to promote the Roncador *blueprint.*

KEY LEARNINGS

FIRE IS A CLEAR AND PRESENT THREAT

The 'fire season' in Mato Grosso typically occurs between May and November as dry weather, wind, and heat combine with farmers and ranchers using slash-and-burn techniques to help put nutrients back into the (often degraded) soils. The fires in 2020 were particularly prevalent and unfortunately a neighbouring fire spread onto Roncador's farm, resulting in the loss of approximately 100 hectares of natural forest in a remote area of the farm which was difficult to reach.

Pro-active engagement from Roncador reduced the impact and &Green was able to provide support with the provision of satellite imagery and fire hotspot monitoring tools. &Green and Roncador have increased the frequency of the fire-alert monitoring process even further on the back of this event.

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[6] Production figures are taken from Roncador's *LPP* and will be confirmed upon submission of Roncador's first LPP annual report in the second half of 2021.

LOOKING FORWARD TO 2021

INTEGRATION MODEL ROLL-OUT CONTINUES

In 2021, Roncador will continue executing its strategy behind the expansion of its production blueprint on all the farm's productive areas. This will be done by continuing to implement corrective actions in the already demarcated areas for soy production, as well as continuing to restore its degraded pastures.

FIRE MANAGEMENT REMAINS CRITICAL

In the light of the landscape risks that emerged in 2020 with the neighbouring forest fires – which are expected to continue, if not rise – &Green will be exploring how it can support Roncador's existing efforts on forest management and emergency response.

Supporting farmers in their efforts to develop more efficient production models in food production, soil regeneration and carbon capture is critical in tomorrow's land use strategies. We welcome &Green's focus on financing companies like ours, working on creating sustainable and commercially viable projects for the sector.

- **PELERSON PENIDO DALLA VECCHIA, CEO OF GROUP RONCADOR**

TRANSACTION SUMMARY

BORROWER

NAME

Rondacor

MAIN SPONSOR(S)

Penido Family

JURISDICTION

Mato Grosso, Brazil

SECTOR

Cattle & Soy

E&S RISK CATEGORY[7]

A

&Green Investment	USD 10 million
Investment Term	8 years
Financial Structure	&Green provided a long-term senior loan, secured by high quality collateral from the client, to roll out their innovative model. The loan is backended, with large principal payments only in the final years, and this suits the underlying project which has an approximately six-year break-even projection.
Estimated total project cost	> USD 50 million

Impact Targets

71,185 hectares

ER 1 (Conservation) contribution

60,000 hectares

ER 2 (Intensification) contribution

200 hectares

ER 3 (Restoration) contribution

N/A

Number of smallholders involved

[7] &Green categorises its investments into one of three categories: A (high potential for adverse social or environmental impacts); B (adverse social or environmental impacts are able to be mitigated); or C (minimal or no adverse social or environmental impacts). It uses a categorisation process that identifies and scores potential environmental and social risks (and is aligned with the categorisation of projects under the IFC Performance Standards). The Fund's full categorisation process for projects is set out in the &Green Environmental and Social Guidelines available on the &Green website.

6.4 SUBSEQUENT EVENTS

MARFRIG GLOBAL FOODS S.A.

In February 2021, &Green and Marfrig held a joint press conference to announce the conclusion of a USD 30 million 10-year sustainability-linked loan facility. &Green's financing will be used by Marfrig to enable and implement a no-deforestation requirement across its entire supply chain in the Amazon and Cerrado biomes, covering all tiers of farms with which it is associated. Marfrig's supply chain in the Amazon and Cerrado biomes encompasses around 30,000 direct suppliers and up to 90,000 indirect suppliers. Concrete milestones and targets have been set with Marfrig to first reach full traceability and then to be able to concretely demonstrate zero deforestation.

&Green has structured the loan in such a way as to incentivize Marfrig to reach targets more quickly than agreed, with a step-down in interest rates being possible.

WHY ARE WE INVESTING IN CATTLE?

In the past few years, domestic and international scrutiny of the Brazilian cattle sector has risen due to the increase in forest fires and deforestation in the Amazon, which many attribute to legal and illegal cattle ranching moving ever- further into forested areas. This has reinforced the existing public perception that the sector has the greatest responsibility for the loss of Brazilian forest and that companies, especially the largest meatpackers, have not lived up to sustainability commitments made in the past.

Cattle is indeed grazed on large areas in Brazil and the conversion of forests to pastures is a major driver of deforestation. In the Brazilian Amazon biome, pastures make up nearly 80% of the land that was deforested between 1996 and 2006, and that has continued - if not accelerated - since then. At the same time, global consumption of beef is not expected to abate. As the world's emerging economies become wealthier, beef consumption is projected to rise. This is despite the growth of the alternative protein market.

&Green generates impact by looking for landscapes where valuable ecosystems require active protection and/or restoration, but where competing forces, specifically from agricultural production, frustrate the required action. Working with the beef sector is critical if &Green aims to contribute meaningfully to the reduction of deforestation in Brazil. Potential strategies include more efficient production of beef, introducing environmental and social requirements, and reducing beef consumption on the demand side. &Green focuses on investing in progressive companies that are building the transition strategies for the land use of the future by creating blueprints for how the sector can become vastly more efficient (i.e. use less land to do much more) and sustainable by conserving and restoring forests and soils.

7.1 FINANCIAL REVIEW

&Green made good financial progress in 2020. The growth in the Fund's investment activities generated the Fund's first positive operating result of USD 309,512 (2019 operating result was negative USD 733,998). However, the unrealised FX losses, mainly relating to the Fund's Norwegian Krone (NOK)-denominated grant contribution, reduced the Fund's overall result to a net loss of USD 919,971.

For the 12 months ended 31 December 2020, income from investments totalled USD 2.8 million (2019: USD 1.8 million). The increase on the prior year was due to the addition of the two new loans to DSNG and Roncador, worth USD 40 million in &Green's investment portfolio.

&Green's investments balance reached USD 63.9 million as at 31 December 2020 (2019: 23.4 million), which does not include the USD 30 million investment in Marfrig Global Foods S.A. that was concluded post the balance sheet date. The portfolio as of 31 December 2020 consists of three investments in the form of promissory notes and two loan facilities. All investments are held at amortised cost and no provisions or impairments were recognised by the end of 2020.

DEAL NAME	INVESTMENT DATE	SECTOR	JURISDICTION	INVESTMENT VALUE
PT ROYAL LESTARI UTAMA (RLU)	26/02/2019	Rubber	Indonesia	USD 23.5 million
PT DHARMA SATYA NUSANTARA TBK. (DSNG)	23/04/2020	Palm Oil	Indonesia	USD 30.3 million
AGROPECUÁRIA RONCADOR LTDA (RONCADOR)	15/07/2020	Cattle & Soy	Mato Grosso, Brazil	USD 10.1 million

Fundraising was less successful than anticipated for &Green in 2020. That said, the first redeemable grant of USD 5 million was drawn down from Unilever in October 2020 and the Fund secured a long-term loan of USD 2.5 million from a private sector institution in November 2020. The USD 25 million term facility from Dutch Development Bank, FMO, was concluded in March 2021 with an availability period of 12 months. While the loans increase the financial liabilities of the Fund, the debt service required is already sufficiently covered by investment income from the outstanding portfolio of &Green.

General expenses were well managed to remain in line with the budget set by the Board. The auditor has found that the preparation of the financial statements on a going concern basis is appropriate.

7.2 E&S REVIEW

In line with a scheduled agreement between Contributors and the Board at the launch of the Fund in 2017, and further prompted by inputs from the independent evaluation done in 2020, and the engagement with FMO, a revision of &Green's *Environmental and Social Management System (ESMS)* started this year. The process will incorporate more granularity in &Green's KPIs, further define certain processes and add explanations of our approach for our stakeholders. This work will be concluded in 2021. As part of this, &Green will further develop its KPI framework to track climate and biodiversity benefits more prominently.

In 2019, &Green established a *Technical Assistance* budget, with support from NICFI. In 2020 it used part of this funding to support potential clients with Technical Assistance. In order to meet &Green's investment criteria, the Client often needs to spend capital up front, which it doesn't necessarily have available. The Technical Assistance grants can fund the Client at that early stage so that they can make the project viable for an investment from &Green. This assistance has proven highly valuable so far in 2020, and the &Green investment team intends to use it more extensively to enhance pipeline in 2021.

During 2020, &Green expanded our Monitoring, Verification and Reporting framework with satellite-based monitoring strategies. Wildfire occurrence is monitored on a daily basis in all portfolio investments using NASA data. This allows for rapid detection of fires in and around our investments, and analysis of trends in the landscape. Use of high-resolution images allows for detailed landscape analysis, including forest quality, forest cover and historical trends. These tools are also being used for the screening of prospective investments as well as the monitoring of portfolio projects. During 2021 this information will be linked to a new dashboard, created to provide real-time updates on impact targets: *environmental return* and *social inclusion*.

At a project level, &Green distinguishes between areas directly under the Clients' control as opposed to areas where the Clients have influence through their presence in the landscape, but no direct legal responsibility. Often, there are external factors (specifically regulatory and political) that deter Clients from being willing to take responsibility for the wider landscape. &Green addresses this by contractually distinguishing between "outcome" commitments (legal requirement for the result, e.g. protecting forest on their farm) for matters under direct control as opposed to "output" commitments (legal requirement to do something, e.g. host x number of field days per year to explain to other actors how they protect forest) for the landscape surrounding clients' areas of direct influence.

7.3 COVID-19 REVIEW

From early 2020, the COVID-19 pandemic has sent the world into an unprecedented crisis. The spread of the pandemic showed exponential growth and, by December 2020, more than 150 million cases of the virus were reported, with the number of deaths exceeding 3 million. The impact of COVID-19 has been significant for societies and economies, including those in jurisdictions in which &Green invests. Brazil, in particular, was one of the worst hit countries globally, with 15 million cases recorded in 2020, and the emergence of a new variant resulted in several bans on flights departing from the country.

Operational challenges presented by the pandemic required adjustments to the ordinary course of business and greater flexibility has been needed. &Green's service providers are generally well-established business which have remained operational throughout the pandemic, though with reinforced safety and hygiene protocols that included a shift to remote working for the majority of staff working on &Green. That said, &Green has not faced any material risks due to this change in the working environment with respect to the operations of the Fund.

SAIL has also made greater use of on-the-ground resources and local investment teams, wherever possible, to enable investment activities to proceed. This has mitigated the hindrance of travel restrictions on site visits and travel for further due diligence on potential investments. For this reason, this year there was a greater focus on potential deals already in the investment pipeline, to ensure continued development of the portfolio, albeit with due consideration of the risks and limitations that have resulted from the pandemic.

For &Green clients, the impact of COVID-19 increased in intensity as the year wore on. Given the general nature of agriculture, i.e. more remote, rural areas, there was less immediate impact. That said, the pandemic generally reduces physical engagement and this was not helpful for projects such as RLU and DSNG where community engagement is a critical part of their approach. Furthermore, in both of these investments, consultants are supporting the client and travel to the operations was delayed , which resulted in some delays in progress. No COVID-19 outbreaks or safety concerns were seen in &Green investments during 2020, however the investment team increased its engagement with our portfolio clients to stay alert to any potential outbreaks or concerns from the field.

At a Fund level, all Advisory Board, Board of Directors and Credit Committee meetings have proceeded as scheduled using video conferencing tools.

08 FUNDING

FUNDING STRATEGY

In order to scale up the capacity of the Fund to reach our initial target of USD 400 million by 2025, and then scale to more than USD 1 billion in the years thereafter, &Green will look to attract a mix of contributors and investors.

Development of the &Green concept is supported foremost by patient, very long-term concessional capital, largely in the form of grant funding. This allows the Fund to build a credible, commercial portfolio of proof-of-concept investments, that will ultimately attract investors from the private sector and allow for the commercial scale-up of the Fund.

A key milestone in &Green's fundraising strategy is taking on debt in 2020. With its current portfolio of investments, &Green is generating sufficient income to handle long-term debt payments. Nonetheless, &Green has been cautious with the amount of leverage it is willing to accept, and the debt being raised is all very long-term in nature.

Although &Green typically would not consider investments below USD 10 million into the Fund, it made an exception in 2020, to allow a small initial concessional loan from a global reinsurance corporate. The Board and Advisory Board agreed that this kind of 'testing the waters' from private sector investors, who can clearly raise their contributions significantly in the future, would make sense.

EXISTING CONTRIBUTORS UPDATE

CONTRIBUTORS	DATE COMMITED	INSTRUMENT	AMOUNT	TENOR
NICFI	Q1 2017	Grant	USD 58,331,622[1] | USD 34,156,350[2]	N/A
UNILEVER	Q2 2018	Redeemable Grant	USD 25,000,000	15 yrs
GEF	Q4 2018	Redeemable Grant	USD 1,925,000	20 yrs
REINSURER[3]	Q4 2019	Loan	USD 2,500,00	>10 yrs
TOTAL			**USD 121,578,649**	

[1] Received in 2017.
[2] Conditional upon further fundraising.
[3] This investor is a professional investment firm and requires confidentiality around the investments it makes in order to comply with its own internal rules.

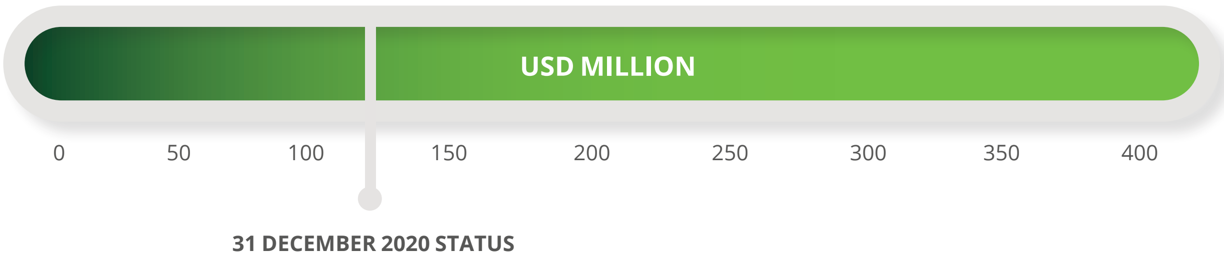
During 2020, and in early 2021 (subsequent event), &Green was able to meet the required conditions of the final NICFI funding tranche. These conditions included a satisfactory review of the impact of the Fund, subsequent contributors committed (more than USD 50 million), and interest from other prospective contributors in &Green (more than USD 40 million). Remembering that when NICFI first invested, on day 1 of the Fund, there were no other Contributors in the Fund.

The commitment from NICFI is denominated in Norwegian Krone (NOK) and the value of the undrawn conditional funding is impacted by the NOK/USD exchange rate. Given the nature of the funding (i.e. a grant), &Green has chosen not to hedge this currency exposure.

Furthermore, &Green received its first disbursement of USD 5 million from Unilever in Q4 2020, following the execution of the Fund's first transaction in the palm oil sector (financing DSNG). In approving this transaction as fulfillment of the Unilever conditional requirements, Unilever also approved a further USD 5 million to be drawn down in 2021.

As noted in the 2019 Annual Report, a key focus for 2020 was securing the Fund's first Development Finance Institution ("DFI") funding. After a rigorous due diligence process throughout the year, &Green was approved for a USD 25 million loan from Dutch Development Bank, FMO, in December and contracting was subsequently concluded in March 2021.

This is a significant moment for &Green, not only to release the conditional tranche of grant funding from NICFI, but also to facilitate access to other funding sources. This long-term partnership with FMO is expected to encourage interest in &Green from donors (only accessible through multilaterals like FMO), and also other DFIs. The stamp of approval from a globally recognized DFI will also be useful, as the Fund seeks to expand its fundraising reach to a wider private sector base.



Solving the persistent problem of tropical deforestation and degradation requires rational management of land. We must protect carbon rich forests and peatlands, produce more efficiently on existing farmland, and bring communities and smallholders into value chains and support them in getting a fair deal. This calls for a new investment paradigm. &Green is already pioneering the way by showing, through concrete investment partnerships, that this is possible. Norway is proud to have been an anchor investor and will remain actively involved in the &Green agenda.

- **PER PHARO,**
MEMBER OF THE ADVISORY BOARD

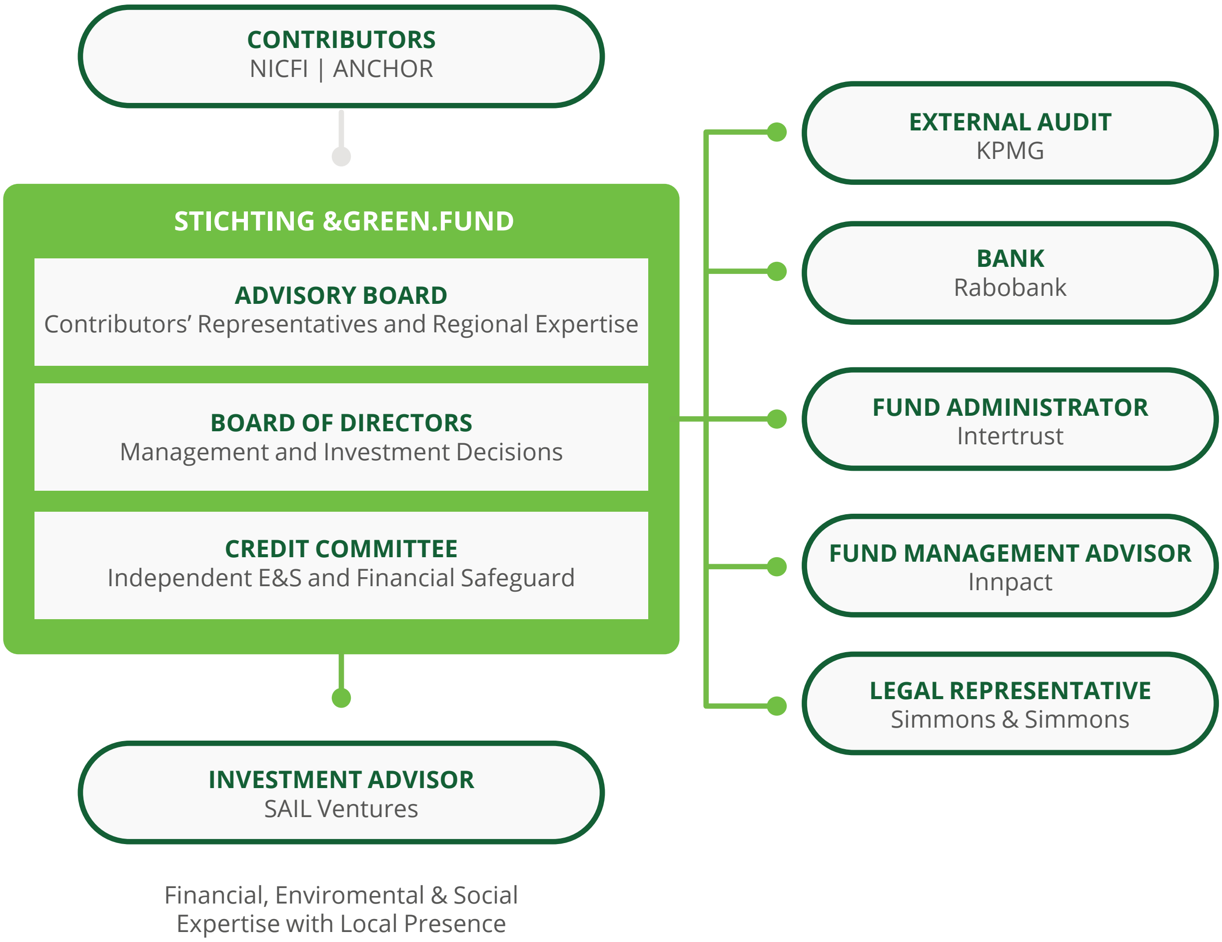
NORWAY:
THE CLIMATE CHANGE LEADER IS INVESTING IN TRANSITIONING SUPPLY CHAINS FOR THE BETTER

Norway's International Climate and Forest Initiative (NICFI) leads the Norwegian government's efforts to catalyze and support global collaboration and action to reduce destruction of tropical forests, and halt greenhouse gas emissions from deforestation and forest degradation.

NICFI is supporting a broad reach of actors who are working to transform current actions that result in deforestation and they, like &Green, remain resolutely focused on pragmatic solutions which will drive the scale needed for systems change. Globally, the Initiative has supported efforts to reduce deforestation in more than 70 countries and maintain systems focused on building the needed momentum towards implementing the Paris Agreement on Climate Change. Annually, NICFI invests NOK 3 billion (around USD 400 million) towards this goal.

In 2016, NICFI and IDH Sustainable Trade Initiative developed the concept of an investment vehicle that can support sound Jurisdictional policy and the right kind of private sector policy in key landscapes and sectors where a transformation to sustainable deforestation-free and inclusive growth was required. This was the genesis of what became the &Green Fund, and NICFI has been an anchor investor in &Green since the Fund's commencement in 2017. By providing a significant initial contribution, NICFI laid down the marker for the Fund to become a commercially viable and scalable facility to support this market transformation agenda.

Per Pharo, Director of NICFI at the Norwegian Ministry of Environment, serves on the Fund's Advisory Board and continues to provide valuable guidance to the Fund, in particular on jurisdictional policy matters. As part of its contribution, NICFI also provided a Technical Assistance Budget, that allows the Fund to support potential borrowers of the Fund, particularly in their compliance with the Fund's Environmental and Social requirements.



BOARD OF DIRECTORS

The Board of Directors are the legal representatives of the Fund. The Board has the general responsibility for all aspects of the administration and management of the Fund. The Board appoints all service providers to the Fund, including the Investment Advisor, and the members of the independent Credit Committee. The Board of Directors members are appointed for a term of two years, after which they are eligible to be reappointed for a maximum of four consecutive terms.

ADVISORY BOARD

In discharging its duty, the Board of Directors receives strategic advice from the Advisory Board. The Advisory Board is comprised of representatives of the Contributors to the Fund, as well as experts in political, policy, supply chain and other relevant matters. The Advisory Board is also responsible for approving new jurisdictions in which the Fund may invest, and any amendments to the overall mission and vision of the Fund, including key investment principles. The Advisory Board appoints the Board of Directors. The Advisory Board members are appointed for a term of four years, after which they are eligible to be reappointed once for another term of 4 years.

The transition of tropical agri-commodity landscapes to sustainable, thriving ecosystems promotes equality.

I am proud to support this transition and be part of &Green's diverse and transparent governance.

- HELEN CLARK,
CO-CHAIR OF THE ADVISORY BOARD

CREDIT COMMITTEE

The members of the Credit Committee are independent and are appointed by the Board of Directors. The committee is comprised of members with specialized debt, blended finance and E&S/impact transactional experience. The Credit Committee is responsible for implementing the Fund's Lending Guidelines. It reports to the Board of Directors and its main function is to assesses credit proposals brought to it by the Investment Advisor, before approving that an investment may be proposed to the Board of Directors for final approval. The Credit Committee members are appointed for a term of four years, after which they are eligible to be reappointed once for another term of 4 years.

&Green is a Dutch foundation ("Stichting"), registered in the Netherlands in 2017. Its governance structure is designed to safeguard the environmental and social return as well as the financial and commercial sustainability of the Fund and its investments.

9.1 **ADVISORY** BOARD

HELEN CLARK
CO-CHAIR OF THE ADVISORY BOARD

Mrs. Clark served as Prime Minister of New Zealand from 1999 to 2008 and was the Administrator of the United Nations Development Programme from 2009.

ELLEN JOHNSON SIRLEAF
CO-CHAIR OF THE ADVISORY BOARD

Mrs. Johnson Sirleaf served as the 24th President of Liberia from 2006 to 2018.

PER PHARO
MEMBER OF THE ADVISORY BOARD

Mr. Pharo is Director of the Government of Norway's International Climate and Forest Initiative, at the Norwegian Ministry of Environment.

MARC ENGEL
MEMBER OF THE ADVISORY BOARD

Mr. Engel is the Chief Supply Chain Officer for Unilever. In his 20-year career with Unilever, Marc has worked in Singapore, the Netherlands, UK, Brazil, Switzerland and Kenya.

BAYU KRISHNAMURTI
MEMBER OF THE ADVISORY BOARD

Dr. Krisnamurthi has served at a senior level in the Ministries of Trade, Agriculture, Coordination and Economic Affairs within the Indonesian government.

ROSA LEMOS DE SÁ
MEMBER OF THE ADVISORY BOARD
Mrs. Lemos de Sá is Secretary General of Funbio (in Brazil).

&Green strengthened its independent Credit Committee with the addition of Mr Mark Eckstein as a member with effect from 1 July 2020. Mark is currently the Head of Impact and ESG at the British Development Finance Institution, CDC Group, and has previously worked at WWF and the IFC. He brings decades of experience to the Fund's Credit Committee and is particularly knowledgeable in E&S compliance and impact measurement.

9.2 **BOARD OF** DIRECTORS

NANNO KLEITERP
CHAIRPERSON OF THE BOARD

Mr. Kleiterp is the former CEO of the Dutch Development Bank, FMO.

CLAUDIA MARTINEZ
MEMBER OF THE BOARD

Ms. Martinez is the Executive Director of E3 and has previously served as Deputy Minister of the Environment of Colombia.

FELIA SALIM
MEMBER OF THE BOARD

Ms. SalimFelia has spent more than 30 years in banking and finance, including as director of PT Bank Negara Indonesia.

JOOST OORTHUIZEN
MEMBER OF THE BOARD

Mr. Oorthuizen is the CEO of Invest International and the former Executive Director of IDH Sustainable Trade Initiative.

9.3 **CREDIT** COMMITTEE

AGNES SAFFORD
CHAIRPERSON OF THE COMMITTEE

Ms. Safford is currently the managing director of GreenWorks Asia and has previously held director-level positions at 101 Capital, Abacus Capital, and was the Managing Director of ABN Amro Securities in Jakarta.

LUIZ AMARAL
MEMBER OF THE COMMITTEE

Mr. Amaral is the Global Manager for Commodities within the Global Forest Watch (GFW) program of the World Resources Institute. Before joining WRI, he was the head of corporate socio-environmental responsibility for Rabobank in Brazil and South America, responsible for E&S risk assessment processes.

CHIMWEMWE DE GAAY FORTMAN
MEMBER OF THE COMMITTEE

Ms. de Gaay Fortman is currently a financial advisor in the agrifood sector (including international forestry), with experience in credit risk of complex transactions and loan structures.

Ms. de Gaay Fortman is currently Director of the Board of OostNL, a regional development fund in the Netherlands, and a Board Member at EBF.

MARK ECKSTEIN
MEMBER OF THE COMMITTEE

Mr. Eckstein is the Director of Environmental Social and Governance Impact at the CDC Group. His role includes responsibilities for ESG policy and process development and leading the development of ESG good practise guidance. Prior to joining CDC, Mr. Eckstein was Managing Director of the WWF US International Finance program, he has also served as E&S Specialist at the IFC and at DFID. He brings with him direct and significant experience in more than thirty countries, including key &Green jurisdictions.

9.4 CORPORATE GOVERNANCE REVIEW

KEY DECISIONS MADE BY THE VARIOUS GOVERNANCE BODIES OF &GREEN

GOVERNANCE BODIES

The Board approved the appointment of Mark Eckstein as a member of the Credit Committee and extended the terms of the other three Credit Committee members by one year.

The Advisory Board and Board agreed that, in order to maintain continuity across the members of the Advisory Board, Board and Credit Committee, a schedule for the systematic staggered replacement of the current members will commence in 2021.

GOVERNANCE POLICIES

During 2020, the Board reviewed, revised and approved the Travel and Expenses Policy, Data Protection Policy and the Anti-Money Laundering/Combatting the Financing of Terrorism (AML/CFT) policy for contributors and clients. All of these policies are available on the &Green website.

The Service Providers Memorandum, setting out the detail of the service obligations of the Fund Administrator, Intertrust, as supported by the Investment Advisor and the Fund Management Advisor, was updated and agreed between Intertrust and the Board.

In addition, a Cybersecurity Policy was prepared and approved by the Board. The Board commissioned a gap analysis across its policies against the requirements of the Sustainable Finance Disclosure Regulation (SFDR). Although it is not regulated by the SFDR, the Board agreed to keep up with industry best practice under the EU Taxonomy and to amend its policies in 2021 in accordance with the recommendations of Simmons & Simmons. The Board also identified that it does not have any obligations under DAC6 (a new EU cross-border tax directive).

CONTRIBUTOR DECISIONS

The Advisory Board confirmed that it was comfortable with, and the Board subsequently approved, the conclusion of the agreements to receive loan contributions from a global reinsurance corporate and the Dutch Development Bank, FMO.

INVESTMENT DECISIONS

In 2020 the Credit Committee reviewed and approved the recommendation to the Board, which ultimately approved, the USD 30 million loan facility agreement with DSNG and the USD 30 million loan to Marfrig Global Foods S.A. The latter was concluded and disbursed in the first quarter of 2021. The Roncador transaction had been approved by the Credit Committee and Board in December 2019.

JURISDICTIONAL APPROVALS

The Advisory Board approved Indonesia, in its entirety, as an *eligible jurisdiction* for investment in April 2020. In its December 2020 meeting, the Advisory Board re-approved Pará State, in Brazil, and Colombia as eligible jurisdictions.

FUND MANAGEMENT

In December 2020, the Board approved the renewed and updated Investment Advisory Agreement with Sail Ventures. The new agreement will become effective from 1 January 2021 and has an indefinite term.

ATTENDANCE

Attendance at Board Meetings, Advisory Board Meetings and Credit Committee Meetings:

DIRECTOR/MEMBER	ATTENDANCE
ADVISORY BOARD	
HELEN CLARK	2/2
PER PHARO	2/2
ROSA LEMOS DE SÁ	2/2
BAYU KRISHNAMURTI	2/2
MARC ENGEL	2/2
ELLEN JOHNSON SIRLEAF	0/2
BOARD OF DIRECTORS	
NANNO KLEITERP	5/5
JOOST OOSTHUIZEN	5/5
FELIA SALIM	5/5
CLAUDIA MARTINEZ	5/5
CREDIT COMMITTEE	
AGNES SAFFORD	5/5
LUIZ AMARAL	5/5
CHIMWEMWE DE GAAY FORTMAN	5/5
MARK ECKSTEIN	2/2

A list of other mandates and interests of the members of the Board of Directors and of the Credit Committee is maintained, and the members confirm that the list is correct at each of their quarterly meetings.

Furthermore, the Fund has a Conflict-of-Interest Policy which sets out the Board of Directors and Credit Committee members responsibilities in respect of potential and perceived conflicts of interest. Primarily, members are expected to avoid conflicts of interest and, where this is not possible, they have a responsibility to disclose any areas of (potential) conflict of interest at their respective meetings or as soon as the conflict becomes apparent, following which the Board, and if required the Advisory Board, will make a recommendation of the required remedial action.

A list of the roles delegated to each of the Board of Directors members, together with their specific oversight portfolio, is maintained and tabled at each meeting of the Board of Directors.

10 INVESTMENT TEAM

10.1 SAIL VENTURES

Sail Ventures (SAIL) has been the investment advisor to the &Green Fund since its establishment in 2017. A boutique investment firm headquartered in the Hague, with offices in Singapore and São Paulo, SAIL has an investment team with over 200 years of collective relevant experience to advise the &Green Fund.

SAIL advises &Green on the day-to-day business and management of the operations, transactions and its investment portfolio. Furthermore, it advises on engagement with new potential Contributors or Lenders to the Fund. By the end of 2020, SAIL had built up a diverse team in view of the expected growth in &Green's invested portfolio and funds under management in the coming years. SAIL's investment team will continue to expand in the future in order to meet the demands of &Green's increasing portfolio.

FUNCTION	TEAM AVAILABLE	EXPERIENCE
Investment origination, client relationship, and portfolio management	4 INVESTMENT DIRECTORS (INCLUDING THE CIO)	> 80 COLLECTIVE YEARS
Impact and E&S compliance	5 FTES	> 60 COLLECTIVE YEARS
Operations	3 FTES (INCLUDING COO AND REGISTERED ACCOUNTANT)	> 30 COLLECTIVE YEARS
Dedicated financial analysis and due diligence	2 FTES (BOTH CHARTERED FINANCIAL ANALYSTS, ONE CA (SA))	> 10 COLLECTIVE YEARS
Agriculture and Forestry due diligence.	1 FTE	> 30 COLLECTIVE YEARS

Key to SAIL's success in finding high quality opportunities in the Fund's core focus countries, Indonesia, and Brazil, is the experience of its investment leads based in those regions. Before joining SAIL, Sanjiv Louis (based in Singapore) had worked at leading international investment banks (UBS and Credit Suisse) for more than 15 years, raising capital and structuring liability management and derivative financings for Asian clients. This depth of market knowledge and reputation helped &Green in 2020 as it was able to complete a highly impactful long-term loan to DSNG, an Indonesian listed corporate whose only other wholesale banking relationship was with BCA, Indonesia's largest private sector lender.

Credibility is the most crucial factor for SAIL and &Green as we engage upstream and downstream companies in these highly complex and globally relevant commodity value chains. We are committed to being a strong and patient partner for all our clients who are committed to transitioning their businesses to models that are highly resilient, profitable and sustainable.

- SANJIV LOUIS
INVESTMENT DIRECTOR, SE ASIA

Similarly, the experienced duo of Erik Peek and Gustavo Oubinha are leading &Green's origination in Brazil. They both have the trust of the market, having built a successful agri-finance operation at Rabobank Brazil prior to joining SAIL's investment team. Their level of experience proved crucial in the management of the long and complex (given the size of the operations) investment process and due diligence that &Green carried out on the Marfrig Group during 2020.

&Green's approach ultimately drives value for its clients, but it requires tremendous engagement: from owner and CEO to the field. It is necessary, therefore, that &Green's clients trust that the Fund will be a committed and supportive partner on this journey. In its role as Investment Advisor, SAIL aims to support &Green's work by providing a large and professional Impact and ESG team that operates globally and is paired with highly experienced regional investment leads who can build trust in the market.

1 SOURCING

Continuous process of lead generation & JEC Assessments

LEAD GENERATION

Potential projects are sourced directly and through supply chain actors, financial institutions, NGOs, and investor networks.

&Green can only invest in *Eligible Jurisdictions* that the Advisory Board has approved.

2 STRUCTURING & FUNDRAISING

Project design and financial structure.

INVESTMENT RATIONALE

SAIL performs a high-level assessment of the project's impact and *E&S* potential. An initial plan for the project is set out.

TERM SHEET

Agreed set of indicative financial terms and *environmental return* and *social inclusion* commitments.

3 DUE DILLIGENCE & FINAL APPROVAL

Fundraising / syndication with co-investors.

DUE DILLIGENCE

Analysis of all financial and operational documentation of the project, and assessment of both *E&S* risks and potential for positive impact.

APPROVAL

Full proposal by SAIL, in the form of a Credit Application. This includes all terms and conditions, *ESG* covenants and conditions, together with a draft *LPP*.

&Green's Credit Committee provides an independent recommendation to the &Green Board.

4 EXECUTION & MONITORING

Project governance & monitoring.

EXECUTION & DISBURSEMENT

The investment may be executed following final approval from the &Green Board.

Contracting takes place with the client, and funds are disbursed upon finalisation of the deal.

ANNUAL MONTIORING

Monitoring of the landscape and independent verification of impact and *E&S* performance.

10.3 INVESTMENT OUTLOOK

MACROENVIRONMENT

The global macro-economic environment appears somewhat more upbeat going into 2021 than it was midway through 2020, but we would caution that many emerging and frontier markets face a significantly more uncertain 2021, as they struggle to control the coronavirus, access sufficient vaccines, and implement a credible and scalable program to provide them to their citizens. At the time of writing this report, the 2021 death toll from the pandemic had already topped 2020, and Brazil and Colombia (two key &Green jurisdictions) were grappling with a '2nd wave' of infections. The &Green investment team expects that, for the majority of 2021, &Green's focus countries will remain either entirely or partially in lockdown, and travel to-and-from these regions will not be straightforward.

Economists and analysts are expecting a commodity growth cycle in 2021, as many developed countries, and China, invest quite significantly in their own countries' infrastructure again and consumers continue to invest in fixed and semi-fixed assets. This will have a somewhat positive impact on the supply chains and countries on which &Green is focused, which tend to be commodity driven.

The &Green investment team will be carefully monitoring inflationary tendencies, and their impact on benchmark rates, in 2021. &Green's attractiveness in the market is influenced by its relative pricing power. Accordingly, an increase in interest rates would generally improve &Green's options given its low relative funding costs.

During the first half of 2021, elections in Peru and Ecuador (two jurisdictions of interest for &Green) will take place – both having a wide range of potential outcomes. &Green will track these, and other jurisdictional level policy changes, closely during 2021.

&GREEN

Despite the impacts of COVID-19, 2020 was a good year for &Green with key milestones on the portfolio and Contributor side being reached. That said, &Green's funding squeeze (see **Funding section**) has meant that less time was spent on maturing pipeline in the second half of the year. The ramification of this is simply that it will take longer to develop a mature pipeline and to execute on the best opportunities in 2021 and going into 2022.

Despite this, the 2021 business plan, approved by the Board of Directors, focuses on maintaining portfolio growth, and ensuring that the existing portfolio remains on track, in particular in terms of its environmental and social targets.

Beyond this portfolio focus, 2021 will be a busy year, with &Green and its advisors updating parts of the *Environmental and Social Management System (ESMS)* of the Fund, increasing the Fund's communication and marketing strategy to reach a much wider group of stakeholders and increasing &Green's visibility globally. It will then target and then targeting a significant fundraising push to key bi- and multilateral agencies, as well as commercial private sector investors. COVID-19 will surely hamper the logistics of raising and deploying capital globally in 2021, but &Green has boots on the ground in key jurisdictions and has built up a network of local partners on which it can rely.

11 PARTNERSHIPS

The Fund's landscape approach requires participation from more than just the &Green client and its supply chain. To safeguard the broader *landscape*, &Green and its clients work in close collaboration with existing global and regional initiatives and local organisations. Although &Green does not engage local government or regulators itself – the role of the &Green Fund is to be a frontrunning investor in these landscapes, but not a convenor or lobbyist – the Fund's partners are often working together with these actors within a landscape. &Green helps its partners with approaching and navigating the stakeholder universe in their respective landscapes. The primary goal for &Green is to ensure that clients are supported by strong partnerships that increase the likelihood for them to deliver on ambitious commitments and thus reduce environmental and social risks.

Strategic partners with aligned objectives are tremendously useful for &Green. In addition to creating pipeline for &Green, the Fund's partners provide solid institutional frameworks for &Green transactions, and they enable shared learnings through documentation and distribution of pioneering project *blueprints* to the wider investor, donor and stakeholder community.

During 2020, the most instrumental partnerships were with IDH Sustainable Trade Initiative (IDH) and United Nations Environment Programme (UNEP).

IDH SUSTAINABLE TRADE INITIATIVE

&GREEN PORTFOLIO SUPPORT:

- In Sumatra, IDH is supporting &Green portfolio client, RLU, with the expansion of its smallholder rubber programme, which is part of the ESAP agreed with &Green.

- IDH has also indirectly supported the Marfrig transaction by being a long-term partner of the company and helping them to formulate a zero-deforestation plan which they could ultimately agree with &Green. Further to this, IDH is also providing post-investment technical assistance to help Marfrig deliver on their ambitious plans agreed with &Green.

- Furthermore, IDH's support of the Mato Grosso State helped to have the Jurisdiction re-approved by &Green.

&GREEN PIPELINE SUPPORT:

- To support the investment readiness of some of &Green's pipeline projects, IDH is financing feasibility assessments to deliver sustainable sourcing strategies, Environmental and Social Impact Assessments (including HCV-HCS and Biodiversity Assessments) and, on occasion, a detailed Land Use Change Assessment.

&GREEN TA FACILITY WITH IDH

IDH has developed a Technical Assistance Facility dedicated to providing Technical Assistance to &Green's current and prospective clients.

The TA covers advisory, assistance and training at various stages of the &Green investment process. Pre-investment project design support is available to assist potential investees to meet &Green's investment criteria. Post-investment assistance aims to improve the technical quality of project implementation and increase a project's positive social and environmental impacts. Investees can also access impact monitoring support to enable more effective adaptive management. IDH and &Green jointly decide whether a project in the development and investment pipeline or in &Green's portfolio is a suitable recipient of support from the facility.

UNEP

Throughout 2020, UNEP played an active role in increasing the monitoring and environmental safeguarding of the Tropical Landscape Finance Facility Note issue, which &Green bought in order to invest in the RLU project. UNEP was a partner in the consortium that issued this Note. UNEP has engaged readily with &Green on this project during 2020 and supported the communication approach of the project.

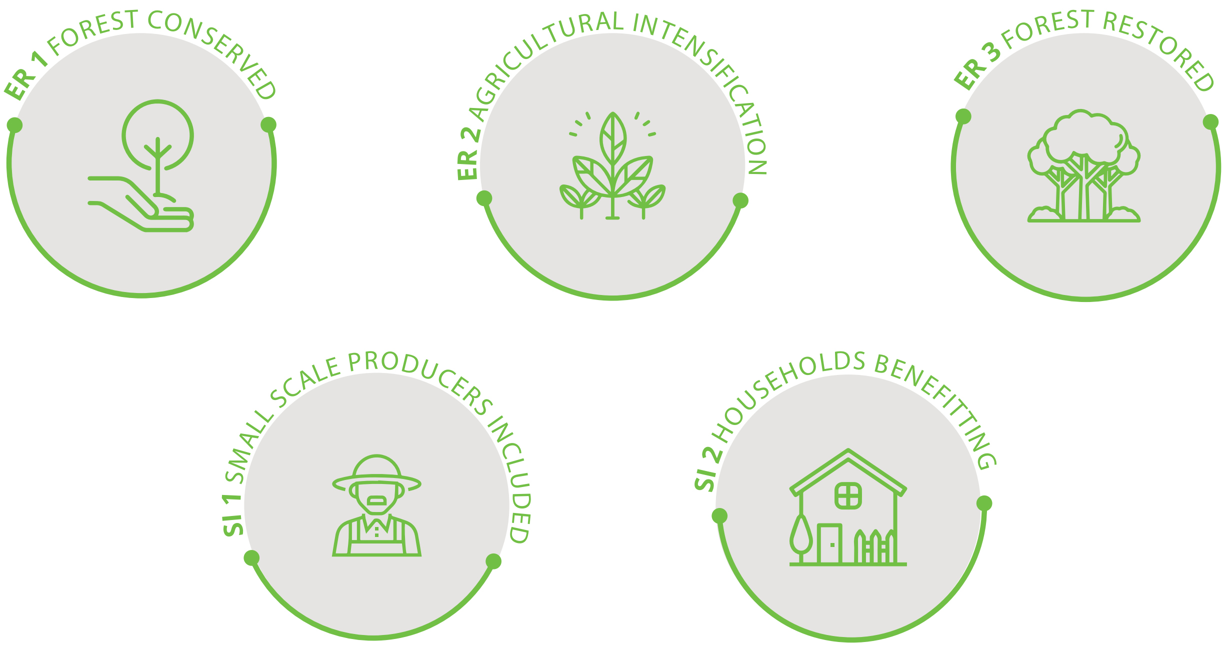
&Green also actively participated in UNEP's Land-use Financing Positive Impact Indicators workshops and webinars, which were aimed at the creation of, and feedback on, an Environmental & Social KPI Directory. While &Green was able to share its experiences and lessons in tracking impact in landscape financing, the collaboration also helped to inform &Green on best practice for the on-going revision of the &Green KPI Framework.

OTHER PARTNERS

&Green continues its positive engagement with the 20x20 and AFR100 Initiatives of World Resources Institute and has participated in numerous events throughout the year. The Fund is also in constant engagement with The Nature Conservancy (specifically in Brazil), Partnerships for Forests, Conservation International (as part of their Conservation Finance Initiative), Carbon Disclosure Project, the Worldbank's Initiative for Sustainable Forest Landscapes (ISFL) and the Blended Finance task force as well as others.

&Green has ambitious impact targets, seeking to reach 5 million hectares of natural tropical forest conserved and restored, to benefit 500,000 smallholders/households, and to catalyze USD 2 billion of private sector capital for the first USD 400 million that the Fund aims to invest.

&Green measures the impact performance of its investments in accordance with the following *environmental return (ER)* and *social inclusion (SI)* categories, as per the Fund's Lending Guidelines:



INVESTMENT PORTFOLIO

&Green's portfolio includes three investments executed up to and including 31 December 2020.

INVESTMENT NAME	INVESTMENT DATE	SECTOR	JURISDICTION	E&S RISK CATEGORY[8]
PT ROYAL LESTARI UTAMA (RLU)	26/02/2019	Rubber	Indonesia	A
PT DHARMA SATYA NUSANTARA TBK. (DSNG)	30/04/2020	Palm Oil	Indonesia	A
AGROPECUÁRIA RONCADOR LTDA (RONCADOR)	15/07/2020	Cattle + Soy	Mato Grosso, Brazil	A

[8] &Green categorises its investments into one of three categories: A (high potential for adverse social or environmental impacts); B (adverse social or environmental able to be mitigated); or C (minimal or no adverse social or environmental impacts). It uses a categorisation process that identifies and scores potential environmental and social risks and is aligned with the categorisation of projects under the *IFC Performance Standards*. The Fund's full categorisation process for projects is set out in the &Green Environmental and Social Guidelines available on the &Green website.

ENVIRONMENTAL & SOCIAL RETURN REPORTING

The table below represents the portfolio's progress towards quantitative targets related to environmental protection, agricultural production and social inclusion.

TOTAL FOR PORTFOLIO AS AT 31 DECEMBER 2020

	2019 STATUS	2020 STATUS	PORTFOLIO TARGET
ENVIRONMENTAL RETURN INDICATORS			
ER 1: FOREST CONSERVED (hectares)	64,370	150,974	156,591
ER2: AGRICULTURAL INTENSIFICATION (hectares)	20,000	164,688	187,399
ER 3: FOREST RESTORED (hectares)	-	-	4,797
SOCIAL INCLUSION INDICATORS			
SI 1: SMALL SCALE PRODUCERS INCLUDED	4,430	11,060	22,793
SI 2: HOUSEHOLDS BENEFITTING	-	12,705	16,205

'Portfolio Target' refers to impact that the current portfolio companies are committed to achieving by the end of their respective investment periods. This includes the targets of all companies in the investment portfolio as of 31 December 2020.

ACTION PLAN REPORTING

The table below represents the portfolio's progress during 2020 on actions that the clients have agreed to undertake in order to achieve environmental and social targets and meet international compliance standards, which - for &Green - means the *IFC Performance Standards* as a minimum (but also often further requirements). 'Action items' refers to all items set out in the *Environmental and Social Action Plans (ESAPs)* and *Landscape Protection Plans (LPPs)* developed for each client.

TOTAL FOR PORTFOLIO AS AT 31 DECEMBER 2020

CATEGORY	RLU	DSNG	RONCADOR	TOTAL
# ACTION ITEMS DUE OVER INVESTMENT TERM	**45**	**61**	**10**	**116**
# ACTION ITEMS DUE DURING THE YEAR	**33**	**27**	**-**	**60**
% OF ACTION ITEMS DUE THIS YEAR THAT WERE COMPLETED DURING THE YEAR	**18%**	**63%**	**n/a**	**60%**

Action items that are listed as not delivered during 2020 are either reformulated, rescheduled with new deadlines, or may still be under review and discussion with the client.

Typically, &Green agrees timelines for compliance with milestones which are predominantly in the first years of our investment. This makes sense as we would only invest if the client were already at a high level of compliance, and we want to see them work towards compliance as a priority. The first years require significant support from the &Green Investment team in assisting the client to become compliant. *LPP* deliverables vary more widely, as some items (e.g. forest conserved) might be in place from day one but others (e.g. traceable confirmation of zero-deforestation right through the supply chain) take a few years to reach if there are many suppliers and especially indirect suppliers.

NOTES TO THE ANNUAL IMPACT REPORT

Impact results are presented on a consolidated basis for the portfolio. However, each portfolio company is monitored individually against set targets and deliverables. Results are shown for investments in the current investment portfolio (and do not include pipeline investments) at the relevant reporting date (31 December 2020). &Green does not (yet) have any fully completed or divested investments.

2019 results related to one investment (RLU). 2020 results include a further two investments (DSNG and Roncador). Results are cumulative.

&Green's clients are required to report on their impact progress against their respective *LPPs* on a bi-annual basis. They are also required to report on their deliverables (or 'Action Items') due at various points over the investment term, as set out in their respective *ESAPs*.

SAIL, the Investment Advisor, performs regular monitoring procedures and &Green engages third-party experts to assist with impact assessments where relevant. SAIL seeks high quality data on forest cover and land-use change and may draw on publicly available data as well as other sources to corroborate land restoration and forest protection outcomes.

ADDITIONAL DISCLOSURE ON OUTCOMES

RLU

CATEGORY	GRIEVANCE MECHANISM	WATER MANAGEMENT AND PROTECTION AREAS	SMALLHOLDER SCHEMES	LAND ACQUISITION	WILDLIFE CONSERVATION AREA	INDIGENOUS PEOPLE
# ACTION ITEMS DUE OVER INVESTMENT TERM[9]	10	7	2	4	18	4
# ACTION ITEMS DUE DURING THE YEAR	5	6	2	1	16	3
% OF ACTION ITEMS DUE THIS YEAR THAT WERE COMPLETED DURING THE YEAR	20%	17%	0%	0%	25%	0%

[9] Includes items that repeat annually and will reappear as "due" every year.

In response to the 2019 ESG Audit carried out during 2020, RLU engaged international E&S consulting firm, Ramboll, for support with document quality and management systems. RLU remains behind schedule on a number of deliverables, with some needing to be revised or rescheduled. &Green and SAIL continue to work closely with the TLFF Facility Manager and RLU to keep these items in focus.

Additional *Technical Assistance* provided to RLU during the year, relating to the company's *land acquisition* and *indigenous peoples*' engagement (IFC Performance Standards 5 and 7, respectively), further aims to ensure that RLU's initiatives are brought together in a logical framework and that deliverables are met. This project, combined with an initiative to promote smallholder inclusion, is co-funded by IDH Sustainable Trade Initiative and &Green, and administered by IDH.

DSNG

CATEGORY	RISK MANAGEMENT	LABOUR	RESOURCE EFFICIENCY	COMMUNITY	LAND RESETTLEMENT	BIODIVERSITY
# ACTION ITEMS DUE OVER INVESTMENT TERM	34	-	5	3	2	8
# ACTION ITEMS DUE DURING THE YEAR	15	-	3	2	-	7
% OF ACTION ITEMS DUE THIS YEAR THAT WERE COMPLETED DURING THE YEAR	80%	n/a	100%	100%	n/a	100%

Overall, DSNG has made significant progress against the *ESAP* items which are required to be completed in 2020, particularly considering the challenging circumstances posed by COVID-19 restrictions. DSNG has successfully addressed 89% of its ESAP deadlines that were set in 2020 (24 out of the 27 deliverables were submitted and confirmed as compliant with the ESAP); whilst the remaining items will be completed in 2021 and 2022. In 2020, DSNG has made progress in establishing a number of policies and procedures to improve environmental and social sustainability and accountability of its operations.

RONDACOR

CATEGORY	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM	MONITORING	MANAGEMENT PROGRAM	SUPPLY CHAIN MANAGEMENT	COMMUNITY IMPACT	BIODIVERSITY AND ECOSYSTEM MANAGEMENT
# ACTION ITEMS DUE OVER INVESTMENT TERM	2	1	2	1	1	3
# ACTION ITEMS DUE DURING THE YEAR	0	0	0	0	0	0
% OF ACTION ITEMS DUE THIS YEAR THAT WERE COMPLETED DURING THE YEAR	0%	0%	0%	0%	0%	0%

No ESAP items were due during 2020. Roncador's earliest ESAP deliverables are due in January 2021, and they focus on the development and formalisation of environmental and social policies related to *NDPE* commitments and supply chain management. Ahead of these submissions, Roncador has engaged pro-actively with &Green to obtain guidance and feedback.

STICHTING ANDGREEN.FUND

Annual Report for the year 2020

Stichting andgreen.fund
Prins Bernhardplein 200
1097JB Amsterdam
The Netherlands
Chamber of Commerce: 69175357

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GENERAL

The board of the foundation (the "Board") hereby presents the annual report of Stichting andgreen.fund (the "Fund") for the year 1 January 2020 to 31 December 2020.

ACTIVITIES AND RESULTS

The Fund was incorporated on 11 July 2017 as an impact development fund. Its objective is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a new rural development paradigm that protects valuable forests and peatlands and promotes high-productivity agriculture. As at 31 December 2020, the portfolio comprised investments valued at USD 63,895,678.

During the year, activities and results of the Fund developed in line with expectations:

- The Net Asset Value of the Fund as at 31 December 2020 amounts to USD 60,753 (2019: USD 1,157,918).

- The result for the period 1 January 2020 to 31 December 2020 amounts to a loss of USD 1,097,165 (2019: USD 1,062,094 profit).

- In April 2020, the Fund concluded two further investments. It finalised a USD 30,000,000 10-year loan facility agreement with the PT Dharma Satya Nusantara Tbk group. ("DSNG"), USD 5,000,000 of which was disbursed on 30 April 2020 and the remaining USD 25,000,000 was disbursed on 21 October 2020. DSNG is a publicly listed Indonesian company engaged in upstream palm oil production and it will be using the Fund's financing to meet international sustainability standards, including IFC Performance Standards, Roundtable on Sustainable Palm Oil ("RSPO") membership criteria, and a No Deforestation No Peat No Exploitation ("NDPE") commitment, as well as to incorporate third party suppliers into a traceable no-deforestation supply chain. In April 2020 the Fund also concluded a loan agreement under the terms of which it provided a USD 10,000,000 8-year senior secured loan to Agropecuária Roncador Ltda. ("Roncador"), a large-scale farm in Mato Grosso, Brazil. With the Fund's catalytic contribution to the long-term financing of the producer, Roncador will be implementing an integrated crop and livestock (ICL) system that combines productivity growth with natural resources conservation. The funds were disbursed to Roncador on 15 July 2020. The Fund obtained funding for these two investments from the capital drawn down from the Norwegian Ministry of Climate and Environment ("KLD") in 2017, together with the first USD 5,000,000 disbursement from Unilever Europe B.V. which it received on 17 October 2020. These amounts were available in the Fund's cash and cash equivalents since they were drawn down, respectively.

The Fund was exposed to currency risk during the year which resulted in a foreign currency loss of USD 1,565,626 (2019 gain of USD 807,647) mainly attributable to the NOK-denominated grant from KLD. The Fund had no exposure to interest rate risk as all financial instruments are held at amortised cost and the interest rates are fixed. Credit risk exposure related to the Fund's borrowers continues to be monitored. There is no impairment on the financial assets as at 31 December 2020.

The Fund has maintained its equity position such that it meets its commitment to preserve contributors' capital. The Fund is forecast to make a small profit in 2021, before any foreign currency result. No portion of the Fund's long-term liabilities is forecast to be repaid in 2021.

TECHNICAL ASSISTANCE BUDGET

Following the resolution of the Board in the meeting of 20 June 2019, an amount of USD 1,000,000 from the contribution made by KLD has been set aside for a technical assistance budget (the "TA Budget") with effect from 1 July 2019. The purpose of the TA Budget is to support the development of the pipeline projects of the Fund, in close connection with the investment process, and as set out in the TA Guidelines of the Fund, which were also adopted during the Board meeting of 20 June 2019. Specifically, the TA Budget will be used to support potential borrowers to comply with the Fund's Environmental & Social Management System (ESMS) which is required in order to qualify for financing from the Fund. Areas eligible for support relate to:

- Complying with those Fund investment criteria which go well above the typical criteria of local or international financial institutions, and which create an entry barrier for the Fund's clients.

- Sharing 'first mover'-costs of industry and landscape transformation and inclusive business models (steering a client towards deforestation-free supply chains, sustainably managed landscapes or inclusive production models often incurs high upfront costs which can be prohibitive and therefore a real barrier to market transformation, particularly in settings where public goods are deficient and the client has to compensate for this at its own cost).

- Generally, the support is limited to activities directly related to the Fund's investment process and excludes support for project development, institutional capacity building or skills development which are unrelated to the Fund's investment criteria.

FUNDING AND CONTRIBUTIONS

The Fund raises capital from contributors that provide grants, redeemable grants and concessionary loans.

KLD has committed NOK 800,000,000 (USD 100,635,462 calculated using the prevailing spot rate as at the commitment date) to the Fund. The amount has been granted for a period of 5 years. KLD has contributed the primary contribution amount of NOK 250,000,000 on 5 December 2017 and NOK 250,000,000 on 29 October 2018. The remaining balance of NOK 300,000,000 is conditional upon (i) the Fund signing contribution agreements with other parties for another USD 50,000,000, (ii) the Fund evidencing another USD 40,000,000 of positive interest from other parties and (iii) the Fund demonstrating sufficient impact.

Unilever has committed USD 25,000,000 to the Fund which can be drawn down over a period of 5 years. The maximum annual funding amount as per the Contribution Agreement (the "Unilever Agreement") is USD 5,000,000. Unilever's obligation to pay amounts of the contribution will terminate at the end of the commitment period 31 December 2022, unless terminated earlier pursuant to the Unilever Agreement. The first annual funding amount of USD 5,000,000 was disbursed on 21 October 2020 in order to partially finance the DSNG transaction. Each amount of USD 5,000,000 becomes due for repayment after 15 years from the date of the respective payment.

The UN Environment Programme ("UNEP") has provided a redeemable grant of USD 1,925,000 to the Fund, in accordance with the Contribution Agreement (the "UNEP Agreement"). The duration of the UNEP Agreement shall remain in force until 31 December 2038 after the last obligation of the parties lapse, unless terminated earlier pursuant to the UNEP Agreement.

A summary of the net assets attributable to the contributors as at 31 December 2020 is shown below:

GRANTS

Funded	**KLD**	**Total**
Net assets attributable as at 1 January 2020	57,997,299	57,997,299
Change in contribution due to FX movements	1,454,378	1,454,378
Net result for the year	(1,064,739)	(1,064,739)
Net assets attributable to the contributors	**58,386,938**	**58,386,938**
Unfunded USD amount as of 31 December 2020 (1) (2)	**34,998,973**	**34,998,973**
Total funded and unfunded amount	**93,385,911**	**93,385,911**

REDEEMABLE GRANTS

Funded	**Unilever**	**UN Environment**	**Total**
Net assets attributable as at 1 January 2020	-	1,962,863	1,962,863
Contributions during the year	5,000,000	-	5,000,000
Net result for the year	-	(32,426)	(32,426)
Net assets attributable to the contributors	**5,000,000**	**1,930,437**	**6,930,437**
Unfunded USD amount as of 31 December 2020 (2)	**20,000,000**	**-**	**20,000,000**
Total funded and unfunded amount	**25,000,000**	**1,930,437**	**26,930,437**

A summary of the net assets attributable to the contributors as at 31 December 2019 is shown below:

GRANTS		
Funded	**KLD**	**Total**
Net assets attributable as at 1 January 2019	57,782,597	57,782,597
Change in contribution due to FX movements	(812,623)	(812,623)
Net result for the year	1,027,325	1,027,325
Transfer out for the TA budget (3)	(1,000,000)	(1,000,000)
Transfer in to the TA budget (3)	1,000,000	1,000,000
Net assets attributable to the contributors	**57,997,299**	**57,997,299**
Unfunded USD amount as of 31 December 2019 (1) (2)	**34,156,350**	**34,156,350**
Total funded and unfunded amount	**92,153,649**	**92,153,649**

REDEEMABLE GRANTS			
Funded	**Unilever**	**UN Environment**	**Total**
Net assets attributable as at 1 January 2019	-	1,928,094	1,928,094
Net result for the year	-	34,769	34,769
Net assets attributable to the contributors	**-**	**1,962,863**	**1,962,863**
Unfunded USD amount as of 31 December 2019 (2)	**25,000,000**	**-**	**25,000,000**
Total funded and unfunded amount	**25,000,000**	**1,962,863**	**26,962,863**

(1) *NOK denominated amount. The USD equivalent is approximated by translating at the NOK/USD exchange at the end of the period. The actual USD funded contribution amount will be determined at the date that the unfunded commitment is called.*
(2) *Unfunded amounts that are conditional.*
(3) *Following the resolution of the Board in the meeting of 20 June 2019, an amount of USD 1,000,000 from the contribution made by KLD has been set aside for a technical assistance budget (the "TA Budget") with effect from 1 July 2019.*

FUTURE OUTLOOK

The COVID-19 outbreak has resulted in the deterioration of the global economy in 2020. The Board does not foresee any material change in activities over the coming year, particularly concerning investments, financing, operating costs and result. Since the outbreak, the Fund has continued to pursue growth in the investment portfolio and contributions, albeit with due consideration of the impact of COVID-19 related circumstances on the Fund's capital raising and investment selection processes. At the time of this report, the impact of the COVID-19 outbreak on the Fund has been limited and the circumstances in Indonesia and Brazil continue to be monitored closely by Sail Ventures (Investment Manager), and particularly the Investment Directors living in each of those countries. The loss of USD 1,097,165 in 2020 (2019 profit of USD 1,062,094) was primarily due to the foreign currency result and the Fund had a positive operating result of USD 309,512 in 2020 (2019 loss of USD 733,998).

TECHNICAL ASSISTANCE BUDGET

BALANCE SHEET

In order to disclose the nature of the TA Budget, the following segregated Balance sheet has been disclosed:

	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
ASSETS		
Current Assets		
Cash and cash equivalents	955,055	992,290
Total current assets	**955,055**	**992,290**
Total assets	**955,055**	**992,290**
EQUITY AND LIABILITIES		
Non-current liabilities		
Grants	1,000,000	1,000,000
Undistributed result	(46,211)	(43,510)
Total non-current liabilities	**953,789**	**956,490**
Current liabilities		
Accrued expenses and other liabilities	1,266	35,800
Total current liabilities	**1,266**	**35,800**
Total equity and liabilities	**955,055**	**992,290**

PROFIT AND LOSS ACCOUNT

In order to disclose the nature of the TA Budget, the following segregated Profit and loss account has been disclosed:

	2020 USD	2019 USD
General costs		
Advisory and Professional Fees	(7,946)	(46,892)
Bank Fees	(205)	(34)
Other Operating expenses	(1,319)	-
Total operating costs	**(9,470)**	**(46,926)**
Operating loss	**(9,470)**	**(46,926)**
Interest and similar income	3,392	3,416
Total financial income and expenditure	**3,392**	**3,416**
Net result	**(6,078)**	**(43,510)**

CASH FLOW STATEMENT

The statement of cash flows is presented in the direct method. The direct method was selected in recognition of the disclosure required by the primary audience for the Fund's financial statements.

In order to disclose the nature of the TA Budget, the following segregated Cash flow statement has been disclosed:

	2020 USD	2019 USD
Cash flow from operating activities		
Operating expenses paid	(40,628)	(11,126)
Other interest received	3,392	3,416
Net cash provided by/(used in) operating activities	**(37,236)**	**(7,710)**
Cash flow from financing activities		
Capital contributions	-	1,000,000
Net cash provided by/(used in) financing activities	**-**	**1,000,000**
Cash and cash equivalents, movement during the period	**(37,236)**	**992,290**

SUBSEQUENT EVENTS

The second annual funding amount from Unilever was disbursed on 16 February 2021 and was also used to partially finance the DSNG transaction. On 5 March 2021, the Fund concluded a USD 25,000,000 12-year Term Facility Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") which is available for 12 months from the date of the agreement. Following the conclusion of the agreement with FMO, KLD confirmed that all of the conditions for the remaining balance of NOK 300,000,000 had been met and disbursed that remaining balance on 19 March 2021. The NOK 300,000,000 was immediately converted in to USD 35,321,128.

The Fund concluded a fourth investment in Q1 2021, whereby it provided a USD 30,000,000 10-year sustainability-linked loan facility to Marfrig Global Foods S.A. ("Marfrig"). Marfrig is a Brazilian multinational corporation and one of the biggest animal protein producers worldwide. The Fund's financing will be used by Marfrig to enable and implement a no-deforestation requirement across its entire supply chain in the Amazon and Cerrado biomes.

The Board is not aware of any other significant events that have occurred since the balance sheet date that have not been included in the financial statements.

Amsterdam, 9 July 2021

BOARD

Kleiterp, ND	Oorthuizen, HJM
Salim, FSR	Martinez, C

02 **OTHER** INFORMATION

Details of the Fund's Board and other most relevant involved parties:

BOARD
Mr Nanno Kleiterp, Chairperson
Ms Felia Salim
Mr Joost Oorthuizen
Ms Claudia Martínez Zuleta

ADVISORY BOARD
Ms Helen Clark, co-Chair
Ms Ellen Johnson Sirleaf, co-Chair
Mr Per Fredrik Ilsaas Pharo
Mr Bayu Krishnamurti
Ms Rosa Lemos de Sá
Mr Marc Engel

CREDIT COMMITTEE
Ms Agnes J. Safford, Chairperson
Mr Luiz Fernando Do Amaral
Ms Chimwemwe de Gaay Fortman
Mr Mark Eckstein (appointed 1 July 2020)

LEGAL COUNSEL
Simmons & Simmons LLP
Claude Debussylaan 247,
1082 MC Amsterdam, The Netherlands

INVESTMENT ADVISOR
Sail Ventures B.V
Lange Voorhout 44,
2514 EG Den Haag, The Netherlands

FUND ADMINISTRATOR
Intertrust (Netherlands) B.V.
Prins Bernhardplein 200,
1097JB Amsterdam, The Netherlands

FUND MANAGEMENT ADVISOR
Innpact S.á.r.l
rue Jean Bertels 5,
1230 Luxembourg, Luxembourg

AUDITOR
KPMG Accountants N.V.
Laan van Langerhuize 1,
1186 DS Amstelveen, The Netherlands

2.1 BOARD

The Fund is managed by the Board, which has general responsibility for all aspects of the administration and management of the Fund. The Board has decision-making powers for carrying out the objectives of the Fund and acts as the legal representative with the power to bind the Fund with respect to third parties. The members of the Board are appointed by the Advisory Board. The Board meets at least once every quarter and ad hoc meetings are convened as required by the level of activities of the Fund. The meetings during 2020 were held on 10 March 2020, 8 April 2020, 17 June 2020, 17 September 2020, and 7&8 December 2020.

2.2 ADVISORY BOARD

The Advisory Board is comprised of persons nominated by the Fund's contributors, as well as technical experts and distinguished persons appointed by the Advisory Board itself. The Advisory Board provides binding advice to the Board on certain strategic matters as outlined in the Articles of Association of the Fund, including advice regarding the mission of the Fund and the jurisdictions in which the Fund can operate, and non-binding advice on other strategic issues upon request by the Board. The Advisory Board furthermore approves the dissolution of the Fund and the destination of any liquidation surplus as defined in the Articles. The Advisory Board meets at least twice a year and ad hoc meetings are convened as required by the level of activities of the Fund. The meetings during 2020 were held on 19 June 2020 and 9 December 2020.

2.3 CREDIT COMMITTEE

The Credit Committee is appointed by the Board and is responsible for making transaction recommendations to the Board based on proposals made by the Investment Advisor in accordance with the Fund's Lending Guidelines and other Fund documents. The Credit Committee meets at least four times a year and ad hoc meetings can be convened by the Investment Advisor as required by the level of activities of the Fund. The meetings during 2020 were held on 26 March 2020, 11 June 2020, 10 September 2020, 9 October 2020 and 13 November 2020.

2.4 INVESTMENT ADVISOR

The Board appointed a specialised Investment Advisor, SAIL Ventures, as of 14 July 2017.

The Investment Advisor oversees the day-to-day business and operations related to the management of the Fund in accordance with the Fund's overall policies (in particular the Lending Guidelines, the Articles of Association, the Operations Memorandum and the ESMS) and resolutions of the Board.

The Investment Advisor is specifically responsible for fundraising and implementing the investment strategy, which includes sourcing transactions, conducting due diligence, executing transactions, and managing the portfolio of investments. The Investment Advisor maintains all relationships with current and potential clients, potential contributors, civil society, co-investors, and other key stakeholders; and supports the Board in engagement with contributors.

2.5 FUND MANAGEMENT ADVISOR

Innpact S.á.r.l was appointed Fund Management Advisor by the Board on 14 July 2017.

The Fund Management Advisor provides governance and operational support to the Board, the Advisory Board and the Investment Advisor, including the design and implementation of procedures, management tools and relationships necessary to ensure the optimal functioning of the Fund.

2.6 FUND ADMINISTRATOR

The Board appointed Intertrust as the Fund Administrator on 16 March 2018. The Fund Administrator provides accounting and reporting services, transaction services and domiciliation services as well as regulatory and compliance support to the Fund.

2.7 LEGAL COUNSEL

The Board appointed Simmons & Simmons as the Fund's legal counsel in the Netherlands on 9 September 2018. Simmons & Simmons provide advice and opinions on the Fund's constitutional documents and contributor agreements and ad-hoc advice and support to the Fund on VAT and other regulatory matters.

2.8 AUDITOR

KPMG Accountants N.V. has been re-appointed following 2019 by the Board to perform an independent audit of the annual financial statements for the year 2020.

3.1 BALANCE SHEET AS AT 31 DECEMBER 2020

(Before result appropriation)

	NOTE	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
ASSETS			
Fixed assets			
Financial assets			
Investments	[1]	63,895,678	23,438,704
Total fixed assets		**63,895,678**	**23,438,704**
Current assets			
Receivables		164,902	290,033
Other receivables	[2]	110,660	269,843
Other prepayments and accrued income	[3]	54,242	20,190
Cash and cash equivalents	[4]	4,043,017	37,090,302
Total current assets		**4,207,919**	**37,380,335**
Total assets		**68,103,597**	**60,819,039**
EQUITY AND LIABILITIES			
Equity	[5]		
Retained earnings		60,753	1,157,918
Total equity		**60,753**	**1,157,918**
Non-current liabilities			
Redeemable Grants	[6]	6,925,000	1,925,000
Grants	[7]	58,331,622	56,877,244
Long term loans	[8]	2,505,881	-
Total non-current liabilities		**67,762,503**	**58,802,244**
Current liabilities			
Accrued expenses and other liabilities	[9]	280,341	858,877
Total current liabilities		**280,341**	**858,877**
Total equity and liabilities		**68,103,597**	**60,819,039**

3.2 PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

	NOTE	2020 USD	2019 USD
Investment interest income	[10]	2,813,547	1,826,739
Investment expenses	[11]	-	(29,199)
General costs	[12]	(2,504,035)	(2,531,538)
Operating result		**309,512**	**(733,998)**
Foreign currency result	[13]	(1,565,626)	807,647
Other interest and similar income	[14]	167,965	989,738
Interest and similar expenditure	[15]	(9,016)	(1,293)
Total financial result		**(1,406,677)**	**1,796,092**
Net result		**(1,097,165)**	**1,062,094**

3.3 CASH FLOW STATEMENT FOR THE YEAR 2020

The cash flow statement has been prepared according to the direct method.

	NOTE	2020 USD	2019 USD
Cash flow from operating activities			
Operating expenses paid*	[3] [9] [11] [12]	(3,107,364)	(2,023,537)
Interest received	[2] [14]	208,997	957,518
Interest paid	[15]	(3,135)	(1,293)
Interest received from investments	[1]	2,327,813	1,599,609
Investments made	[1]	(39,971,239)	(23,211,575)
Net cash provided by/(used in) operating activities		**(40,544,928)**	**(22,679,278)**
Cash flow from financing activities			
Loans proceeds	[8]	2,500,000	-
Redeemable grants received	[6]	5,000,000	1,925,000
Net cash provided by/(used in) financing activities		**7,500,000**	**1,925,000**
Exchange rate and translation differences on cash and cash equivalents*		(2,357)	(1,658)
Net increase/(decrease) in cash and cash equivalents		**(33,047,285)**	**(20,755,936)**
Cash and cash equivalents, beginning of period	[4]	37,090,302	57,846,238
Cash and cash equivalents, end of period	[4]	4,043,017	37,090,302
Cash and cash equivalents, movement during the period		**(33,047,285)**	**(20,755,936)**

* Certain prior period comparatives have been reclassified to conform to the current year's presentation.

3.4 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Basis of preparation Stichting andgreen.fund (the "Fund") is a Dutch foundation ("stichting") that was incorporated under the laws of the Netherlands on 11 July 2017. The Fund's statutory seat is in Amsterdam, the Netherlands, and the registered office address is at Prins Bernhardplein 200, Amsterdam, the Netherlands.

The objective of the Fund is to prove that financing inclusive, sustainable and deforestation-free commodity production can be commercially viable and replicable, thus strengthening the case for a new inclusive rural development paradigm that protects valuable forests and peatlands and promotes high-productivity agriculture. The lending philosophy of the Fund is to demonstrate proof of concept for both public and private actors on how to provide for inclusive economic growth together with forest and peat protection (and potentially restoration) when financing the production of agricultural commodities that are sourced from tropical landscapes.

The Fund's Investment Advisor is Sail Ventures B.V., a private limited company incorporated pursuant to the laws of the Netherlands, and the Fund's Fund Management Advisor is Innpact S.á.r.l, a private limited company incorporated pursuant to the laws of Luxembourg.

BASIS OF PREPARATION

The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and they comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in US dollar (USD). The functional currency of the Fund is USD, which the Board considers to reflect the primary economic environment in which the Fund operates. The Fund's investing activities primarily take place in USD, and its material expenses are denominated and paid in USD.

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles. An asset is recognised on the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Fund and the asset has a cost price or value of which the amount can be measured reliably.

A liability is recognised on the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits, and all or substantially all of the risks, related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

Income is recognised in profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured reliably. Revenues and expenses are allocated to the respective periods to which they relate. Based on the prospectus of the Fund, the revenue of the fund will be mainly the interest income generated on investments. The interest income will be recognized when the interest is due based on the terms as stated in the investment agreements.

Based on article 396 of Book 2 of the Dutch Civil Code, the Fund applies exemptions to the presentation and disclosures in the Fund's financial statements.

THE FUND

Stichting andgreen.fund has been registered with the Dutch Chamber of Commerce under file number 69175357. The capital structure of the Fund is based on the principle that contributions can be made available by means of grants, redeemable grants and concessionary loans. Grants shall be subordinate to redeemable grants, redeemable grants shall be subordinate to all loans and to all other creditors of the Fund. Repayment of redeemable grants, upon the redemption event specified in the relevant contribution agreement, shall have priority over reclaimed grants if any, but shall be subordinate to payment of interest and capital to lenders as well as to all other creditors of the foundation. The means and income of the Fund are exclusively intended for the realisation of the Fund's objective. Profits and income generated by the Fund from its activities will be retained by the Fund for investments and operations purposes, as agreed with the contributors.

GOING CONCERN

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Fund will be able to realize its assets and discharge its liabilities in the normal course of business for at least the next 12 months.

COMPARISON PREVIOUS YEAR

The Fund's financial year starts 1 January and ends on 31 December of each year.

FINANCIAL INSTRUMENTS

Financial instruments include primary financial instruments, such as receivables and liabilities. The principles of primary financial instruments is applied in the recognition per balance sheet item. Financial instruments are valued at amortized cost unless explained otherwise in the notes. The Fund has no derivative financial instruments embedded in contracts.

ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

RISK MANAGEMENT

Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

The primary focus of the risk management of the Fund is focused on market risks (currency and interest rates) and credit risk:

Currency risk is the risk that the value of financial instruments fluctuates due to changes in foreign exchange rates. The Fund's investments are predominantly denominated in USD which is the Fund's functional currency. However, the Fund may extend loans in foreign currencies (currencies other than the Fund's functional currency, USD) which could lose value as a result of unfavorable foreign exchange movements. Where possible and cost-effective, the Fund may elect to retain funds in foreign currency and rotate funds into new transactions within the same currency zone in order to mitigate the impact of foreign currency fluctuations. The redeemable grants and the loan are denominated in USD, but the grant from KLD is denominated in NOK. The outstanding amount is NOK 300 million and foreign exchange movements will result in changes in the amount of USD committed to the Fund by KLD.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk primarily results from exposure to the volatility of interest rates. However, the Fund holds its investments to maturity and therefore it accounts for the investments at amortised cost and the interest rates are generally fixed, with no reference to a market rate, as was the case with the financial assets as at 31 December 2020.

Credit risk is associated with the inability of the Fund's borrowers to act in a manner consistent with the terms and conditions of their contractual agreements with the Fund, resulting in a financial loss. The Fund runs the risk of any one or more of the borrowers defaulting on their borrowings from the Fund through non-payment of either interest and/or on their principal repayment. Credit risk is monitored on a regular basis through qualitative and quantitative assessment of each of the Fund's borrowers. The Fund performs intensive checks in order to pre-select potential borrowers. There is no significant credit risk associated with the cash at bank since the Fund maintains cash accounts with Rabobank and Caceis, both large financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position and there is no impairment on the financial assets as at 31 December 2020.

At this time, the impact of the Covid-19 outbreak on the Fund has been limited. Management continues to monitor developments and will take necessary actions should the situation change.

FOREIGN CURRENCY RESULT

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange differences arise. Exempted from this are exchange differences on monetary items that are part of a net investment in a foreign operation. Non-monetary balance sheet items and equity, which are valued at cost or amortised cost and resulting from transactions in foreign currencies, are translated at the rate prevailing on the date of the transaction.

	1 JANUARY 2020	31 DECEMBER 2020
The exchange rates used in the financial statements are:		
1 USD (US dollar) = EUR (euro)	0.895288	0.817752
1 USD (US dollar) = NOK (Norwegian krone)	8.782593	8.571680

FINANCIAL ASSETS

Financial assets are initially recognized at fair value. Subsequently, they are valued at amortized cost unless there has been a breach in the lending restrictions and eligibility criteria stipulated in the lending guidelines and other fund documents of an underlying project in the Fund's investment portfolio. If no premium or discount and transaction costs are applicable, the amortised cost is equal to the nominal value of the receivables, less a provision for uncollectible debts. These provisions are determined by individual assessment of the receivables. The valuation of the Fund's investment portfolio is calculated by the Investment Advisor.

INVESTMENTS

Any loans receivable will be measured at amortized cost if their contractual terms give rise to cash flow, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

RECEIVABLES

Upon initial recognition, the receivables are recorded at fair value and subsequently valued at amortized cost. The fair value and amortized cost equal the nominal value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

CASH AND CASH EQUIVALENTS

Cash at bank and in hand is valued at nominal value and, insofar as not stated otherwise, is at the free disposal of the Fund. Cash at bank and in hand relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date into the reporting currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Cash and cash equivalents that are not readily available to the Fund within 12 months are presented under financial fixed assets.

EQUITY

The equity of the Fund is limited to the net result and retained earnings. The net asset value of the Fund is allocated to the grant and redeemable grant contributors based on the waterfall model approved by the Board during 2019.

NON-CURRENT LIABILITIES

Grants and redeemable grants are classified as liabilities as the Fund has an obligation to repay an amount at a future date. The respective contribution agreements specify the timing and amount of this obligation. The grants and redeemable grants are initially recognized at fair value at the date that a capital call is issued to the contributor, and then subsequently measured at amortized cost. Transaction costs that are directly attributable to the acquisition or issue of a liability are included in the initial measurement. After initial recognition, non-current liabilities are measured at amortised cost. If no premium or discount or transaction costs are applicable, the amortised cost is equal to the nominal value of the liability.

CURRENT LIABILITIES

Current liabilities concern debts with a term of less than one year. Upon initial recognition, current liabilities are stated at fair value and then subsequently valued at the amortized cost. Transaction costs that are directly attributable to the acquisition or issue of a liability are included in the initial measurement. After initial recognition, current liabilities are measured at amortised cost. If no premium or discount or transaction costs are applicable, the amortised cost is equal to the nominal value of the liability.

CORPORATE INCOME TAX

In accordance with the tax ruling obtained from the Dutch tax authorities (as per article 900 of Book 7 of the Dutch Civil Code), the Fund is exempt from Dutch corporate income tax during the years 2017-2021, provided that there is no material change of relevant law and/or the facts and circumstances as described in the tax ruling.

VAT

The Fund is not VAT exempt and therefore files VAT returns on a quarterly basis. The Fund does not provide any services within the European Union and therefore it is not required to levy VAT on the services which it provides, but can claim the input VAT, for which it is reimbursed.

INTEREST INCOME AND EXPENSE

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Premium, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortised value of the debt(s) is recognised. The amounts of the premium that are not yet recognised in the profit and loss account and the redemption premiums already recognised in the profit and loss account, are recognised as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt(s) to which they relate.

INCOME AND EXPENSE RECOGNITION

Investment related interest income is recognised in the Income and expense recognition on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Other operating and non-investment related expenses and income are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

CASH FLOW

The cash flow statement is presented in the direct method.

3.5 NOTES TO THE BALANCE SHEET

		31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
ASSETS			
FIXED ASSETS			
Financial assets			
Investments [1]			
Promissory notes			
TLFF I PTE. LTD - Class B1a	(1)	19,748,864	19,719,059
TLFF I PTE. LTD - Class B1c	(2)	3,730,481	3,719,645
Loans			
DHARMA SATYA NUSANTARA TBK	(3)	30,305,000	-
AGROPECUÁRIA RONCADOR LTDA	(4)	10,111,333	-
		63,895,678	23,438,704

The investments are valued at amortized cost.

	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
(1) TLFF I PTE. LTD - Class B1a		
Opening balance	19,719,059	-
Note purchase	-	19,530,850
Interest income	1,829,805	1,538,209
Interest received	(1,800,000)	(1,350,000)
Closing balance	19,748,864	19,719,059

The promissory notes B1a were acquired on 26 February 2019. The notes mature on 23 February 2033 and bear a coupon of 9% per annum. The notes were purchased at a discount of USD 469,150. Amortisation of the purchase discount is included in interest income.

	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
(2) TLFF I PTE. LTD - Class B1c		
Opening balance	3,719,645	-
Note purchase	-	3,680,725
Interest income	343,648	288,530
Interest received	(332,812)	(249,610)
Closing balance	3,730,481	3,719,645

The promissory notes B1c were acquired on 26 February 2019. The notes mature on 23 February 2025 and bear a coupon of 8.875% per annum. The notes were purchased at a discount of USD 69,275. Amortisation of the purchase discount is included in interest income.

	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD
(3) DHARMA SATYA NUSANTARA TBK		
Loan disbursed - Facility A	5,000,000	-
Loan disbursed - Facility B	25,000,000	-
Interest income	500,000	-
Interest received	(195,000)	-
Closing balance	30,305,000	-

The Facilities Agreement between the Fund and PT Dharma Staya Nusantara Tbk. ("DSN"), PT Dharma Intisawit Nugraha ("DIN") and PT Karya Prima Agro Sejahtera ("KPAS") was signed on 23 April 2020. The USD 5,000,000 Facility A was disbursed on 30 April 2020 and the USD 25,000,000 Facility B was disbursed on 21 October 2020. The facilities have a tenor of 10 years and bear interest at a rate of 6% per annum.

(4) AGROPECUÁRIA RONCADOR LTDA		
Loan disbursed	9,971,239	-
Interest income	140,094	-
Interest received	-	-
Closing balance	10,111,333	-

The Loan and Guarantee Agreement between the Fund and Agropecuaria Roncador Ltda. was signed on 30 April 2020 and the full loan amount of USD 10,000,000 was disbursed on 15 July 2020. The loan has a tenor of 8 years and bears interest at a rate of 2.95% per annum. The loan disbursed balance is net of capitalised transaction costs and fee income.

CURRENT ASSETS

Receivables

Other receivables [2]

Interest receivable on fixed deposit account	-	41,093
Value added tax receivable	110,660	228,750
	110,660	269,843

Other prepayments and accrued income [3]

Prepaid insurance expenses	54,242	20,190
	54,242	20,190

Cash and cash equivalents [4]

Current account	4,043,017	3,590,302
Deposit account	-	33,500,000
	4,043,017	37,090,302

Cash and cash equivalents are freely at the disposal of the Fund. The Fund places excess cash in fixed term deposits until it is able to deploy these funds in investments. Fixed term deposit time periods are managed to coincide with likely deployment needs based on the progression of leads through the investment process.

	31 DECEMBER 2020 USD	31 DECEMBER 2019 USD

EQUITY AND LIABILITIES

EQUITY [5]

Retained Earnings		
Opening balance	1,157,918	95,824
Result prior period	(1,097,165)	1,062,094
Closing balance	60,753	1,157,918

NON-CURRENT LIABILITIES

Redeemable grants [6]	6,925,000	1,925,000
Redeemable grants	6,925,000	1,925,000

	Unilever	UN Environment	Total
2020			
Contribution as at 1 January 2020	-	1,925,000	1,925,000
Contributions during the year	5,000,000	-	5,000,000
Closing balance	5,000,000	1,925,000	6,925,000
2019			
Contribution as at 1 January 2020	-	1,925,000	1,925,000
Closing balance	-	1,925,000	1,925,000

Grants [7]	31 DECEMBER 2020	31 DECEMBER 2019
Grants	58,331,622	56,877,244
	58,331,622	56,877,244

2020	KLD	Total
Contribution as at 1 January 2020	56,877,244	56,877,244
Change in contribution due to FX movements	1,454,378	1,454,378
Closing balance	58,331,622	58,331,622
2019		
Contribution as at 1 January 2019	57,689,867	57,689,867
Change in contribution due to FX movements	(812,623)	(812,623)
Closing balance	56,877,244	56,877,244

Long term loans [8]	31 DECEMBER 2020	31 DECEMBER 2019
Term Loan Facility	2,500,000	-
Interest accrued	5,881	-
	2,505,881	-

In 2020 the Fund received a term loan facility of USD 2,500,000. The loan is repayable in 2032.

CURRENT LIABILITIES

Accrued expenses and other liabilities [9]		
Investment Advisor fee payable	-	529,375
Audit fee payable	81,320	60,000
Other accrued expenses	3,658	3,675
Professional fee payable	112,812	184,763
Consulting fee payable	68,019	81,064
Administration fee payable	14,532	-
	280,341	858,877

3.6 NOTES TO THE PROFIT AND LOSS ACCOUNT

	2020 USD	2019 USD
Investment interest income [10]		
Promissory notes		
TLFF 1 PTE. LTD - Class B1a	1,829,805	1,538,209
TLFF 1 PTE. LTD - Class B1c	343,648	288,530
Loans		
DHARMA SATYA NUSANTARA TBK.	500,000	-
AGROPECUÁRIA RONCADOR LTDA	140,094	-
	2,813,547	1,826,739

Investment interest income relates to the promissory notes and loans in which the Fund is invested.

	2020 USD	2019 USD
Investment expenses [11]		
Investment acquisition fees	-	18,861
Underwriting fees	-	10,338
	-	29,199

Investment expenses relate to the acquisition and holding expense of the promissory notes investment.

	2020 USD	2019 USD
General costs [12]		
Fund administration costs	62,333	61,391
Auditor's costs	75,329	63,310
Consulting fees (1)	285,804	203,209
Fund Management Advisor fees (2)	133,076	182,114
Investment Advisor fees (3)	1,750,000	1,750,000
Other general and administrative expenses (4)	19,123	50,337
Board Remuneration (5)	110,000	178,537
Professional fees (6)	18,536	18,006
Insurance expenses	30,208	23,667
Bank charges	19,626	923
Statutory and regulatory fees	-	44
	2,504,035	2,531,538

NOTES:

(1) Consulting fees
Consulting fees include costs related to the Fund's jurisdictional eligibility criteria assessments, expert advice on tax, VAT, ESG and regulatory matters as requested on an ad hoc basis by the Fund.

(2) Fund Management Advisor fees
As explained in section 2.5, the Fund Management Advisor provides governance and operational support to the Board, the Advisory Board and the Investment Advisor. The scope of work and respective budget of the Fund Management Advisor is approved by the Board on an annual basis.

(3) Investment Advisor fees
As explained in section 2.4, the Investment Advisor is tasked with the day-to-day management of the Fund which includes identifying, structuring and negotiating loans, managing the investment pipeline, conducting due diligence and preparing borrower legal documentation, as well as providing ongoing investment and development performance monitoring and reporting.

In order to discharge its duties, the Investment Advisor has dedicated staff at its head office as well as in key Fund focus regions to engage potential or existing clients. Due to the nature of the investments and objectives of the Fund, potential investments are resource intensive and require thorough investigation by the Investment Advisor. Preinvestment periods can take up to 24 months of due diligence and require multiple trips to the site of the project. Having made a transaction, the Investment Advisor continues to actively engage and monitor clients' progress in achieving environmental and social targets/objectives, and where necessary serving on boards or sub-committees.

The Investment Advisor fee is based on the scope of the activities required to be performed by the Investment Advisor. Furthermore, the fee is structured to promote and maintain alignment of interests between the Investment Advisor and the Fund. Typically, the first years of a new Fund are used to build up to a sustainable portfolio, and the advisory fee for 2018, 2019 and 2020 (until December 2020) is a fixed fee of USD 1.75 million per annum, and in subsequent years, the advisory fee will be based on a fixed percentage of the amount of the total outstanding assets. It will be 2.0% per annum of the amount up to and including USD 250 million, 1.75% per annum of the amount up to and including USD 350 million. Over the Investment Advisory agreement term, the Investment Advisor may be eligible for an additional incentive payment in the event that the performance of the Fund outperforms a defined set of, mainly non-financial, targets set and agreed on a yearly basis with the Fund.

(4) Other general and administrative expenses

Other general and administrative expenses include costs related to the Fund's operations, including the costs of meetings and out-of-pocket expenses, marketing and fees related to the Fund's secure dataroom.

(5) Board Remuneration

The remuneration, and other terms of employment, for the members of the Board is determined by the Advisory Board. The remuneration is payable on a quarterly basis in relation to the attendance and preparation for meetings

(6) Professional fees

Professional fees include recurring costs related to the management of the Fund, including remuneration to the Credit Committee that is payable on a quarterly basis in relation to the preparation for and attendance at Credit Committee meetings.

	2020 USD	2019 USD
Foreign currency result [13]		
FX change related to Grants	(1,454,378)	812,623
FX change related to Operations	(111,248)	(4,976)
	(1,565,626)	807,647

Given the nature of the Fund's global operations, it is exposed to foreign currency movements. This is due to the Fund using USD as its reporting currency while at times transacting in currencies other than the USD.

During the reporting period the Fund has been exposed to foreign currency movements in NOK and EUR. Direct operating expenses of the Fund are partly in EUR and therefore the Fund keeps a limited balance in EUR on its accounts for those expenses.

The foreign currency position that the Fund holds in non-USD currencies may be open (i.e. unrealized) or closed (i.e. realized). Amounts invoiced to the Fund in a non-USD currency and paid at a later date will have a foreign currency movement. If this amount has been settled at the reporting date, it is considered closed and there is a realised foreign currency gain/loss. If it has yet to be settled at the reporting date, the Fund will have recognised an asset/liability at the reporting date and the position is open with foreign currency movements resulting in unrealised gains/losses.

The Fund does not hold any foreign currency hedging instruments.

	2020 USD	2019 USD
Other interest and similar income [14]		
Deposit accounts	167,965	989,738
	167,965	989,738

Interest income consists of interest earned on the Fund's short-term interest-bearing accounts.

	2020 USD	2019 USD
Interest and similar expenditure [15]		
Interest on overdraft (1)	3,135	1,293
Interest on long term loan	5,881	-
	9,016	1,293

(1) The interest was charged by the RABO Bank due to the negative interest rate on postive bank account.

RELATED PARTIES

The related parties including the Advisory Board, Board of Directors and Credit Committee.

EMPLOYEES

During the reporting period 2020 the Fund did not employ any personnel (2019: nil).

SUBSEQUENT EVENTS

The second annual funding amount from Unilever was disbursed on 16 February 2021 and was also used to partially finance the DSNG transaction. On 5 March 2021, the Fund concluded a USD 25,000,000 12-year Term Facility Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") which is available for 12 months from the date of the agreement. Following the conclusion of the agreement with FMO, KLD confirmed that all of the conditions for the remaining balance of NOK 300,000,000 had been met and disbursed that remaining balance on 19 March 2021. The NOK 300,000,000 was immediately converted in to USD 35,321,128.

The Fund concluded a fourth investment in Q1 2021, whereby it provided a USD 30,000,000 10-year sustainability-linked loan facility to Marfrig Global Foods S.A. ("Marfrig"). Marfrig is a Brazilian multinational corporation and one of the biggest animal protein producers worldwide. The Fund's financing will be used by Marfrig to enable and implement a no-deforestation requirement across its entire supply chain in the Amazon and Cerrado biomes.

The Board is not aware of any other significant events that have occurred since the balance sheet date that have not been included in the financial statements.

Amsterdam, 9 July 2021

BOARD

Kleiterp, ND | Oorthuizen, HJM

Salim, FSR | Martinez, C

KPMG

OUR OPINION

We have audited the financial statements 2020 of Stichting andgreen.fund (herefter, 'the Foundation'), based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting andgreen.fund as at 31 December 2020, and of its result for the year 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. the balance sheet as at 31 December 2020;
2. the profit and loss account for the year 2020;
3. the cash flow statement for the year 2020; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting andgreen.fund in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the Board's report and other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Board's report and other information.

DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of the Board of Directors for the financial statements

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 9 July 2021
KPMG Accountants N.V.

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