



# ANNUAL REPORT 2018

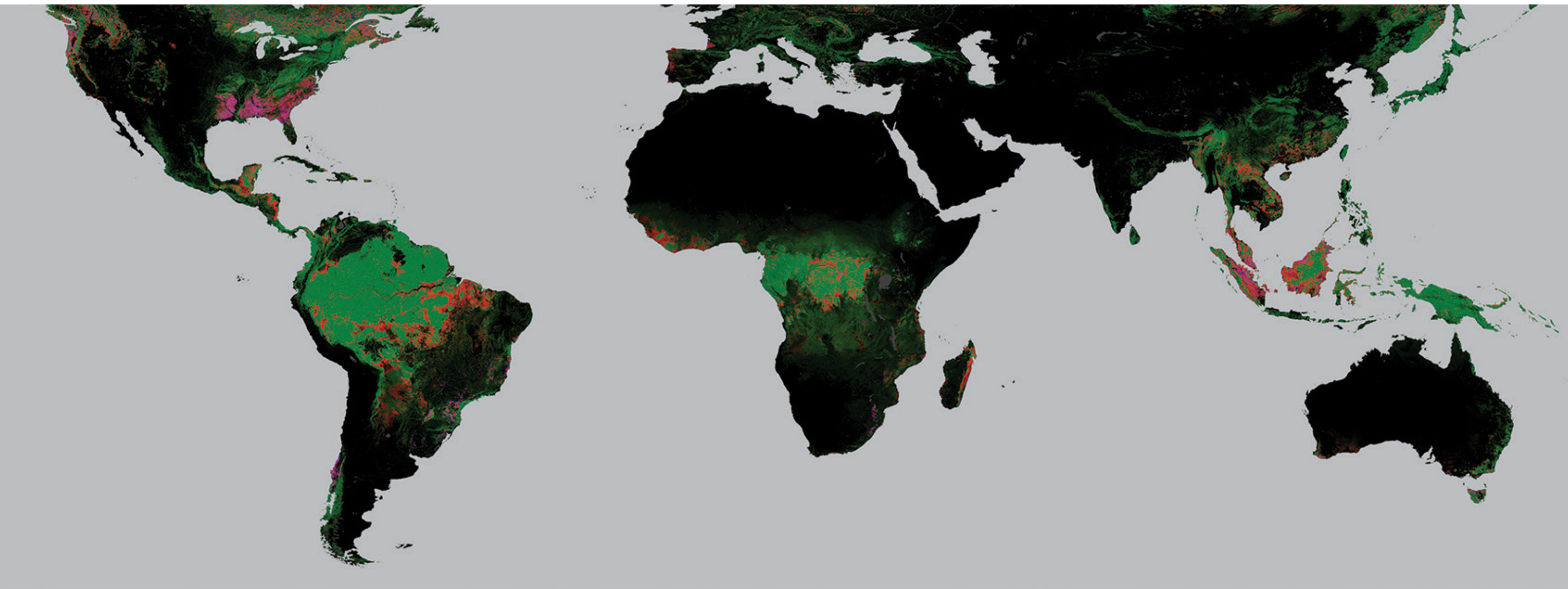
**THE &GREEN FUND**

*11 JULY 2017 - 31 DECEMBER 2018*





# GLOBAL FOREST CHANGE



**KEY:**

Forest Extent Forest Loss 2000–2018 Forest Gain 2000–2012 Both Loss and Gain

**ADAPTED FROM:**

Hansen/UMD/Google/USGS/NASA  
Visual also available on Global Forest Watch



# &GREEN'S PURPOSE



01 Letter From The Board	06
02 &Green Highlights	08
03 Year in Review	09
04 What is The Problem?	10
05 The &Green Solution	11
06 How Does &Green Invest?	13
07 The Pipeline	22
08 Funding Situation	30
09 Fund Governance	32
10 The &Green Investment Team	35
11 Partnerships	36
12 Outlook	38
13 Annual Financial Report 2018	39 - 63

In order to maintain a sustainable planet while feeding all its people, the world needs to reach global climate change mitigation and biodiversity conservation goals, while still being able to meet growing commodity demand.

*Within that context, the &Green Fund aims to prove that financing agri-commodity operations that are inclusive, sustainable, and deforestation-free, can be commercially viable and replicable. In this way &Green seeks to support a market transformation of global supply chains by de-linking them from deforestation and producing a positive climate change impact, while still feeding the world.*

&Green intends to achieve these goals by catalysing more than USD 2 billion of investments into conserving and restoring 5 million hectares of tropical forest and peatlands, creating benefits for 500,000 households, and developing zero-deforestation supply chains in tropical forest countries.



## 01 LETTER FROM THE BOARD

The first 18 months of &Green has been focused on putting the right resources in place, engaging with markets in various key jurisdictions for &Green, and onboarding new Contributors to the Fund.

**The &Green journey is just beginning.** The Fund is evergreen (i.e. there is no set end-date), and so the Board of Directors of &Green, together with the appointed service providers, have spent this past year and a half setting the groundwork for the Fund to have the best chance of success in the coming periods, and over the long-term. The outlook for this Fund remains as strong as it was at its launch; in fact as we learn from our experiences sourcing project leads around the world, we can only come to the conclusion that &Green is needed even more than we originally thought, to catalyze long-term capital into sustainable and scalable primary agricultural production.



### STRATEGIC & FINANCIAL HIGHLIGHTS

The &Green Fund's anchor investor, the Norwegian Climate & Forestry Initiative ("NICFI" or as officially referred to in Norway "KLD"), was instrumental in designing and setting up the Fund. Its initial contribution allowed &Green to get started quickly, hire the service providers necessary, and start engaging in key markets. Following on from this initial contribution, &Green was able to bring two further institutional contributors on board. The Unilever Group, an influential multinational consumer goods company, invested at the beginning of 2018, and the Global Environment Facility ("GEF"), through its Implementing Agent UN Environment also became a Contributor to the Fund by the end of 2018.

Despite this good progress on fundraising, &Green is still actively raising funds and requires further Contributors coming on board in order for the Fund to meet its investment targets in 2019 and beyond.

Although no transactions were executed during 2018, two large-scale innovative transactions did make it through the &Green investment approvals process, one of which was subsequently executed by &Green in early 2019. The other has not materialized yet; however, we expect 2019 to be the beginning of a couple of years of active deployment of capital from &Green. Given the complexity and amount of due diligence required when investing in primary production in developing countries, we are not surprised that it has taken time to bring new opportunities (i.e. project leads) from first introduction to executed investments. A 12 to 18-month cycle is not unusual for this kind of lending, especially in view of the rigorous environmental and social due diligence to which &Green is subjecting all potential projects.

&Green's financials show the current state of the Fund, with expenses in line with the budget that was brought forward by the Board of Directors at the beginning of the period.

### OPERATING HIGHLIGHTS

This first period of the Fund was about setting up the governance of the Fund and all the necessary structures for the Fund to flourish over the coming years.

**An Investment Advisor, SAIL Ventures, was selected through an official European tender.** SAIL Ventures is an investment firm based in the Netherlands. For this mandate, SAIL Ventures has assembled an experienced global team that have a significant agri-finance track-record.

Other service providers, including bank, legal counsel, and fund administration, were brought on board during the first year of the Fund. Inn pact, an impact finance consultant out of Luxembourg who advised on the design and set-up of &Green, has stayed on as Fund Management Advisor supporting the Board of Directors and SAIL Ventures with the management of the Fund.

Two further Board members – Felia Salim and Claudia Martinez – joined the Board post the launch (bringing the number to four). The Advisory Board and independent Credit Committee were appointed and had their first meetings.

### LOOKING AHEAD

The Fund is to execute its first transaction in the first quarter of 2019, a sustainable rubber operation in Jambi, Indonesia, and following from that we anticipate some further momentum for investments to materialize in 2019.

**Besides our focus of turning project leads into actual &Green investments during the next period, the &Green Board of Directors, with support from SAIL Ventures, will also concentrate on fundraising and attracting further Contributors.**

NANNO KLEITERP

**CHAIRPERSON OF THE BOARD OF DIRECTORS**

STICHTING ANDGREEN.FUND



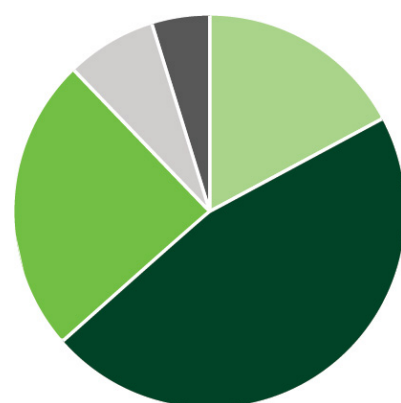


## 02 &GREEN HIGHLIGHTS



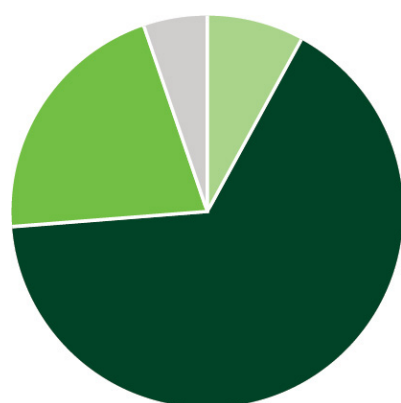
Mato Gross, Brazil | Liberia | South Sumatra, Indonesia | Jambi, Indonesia | Ecuador Peru | Colombia | Pará, Brazil

**ACTIVE PROJECT LEADS PER REGION**



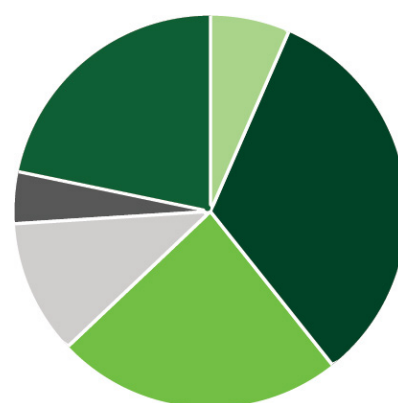
● Indonesia  
● Other  
● Peru, Ecuador, Colombia  
● Brazil  
● Africa

**CLIENT PROFILE OF ACTIVE PROJECT LEADS**



● Trader  
● Financial Institution  
● Supply Chain Company  
● Producer

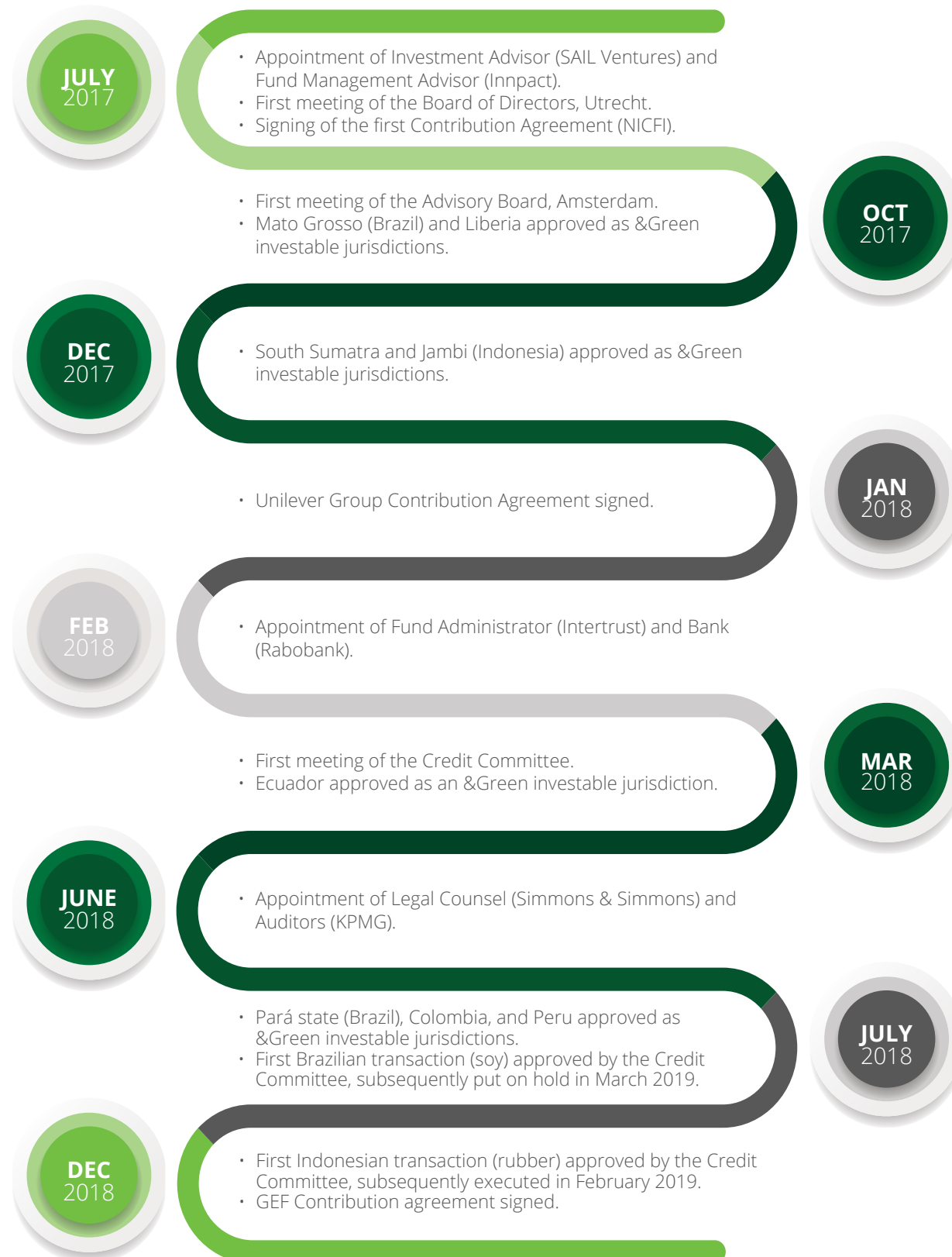
**ACTIVE PROJECT LEADS PER SUPPLY CHAIN**



● Rubber  
● Soy  
● Palm Oil  
● Cattle  
● Forestry  
● Other

## 03 YEAR IN REVIEW

### FUND LAUNCH JULY 2017 - A YEAR OF GROUNDWORK

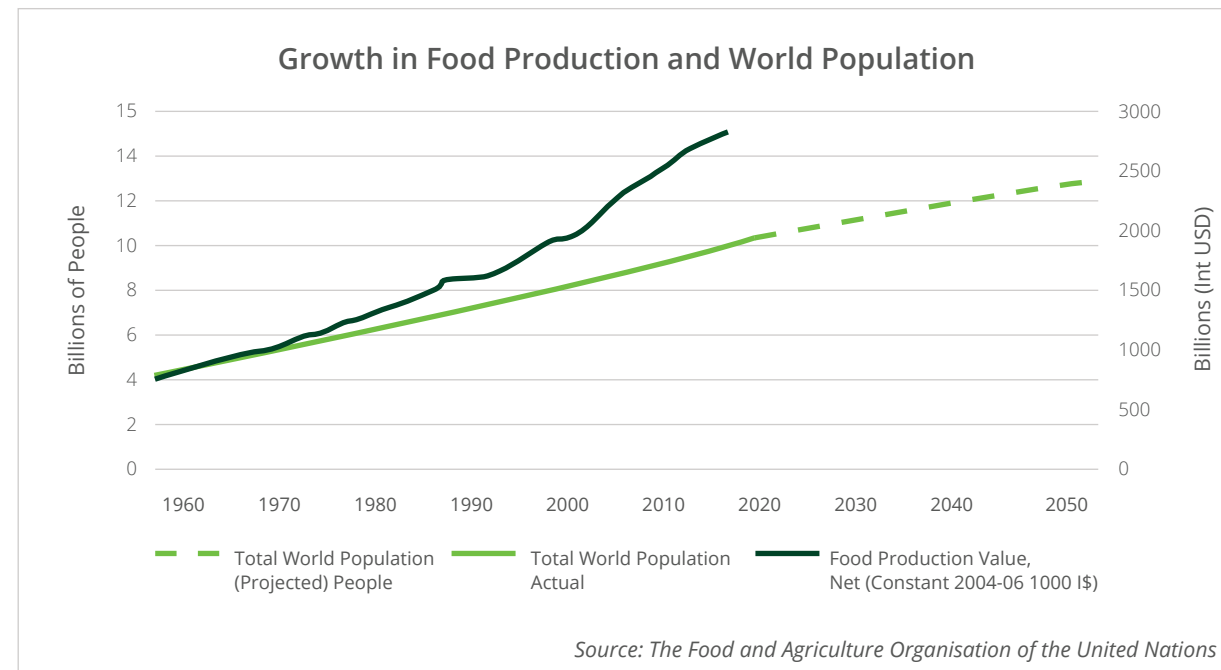




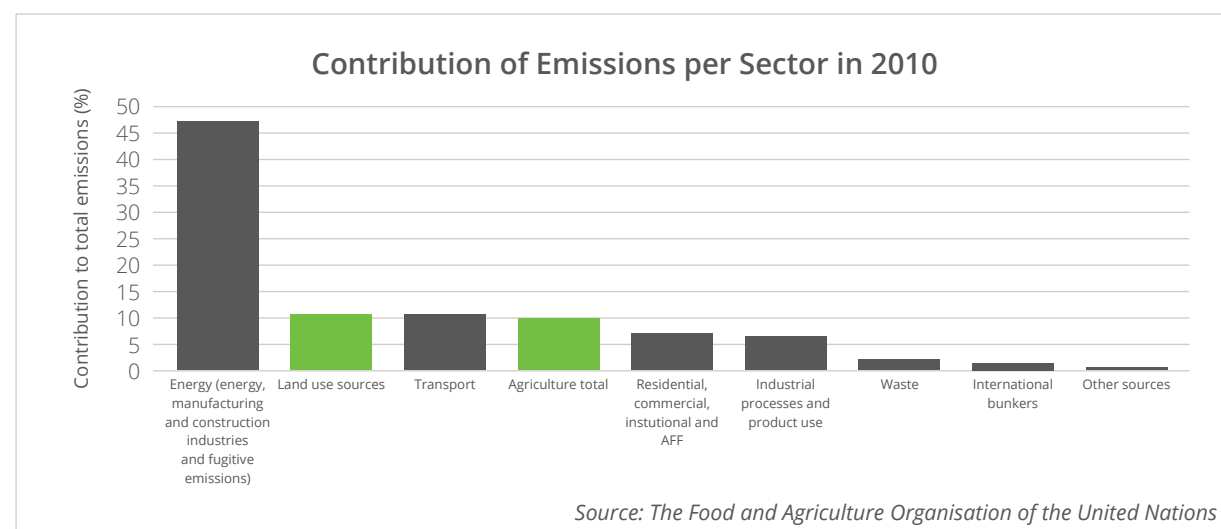
## 04 WHAT IS THE PROBLEM?

### GROWTH VERSUS FOREST

By 2050, there will likely be 9 billion people around the world who will need to be fed. In anticipation of this growth, and in view of the increasing wealth of the global population leading to a more diverse palate, **the Food and Agri sector is expected to expand significantly.**



**At present, nearly 25% of global CO<sub>2</sub> emissions are associated with agriculture, forestry, and other land uses.**



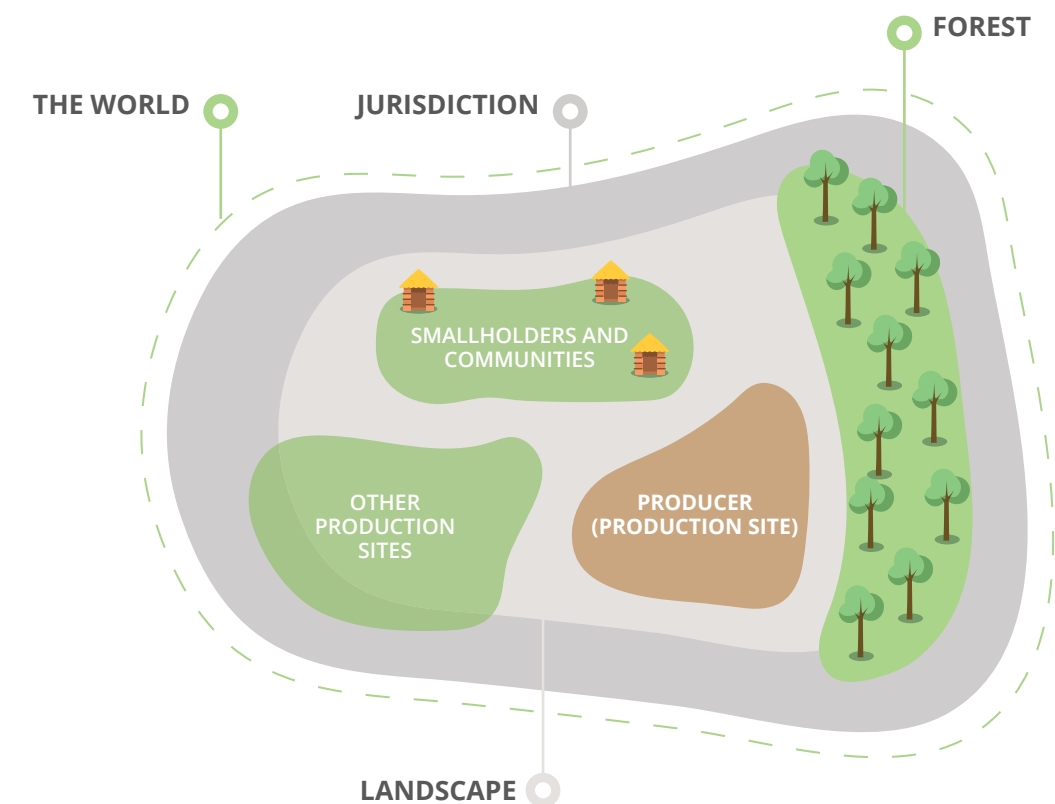
Local private sector investment into increasing commodity production remains focused on expansion of productive areas, rather than increasing the productivity of the existing productive areas. This type of expansion places further pressure on adjacent forests.

## 05 THE &GREEN SOLUTION

### &GREEN TAKES A PRODUCTION-PROTECTION-INCLUSION APPROACH

&Green attempts to finance companies and projects which can deliver inclusive, sustainable, and deforestation-free production within a defined area (the “Landscape”) involving local communities, producers, financiers, supply chain companies, local and national government, and civil society.

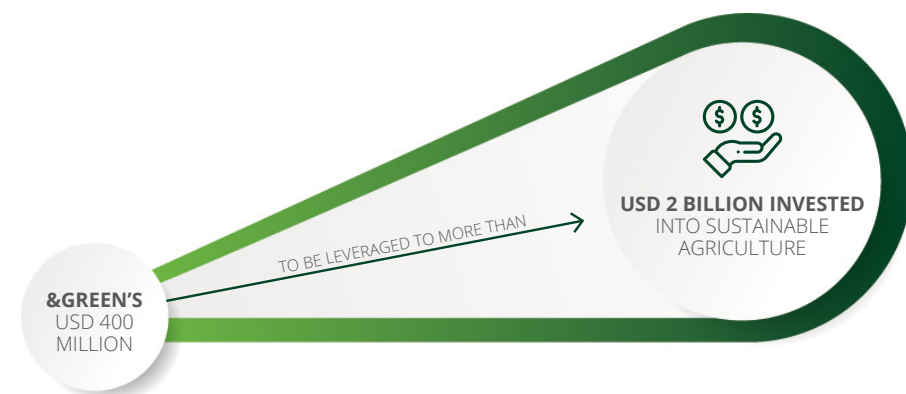
&Green generates its impact by looking for Landscapes where valuable ecosystems require active protection and/or restoration but where there are competing forces, specifically from agricultural production. Communities and the relevant commodity supply chain will benefit from a sustainable land use and management approach in the Landscape.





## &GREEN CATALYZES PRIVATE INVESTMENT

&Green is able to support the project owner in structuring the financing of such a Landscape, and provide long-term patient funding, which will help catalyze commercial investment into the project over time. The Fund aims to have raised and invested USD 400 million of its own capital in the coming years, which should catalyze five times that amount of private capital into &Green projects.

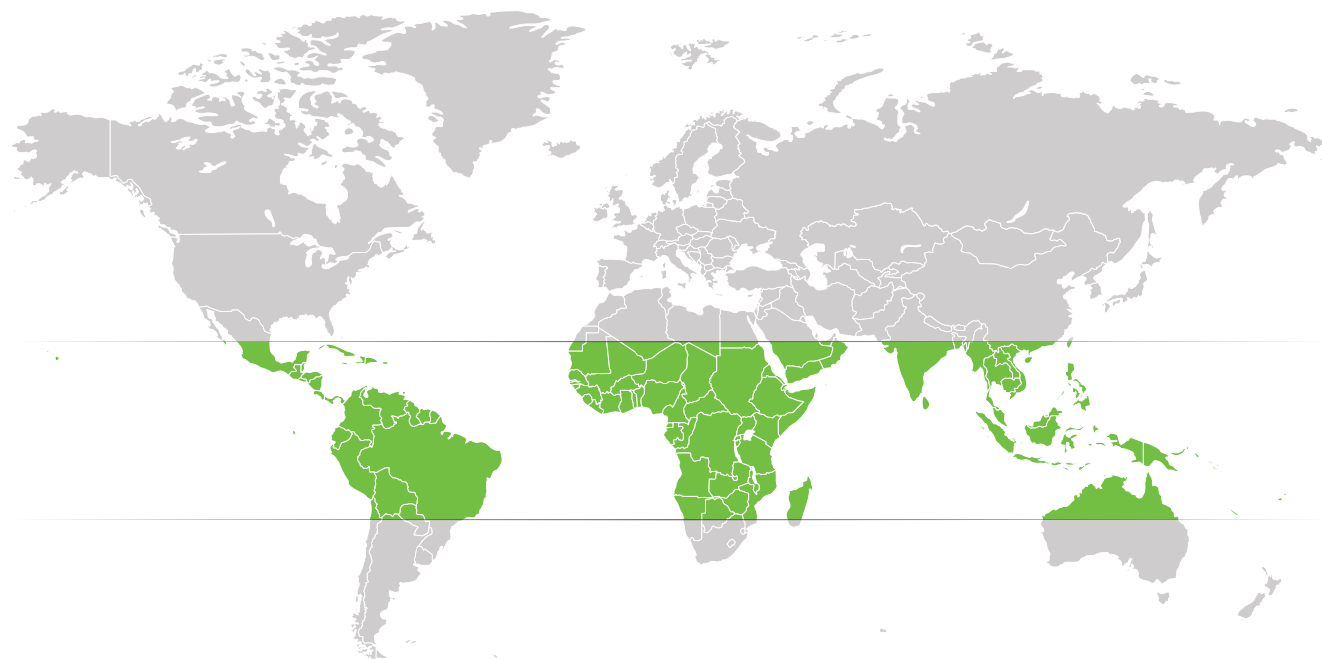


## &GREEN DRIVES MARKET TRANSFORMATION IN SELECT JURISDICTIONS

Finally, &Green intends to catalyze investment into jurisdictions where local authorities are committed to the reduction of deforestation and the protection of valuable ecosystems and are actively taking steps to work with the private sector, communities, and civil society to protect forest and peatlands.

This jurisdictional approach taken by &Green is a unique innovation of the Fund – linking public policy more directly to private sector policy within a Landscape.

The Fund expects to remain relatively concentrated: focused on relevant supply chains in key jurisdictions within the tropics. It does this in order to stimulate the market transformation of supply chains within these jurisdictions, thereby creating blueprints for others to replicate and scale.



# 06 HOW DOES &GREEN INVEST?

&Green is a public-private partnership. It is structured as a Dutch Foundation (Stichting) but acts like an investment fund in the markets in which it looks to invest. The investment philosophy of the Fund is to catalyze commercial capital into deforestation-free sustainable supply chains. Therefore, the Fund needs to invest in projects that are also relevant, or can become relevant, for commercial capital providers.

## THE MARKET

The markets in which &Green operates are diverse, and while sharing many cross-border characteristics, still require a deep focus on the local environment. Brazil and Indonesia are the main initial focus countries for the Fund, but the Fund is also operating in Colombia, Peru, Ecuador, and West Africa at the moment. It is expected that over time more jurisdictions will be added.

Brazil is the most biodiverse country in the world, with over 500 million hectares of tropical forest. However it also has 20% of its GDP and more than 40% of its exports coming from agriculture.

Similarly, Indonesia has natural forest covering half (50%) of its land, and, equally importantly, has most of the world's tropical peat forests (more than 14 million hectares). Peat releases significant greenhouse gas emissions when dehydrated for agricultural use. Indonesia is also a major producer and exporter of palm oil forestry products (for pulp and paper in particular) and rubber.

Accordingly, the &Green philosophy and approach to helping create sustainable, zero-deforestation supply chains is clearly relevant to both Brazil and Indonesia.

Typically, finance for the agriculture sector is provided by local banks; however, this is normally short-term and not linked to the long-term development needs of the producer. The local equity markets are relatively small, and many agriculture companies and farmers are owned and managed by families and friends (i.e. closely-held) and have limited access to long-term patient capital. Internationally, the development finance institutions ("DFIs") are the only consistent source of funding to many of the emerging and frontier markets. However, &Green's experience has been that that DFIs are significantly less active in primary agricultural production due to the fact that credit quality is highly uncertain as compared to many other sectors, and reputational risks are higher.

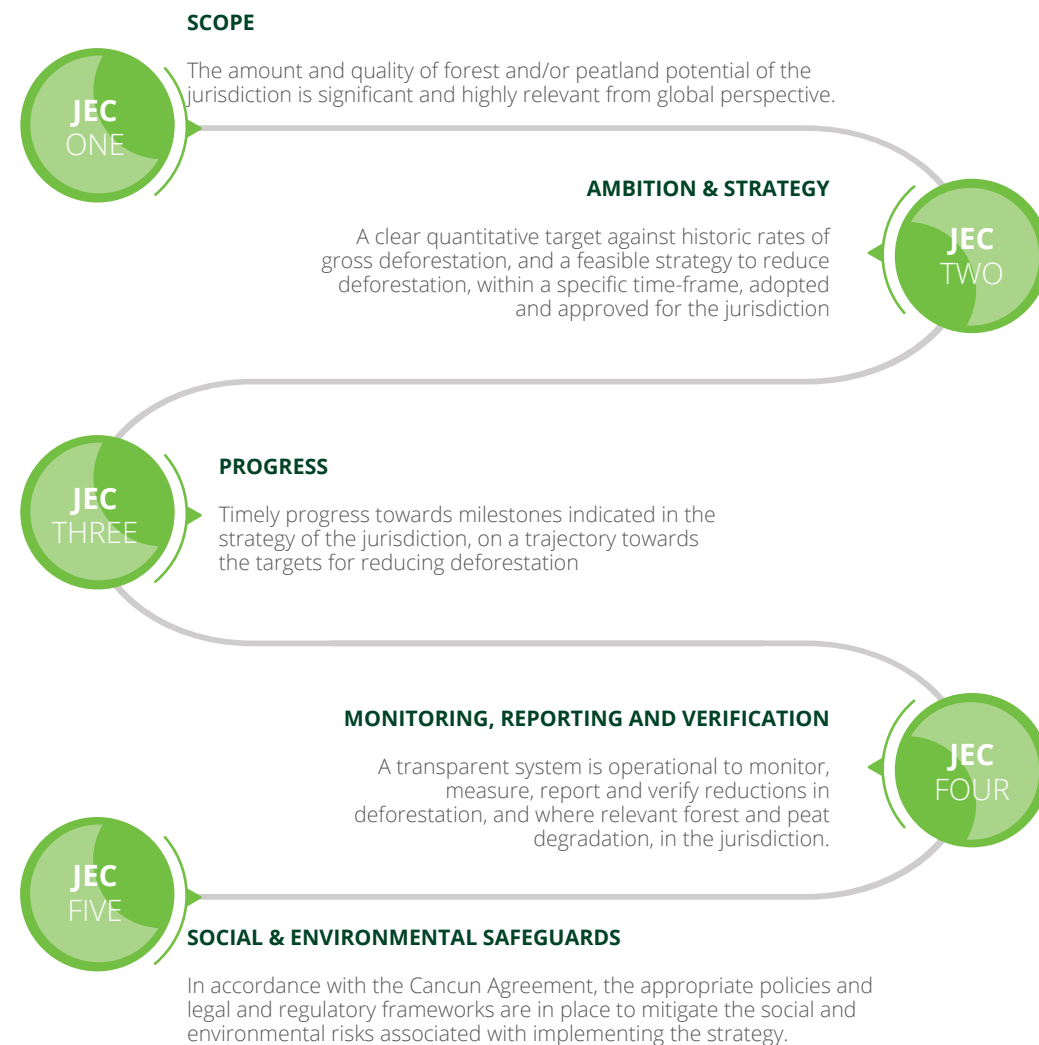
**Therefore, the kind of investment needed to finance a new approach or adapted business model for sustainable commodity production, which includes necessary social and environmental considerations, is often not available.**





## THE JURISDICTIONS

&Green has a unique process for determining the jurisdictions in which it may invest. As the Fund only wishes to advance its credit, in jurisdictions having a progressive forest and/or peat protection agenda. The Fund reviews all potential jurisdictions put forward for investment by assessing it on 5 **jurisdictional eligibility criteria** ("JECs") first:



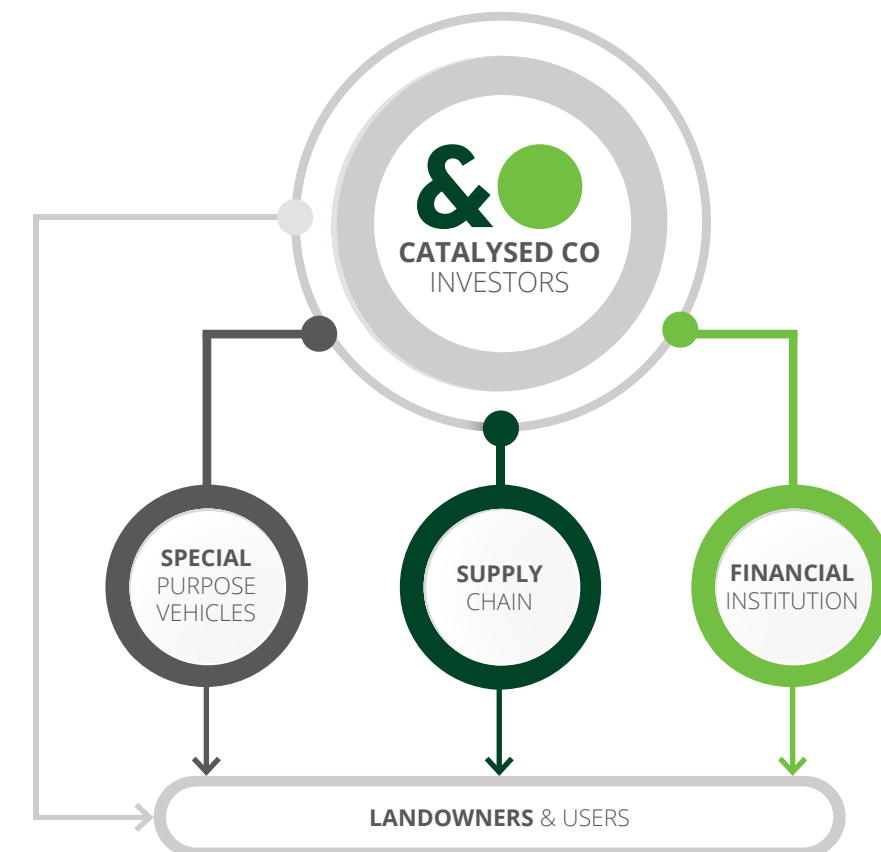
The Investment Advisor outsources a JEC Assessment ("JECA") to suitable local experts for review by the Board of Directors and then approval of the jurisdiction from the Advisory Board. This jurisdictional process is unique to &Green and provides a strong public policy signal alongside the private signal of an &Green investment.

***This jurisdictional process also improves the country and environmental risk profile of &Green's investments in these jurisdictions, as the Fund focuses on jurisdictions which are more likely to implement and enforce environmental policies aligned with the Fund's investment criteria.***

It should be noted that jurisdictions are only approved as they relate to opportunities for investment from &Green. Thus, not all suitable tropics jurisdictions are necessarily assessed by &Green.

## THE PRODUCTS

&Green offers long-term and attractive credit terms, often by taking a subordinate position to commercial investors. It does this in order to stimulate co-investment from the market where the market does not or cannot at this time invest alone. &Green will finance via different structures but ultimately it aims to influence land-owners and -users directly.





## THE INVESTMENT PROCESS

&Green has a rigorous but agile investment process. Firstly, jurisdictions within which investments from &Green can be made, must be approved by the Advisory Board. This is done on an ad hoc basis as well as in the Advisory Board's semi-annual meetings. Within these approved jurisdictions the Investment Advisor typically originates project leads. There is then a two-step approval process with an independent Credit Committee. At the end of this process, the Board of Directors is required to sign off on all final Credit Applications.

SAIL Ventures, the Investment Advisor of the Fund, is tasked with bringing credible projects, which meet &Green's criteria, to the Credit Committee and Board.

LEAD GENERATION  
JURISDICTIONAL APPROVAL  
ENVIRONMENTAL RETURN NOTE

1

SOURCING

STRUCTURING  
& FUNDRAISING

2

DEAL NOTE & TERM SHEET

DUE DILLIGENCE  
FINAL APPROVAL

3

DUE DILIGENCE  
& FINAL  
APPROVAL

IMPLEMENTATION

4

EXECUTION  
ANNUAL MONITORING  
EXIT REPORT



**SOURCING****1****LEAD GENERATION**

The Investment Advisor, SAIL Ventures, spends time sourcing projects in key focus countries, but also reviewing opportunities which might arise in other locations. **SAIL has resources on the ground in Brazil and Indonesia, but also travels consistently to other jurisdictions.** Furthermore, SAIL uses its networks to source leads from relevant supply chains, NGOs, financial institutions, and bilateral and multilateral networks.

**JURISDICTIONAL APPROVAL**

&Green can only invest in projects in jurisdictions which the Advisory Board has approved, and thus which meet &Green's JEC. The Investment Advisor prepares, with the help of specialist local consultants, an assessment for the Advisory Board to approve the jurisdiction. See further information on the [andgreen.fund](http://andgreen.fund) website.

**ENVIRONMENTAL RETURN NOTE**

Internally, SAIL performs a high-level estimation of the Environmental and Social situation of the project lead and the ambition and plan for the project.

At this early stage, project leads are screened against the &Green Impact Targets and Guidelines to assess the potential additionality which could be delivered.

**STRUCTURING  
& FUNDRAISING****2****DEAL NOTE & TERM SHEET**

SAIL agrees with the client on a set of indicative financial, environmental, and social terms. This Term Sheet provides indication of the tenor, pricing, and Environmental and Social Return of the project. Typically other co-investors are already involved at this stage, or an agreement is made with the client as to how to incorporate further capital for the project.

SAIL drafts a Deal Note (i.e. an initial concept note) and presents the Term Sheet (which is agreed with the client) and the Deal Note to &Green's independent Credit Committee. The Credit Committee members will provide their initial thoughts on the project, specifically highlighting key focus areas for due diligence and where they see the most significant risks which the Investment Advisor should try and mitigate during due diligence.

**DUE DILIGENCE  
& FINAL  
APPROVAL****3****DUE DILLIGENCE**

SAIL will engage in a thorough due diligence of the project. This will include site visits, analysis of all financial, environmental and other documentation of the project and the company, and engagement with 3rd party stakeholders (e.g. local NGOs, government, and other lenders). During due diligence, the Investment Advisor will also negotiate, as needed, an environmental and social action plan ("ESAP"), a Landscape Protection Plan ("LPP"), a No Deforestation No Peat No

Exploitation ("NDPE") Policy and other safeguards with the client. Due diligence might include the use of specific experts (as may be needed given the project and its related risks). The due diligence process will inform the terms to be finally agreed with the client.

**FINAL APPROVAL**

SAIL will present a proposed transaction, in the form of a final Credit Application, to the independent Credit Committee. This will include everything agreed with the client and must meet the &Green Guidelines. The Credit Committee will assess the proposed transaction and will make a recommendation to the Board of Directors whether to approve the investment. Sometimes the Credit Committee members might suggest certain conditions which should be met before SAIL can make an agreement with the client.

The Board of Directors has the final approval decision for the proposed transaction.

**IMPLEMENTATION****4****EXECUTION**

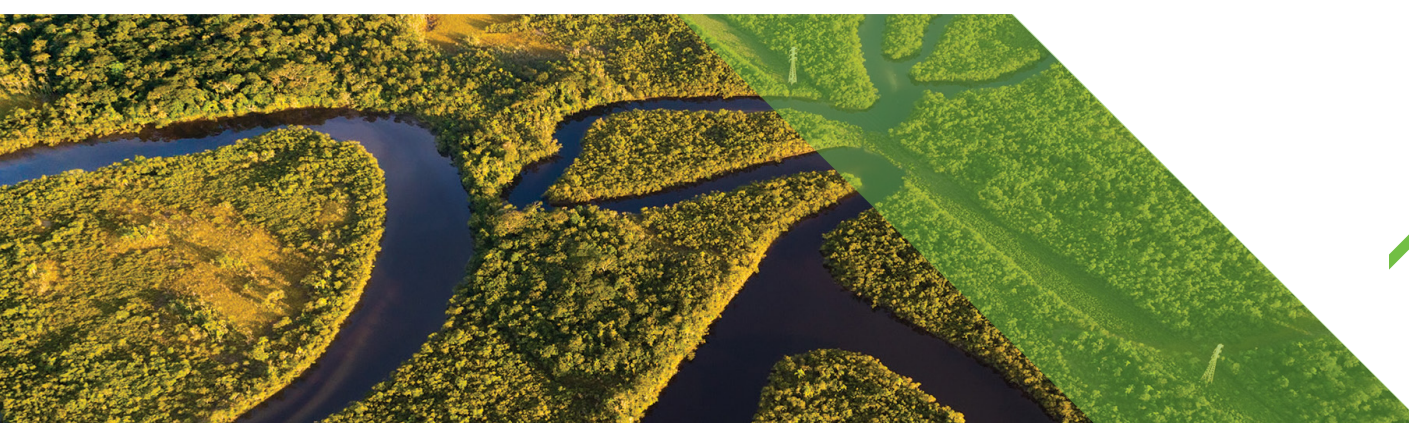
Once the final approval has been given, &Green will move into contracting with the client. This legal process can take some time depending on the complexity of the financial structure. Having agreed on the loan documentation with the client and any co-investors involved, &Green is able to disburse to the project in line with the agreed disbursement schedule.

**ANNUAL MONITORING**

&Green monitors all projects through 1) satellite monitoring of the landscape area and 2) independent on-the-ground verification of the environmental and social performance within the landscape. The &Green website will reflect annual performance of all projects.

**EXIT REPORT**

As an &Green project winds down and comes to a close, it is important to capture the learnings from the investment as well as the absolute and relative performance of the project for &Green. &Green will publish an exit report about the project.





## HOW &GREEN GENERATES ENVIRONMENTAL AND SOCIAL RETURNS

&Green evaluates every potential and executed transaction with respect to the environmental and social inclusion impact generated. The Fund has ambitious targets, seeking to generate an Environmental Return ("ER") target of 5 million hectares of natural tropical forest conserved (including restored) and a Social Inclusion ("SI") Target of 500,000 smallholders/households benefiting from the USD 400 million the Fund aims to invest.

### &GREEN WILL GO ABOUT ACHIEVING THIS BY:

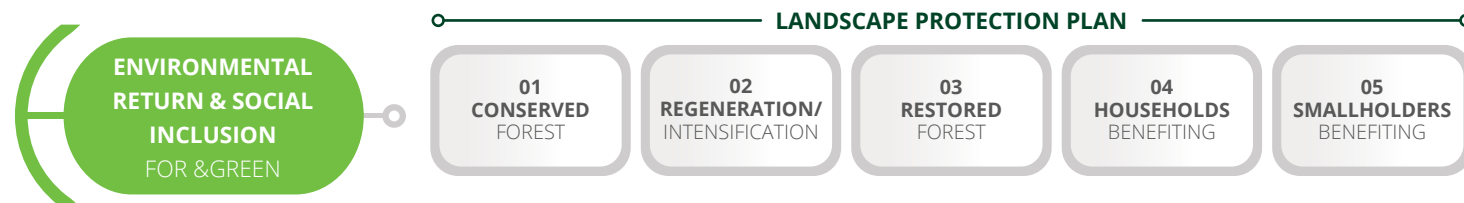


IFC Performance Standards (or equivalent) being met or worked towards through an Environment and Social Action Plan.



Our clients committing to a No Deforestation No Peat No Exploitation Policy and a Landscape Protection Plan.

### ENVIRONMENTAL RETURN AND SOCIAL INCLUSION CATEGORIES FOR &GREEN:



**01 Forest conserved:** existing natural forest that is protected.

**02 Sustainable regenerated/intensified land (with the objective of avoided deforestation):** degraded land that is regenerated, or suboptimal use of agricultural land that is improved to increase yield-per-hectare and reducing pressure on the area's forest.

**03 Forest restored:** forest that was cleared in the past or is degraded is restored, aiming to restore it to its natural state.

**04 Smallholders benefiting:** viable small-scale producers that result from projects financed by the Fund.

**05 Households benefiting:** households that benefit from the Fund's investment through enhanced yields, profit sharing, securing tenure, and/or the creation of jobs and other income-generating opportunities.

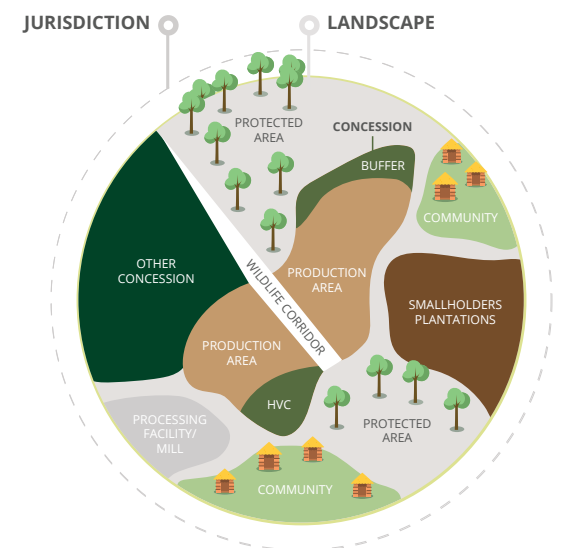


## LANDSCAPE PROTECTION PLAN

The landscape or project area from which the Fund considers its Environmental Return and Social Inclusion to be derived, is the defined area of particular high natural resource value. It includes areas on- and off-farm and will vary depending on the nature of the client and project undertaken.

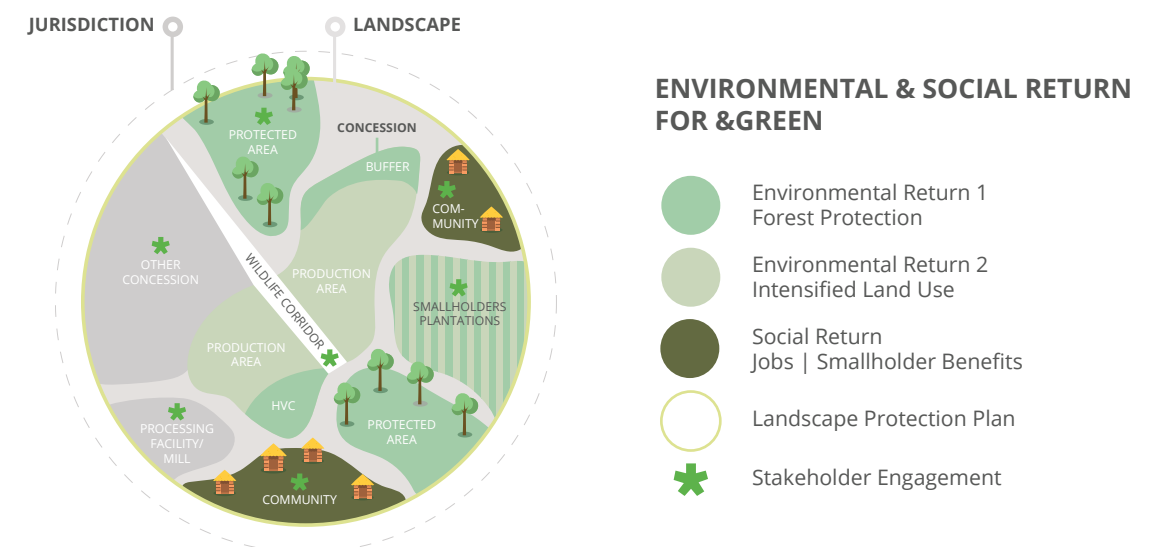
**The LPP (Landscape Protection Plan) is a sustainable land-use and management plan put forward by the client, which sets out how the impact will be generated during the financing period.** The LPP produced by the client, together with other stakeholders (e.g. the NGOs or consultants supporting them in the Landscape), covers subject matter such as:

- stakeholder engagement process;
- grievance mechanisms for local stakeholders within the landscape;
- identification of potential causes of deforestation, forest and peat degradation and biodiversity loss;
- detailed mapping of the Project Area;
- baseline scenario (i.e. what the situation is on day zero);
- goals of sustainable land use planning and management, with defined targets in terms of protection;
- defined budget for implementation; and
- forest monitoring and Measuring, Reporting and Verification ("MRV") programme.



### An example of how &Green links Environment Return and Social Inclusion to the Landscape

The diagram below is an example of how the implementation of a LPP could derive Environmental Return and Social Inclusion from a landscape. It should be noted, however, that the diversity of potential &Green clients and projects, although guided by the same philosophy, means that LPPs are expected to be highly unique – with each taking into account the client type, jurisdiction, commodity supply chain, and individual landscape complexities.





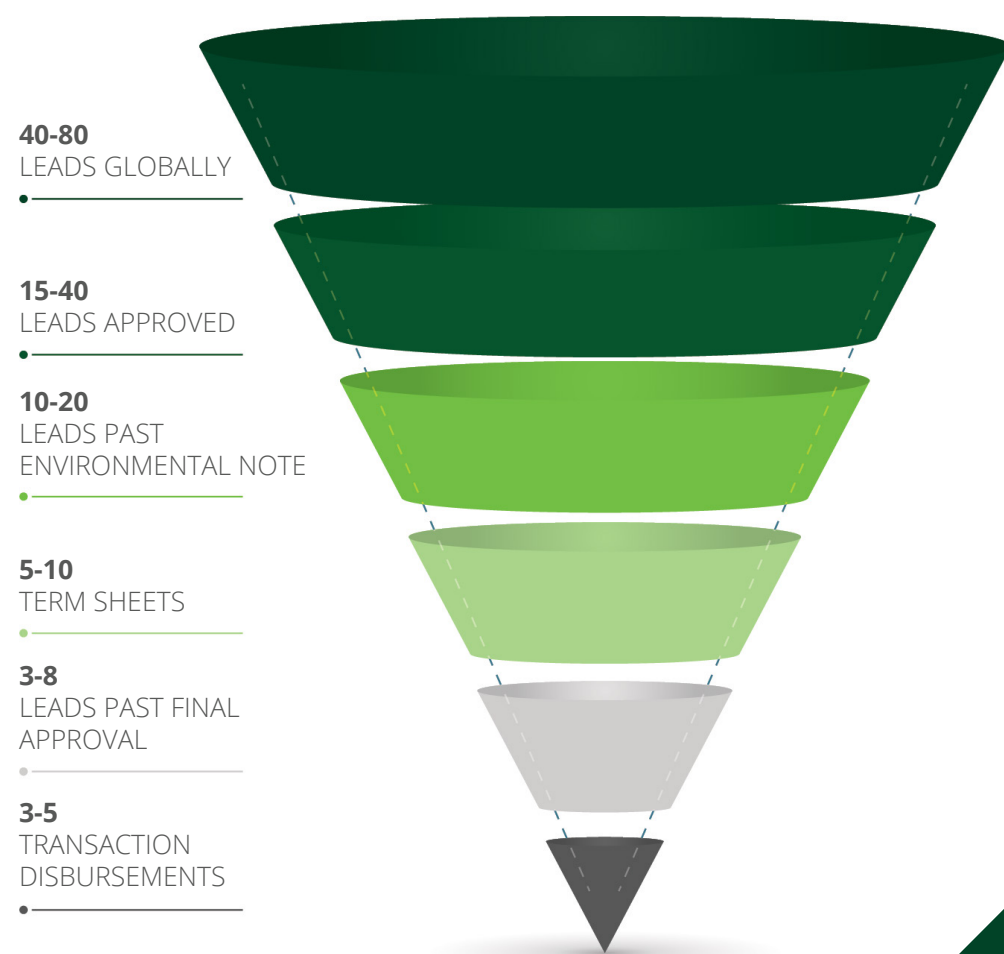
## 07 THE PIPELINE

### ORIGINATION PROCESS AND LEARNINGS

*The focus of the initial years of &Green is to originate (i.e. source), develop, and execute investments in suitable projects that showcase the purpose of the Fund.*

In order to source a sufficient number of project leads in the key focus countries for &Green, SAIL Ventures has focused its efforts on a number of channels. These include, using its resources on the ground in Brazil and SE Asia, partnership agreement with strategic partners that are active on the ground in relevant jurisdictions, as well as relevant development finance institutions (DFIs) and impact investors.

The idea is to have sufficient new project leads continuously entering the &Green Investment Process “funnel” to allow for the best of those transactions to be invested in every year. After the initial years, &Green expects to close three to five transactions per year.



The first eighteen months of the Fund have shown that while there are quality projects to be found, they do require significant support from &Green for the company, and its stakeholders in the Landscape, to meet the criteria necessary for &Green to invest. To meet this need, i.e. to facilitate interesting project leads becoming investment-ready, the Fund has decided to dedicate a technical assistance budget to support the investment process.

It is clear from the first year of origination that &Green needs to invest considerable resources to support supply chain actors, and particularly land-owners and -users, in thinking through new business approaches that incorporate both forest protection and SI (social inclusion) targets. Such business cases remain untested and unproven, and thus for &Green to be truly transformative it needs to support frontrunning private companies to get over the hurdle of the initial high risks of changing to a new business approaches, or, in the case of greenfield operations, to get to sufficient scale for the project to make commercial sense.

### PORTFOLIO DEVELOPMENT

**Thus far, the Fund has investigated over 80 projects stretching across 15 supply chains in 19 countries.** Approximately half of these project leads have been identified as potentially suitable from an environmental return and commercial perspective. These leads are currently filtering through &Green’s Investment Process.

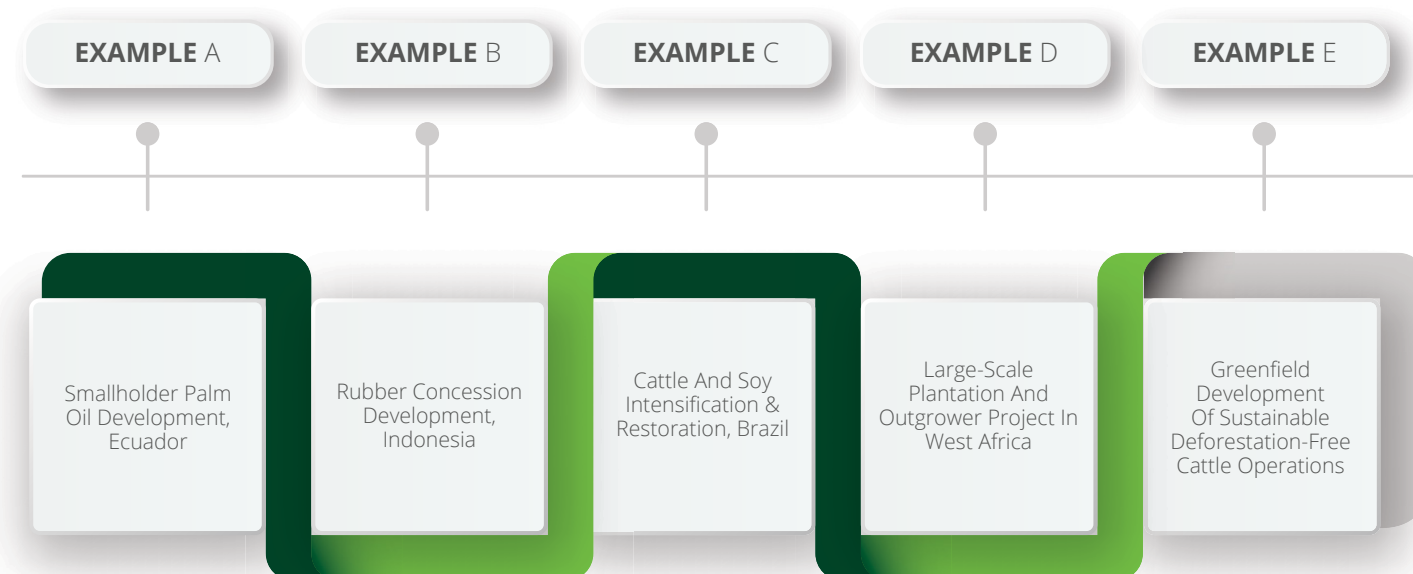






### EXAMPLE TRANSACTIONS

Although &Green had yet to disburse on any projects by the end of 2018, many projects were discussed and debated with the Board of Directors. This is an important process for a Fund in its first period, as a 'model portfolio' can be envisioned and critiqued with the Board of Directors and Advisory Board. The expectation is that during the next period some of these project leads will be invested in by &Green. The example deals which follow are illustrative only, but they provide an overview of the type of projects &Green is intending to finance.



### EXAMPLE A

#### SMALLHOLDER PALM OIL DEVELOPMENT, ECUADOR

##### PROJECT OUTLINE

A family-owned, vertically-integrated, palm oil operation in Ecuador sources from over 40,000 hectares of smallholder farm land. The Company provides technical assistance to these smallholders, who typically have between 5 and 50 hectares of land, to help them improve their yields. Many farmers are interested in planting more palm oil, or trying it for the first time, but the upfront investment cost is too steep for them to absorb.

The Company approached &Green looking for support in setting up a long-term investment program with the farmers. The farmers, and the Company's mill, are situated in the Amazonia region of Ecuador, which also has natural tropical forest in and around these farms.

##### INVESTMENT AND STRUCTURE

&Green will catalyze a USD 25 million smallholder palm oil planting and replanting program through a catalytic USD 8 million long-term loan to the project. The financing will match the cash flows expected from the project, allowing farmers the time for their trees to start producing before needing to repay the loan.

The Company will provide offtake from the project but also guarantee a certain level of production from the farms - thus aligning their interest closely to that of the smallholder farmers.

##### IMPACT OPPORTUNITY

The Company will support farmers to become certified (RSPO) and will work with local government and an international development agency to map the landscape in order to effectively monitor forest cover in the entire region. The certified farmers also commit to zero-deforestation as they develop palm oil on their farms.

The project should protect approximately 30 000 hectares of Amazonia primary forest in the Landscape, with this area dedicated as No-Go-Areas under a region-wide HCV/HCS assessment.

##### PROJECT AREA/LANDSCAPE

- COAST
- AMAZON
- ANDES
- PROJECT AREA







### EXAMPLE B

#### RUBBER CONCESSION DEVELOPMENT, INDONESIA

##### SOCIAL INCLUSION

- More than 15,000 people to be directly employed.
- Approximately 3,500 rubber farmers in and around the concession to participate in smallholder schemes.
- Over 50,000 people living in and around the concession to benefit through jobs, technical assistance, rubber offtake agreements, and the Company's extensive corporate social responsibility programme.

##### ENVIRONMENTAL RETURN

- Four concessions with total area of 90,000 hectares, of which nearly a third are dedicated as conservation areas.
- Creation of a Wildlife Conservation Area, which serves as a critical buffer alongside a National Park under significant risk of deforestation.
- An on- and off-concession sustainable land use and management plan in place to cover the entire landscape-at-risk.

##### &GREEN AS A CATALYST

Affordable long-term financing (> 5 year tenors) in Indonesia is not readily available. By providing 15 year subordinate funding to the project, &Green aims to support the Company in catalysing the significant further funding needed for the project.

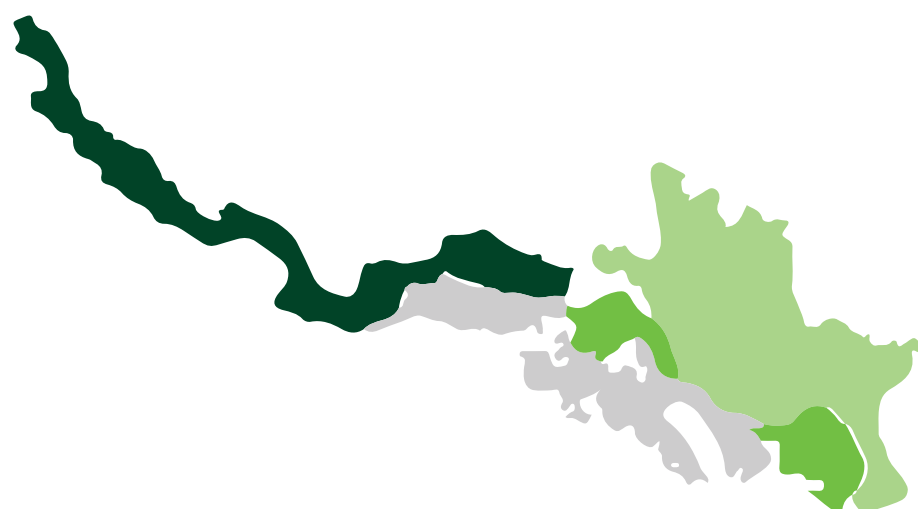
##### INVESTMENT AND STRUCTURE

The Company is seeking up to nearly USD 100 million in funding in this phase to further develop a large-scale concession of high quality rubber plantations in Indonesia.

Having created an innovative capital markets structure to raise the capital, the client needs a long-term patient investor to provide subordinate funding to the project. &Green would invest up to USD 25 million to provide this anchoring role.

##### PROJECT AREA/LANDSCAPE

- CLIENT'S CONCESSION
- FOREST PROTECTION RESERVE
- NATIONAL PARK
- THIRD-PARTY MANAGED ECOSYSTEM RESTORATION CONCESSIONS



### EXAMPLE C

#### CATTLE AND SOY INTENSIFICATION & RESTORATION

##### PROJECT OUTLINE

A family-owned Cattle and Soy ranching operation has a landbank of more than 150,000 hectares in Mato Grosso State. They are wanting to invest considerably on their farm to reforest natural forest areas, intensify degraded pastureland, and further intensify existing soy producing areas of their farm.

This integrative approach can set a standard for soy-cattle integration in the region. In addition, &Green regards the client as a significant market influencer due to its stature in the sector.

##### ENVIRONMENTAL AND SOCIAL INCLUSION

The project will result in conservation of almost half of the farm. The implementation of cattle-crop rotation systems will result in intensification of more than 70,000 hectares.

Beyond its own farm, the Company is a co-initiator of a programme to support smaller cattle farmers in neighbouring municipalities in adopting better cattle farming practices, therefore reducing the land area needed for production.

##### INVESTMENT AND STRUCTURE

&Green will provide a local currency (BRL) loan as a catalyst to a USD 50 million long-term financing of this Producer. The local bank partnering on the project will provide shorter-term financing.

&Green, by contrast, will stay invested for up to ten years with an extensive grace on principal. The project will be fully securitized with land and crop pledges.







### EXAMPLE D

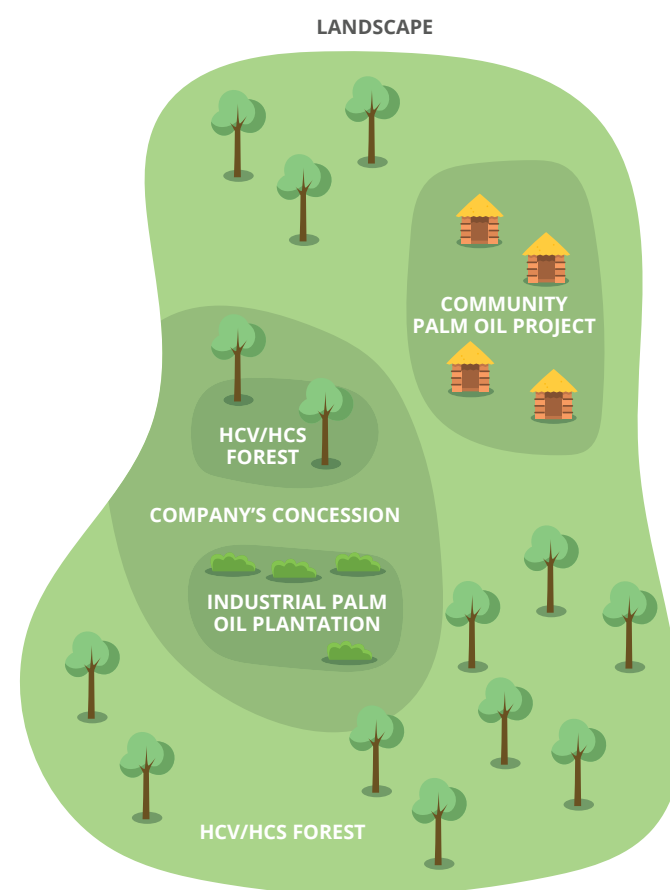
#### LARGE-SCALE PLANTATION AND OUTGROWER PROJECT IN WEST AFRICA

##### PROJECT RATIONALE

A bold investment from an international supply chain company into west Africa to build, from scratch, a significant palm oil operation. The project requires long-term financing which follows the cash-flows of the underlying assets, bringing this project to commercial sustainability over the coming years and provide an example of a successful large-scale industrial project in West African agriculture. Furthermore, finding a commercially feasible and bankable model for financing outgrower plantations as a value-additive solution for communities in Africa will not offer many replicable opportunities but will also generate significant project impact.

##### ENVIRONMENTAL AND SOCIAL INCLUSION

- An innovative and scalable smallholder community plantation scheme covering an initial 5,000 hectares.
- Conservation across a Landscape of up to 100,000 hectares.
- Landscape-wide RSPO compliance.



##### INVESTMENT AND STRUCTURE

&Green will provide a 13 year multi-use financing of USD 30 million to a landscape-level development in West Africa.

This would include a subordinate long-term loan to the Company to support a financing of their plantation where significant financing is needed (> USD 200 million), as well as a smaller innovative direct line to an outgrower scheme which the Company will pilot with surrounding communities before scaling over the coming years.



### EXAMPLE E

#### GREENFIELD DEVELOPMENT OF SUSTAINABLE DEFORESTATION-FREE CATTLE OPERATIONS, COLOMBIA

##### PROJECT RATIONALE

A new cattle operation in the Orinoquia region of Colombia is bringing the highest quality genetics from Brazil, is intensifying pastureland while maintaining the biodiverse ecosystem, and plans to support the development of a sustainable and deforestation-free cattle sector across Colombia.

Cattle remains a current driver of deforestation in the country, but the Company could be a frontrunner in creating value through sustainability for the supply chain.

The Company will provide high-quality genetics packages - including technical assistance on how to intensify pastureland - to other smaller farmers. This would include a buyback provision on the cattle if these farmers meet certain sustainability and quality standards.

##### INVESTMENT AND STRUCTURE

&Green will act as 'first lender' and provide long-term patient credit with an extended grace period on principal, as may be needed, to allow the operation to reach a positive cash flow position.

Investing on the back of initial owners' equity, &Green will provide an initial USD 5 million loan to build the business and help the Company access the significant follow-on credit it needs.





## 08 FUNDING SITUATION

*&Green remains focused on further fundraising to reach its 'fully invested' target of USD 400 million, which is needed to catalyze USD 2 billion of capital into sustainable deforestation-free primary production.*

During 2018, &Green strengthened its relationship with government donor agencies, multinationals, and multilateral organisations. This resulted in Contribution Agreements being signed with the Unilever Group and the GEF. &Green also opened discussions with other potential partners, including the Green Climate Fund and a few European donor governments.

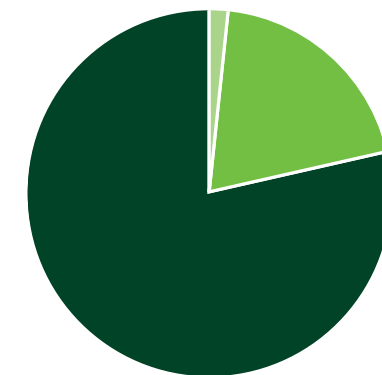
Whilst funding is secured to cover the majority of the expected portfolio development for 2019, the Board remains focused on securing at least two other significant Contributors in the coming year in order to meet its investment targets for 2020.



### EXISTING CONTRIBUTORS

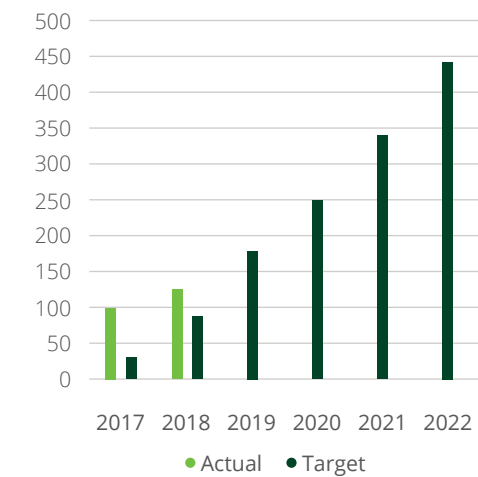
CONTRIBUTORS	DATE CONTRIBUTED	INSTRUMENT	AMOUNT	TENOR
NICFI	Q1 2017	Grant	USD 61,525,093 (unconditional) USD 34,614,001 (conditional on further fundraising)	NA
Unilever	Q2 2018	Redeemable Grant	USD 25 000 000	15 YRS
GEF	Q4 2018	Redeemable Grant	USD 1 925 000	20 YRS
<b>TOTAL</b>			<b>USD 123,064,094</b>	

### CONTRIBUTOR PROFILES

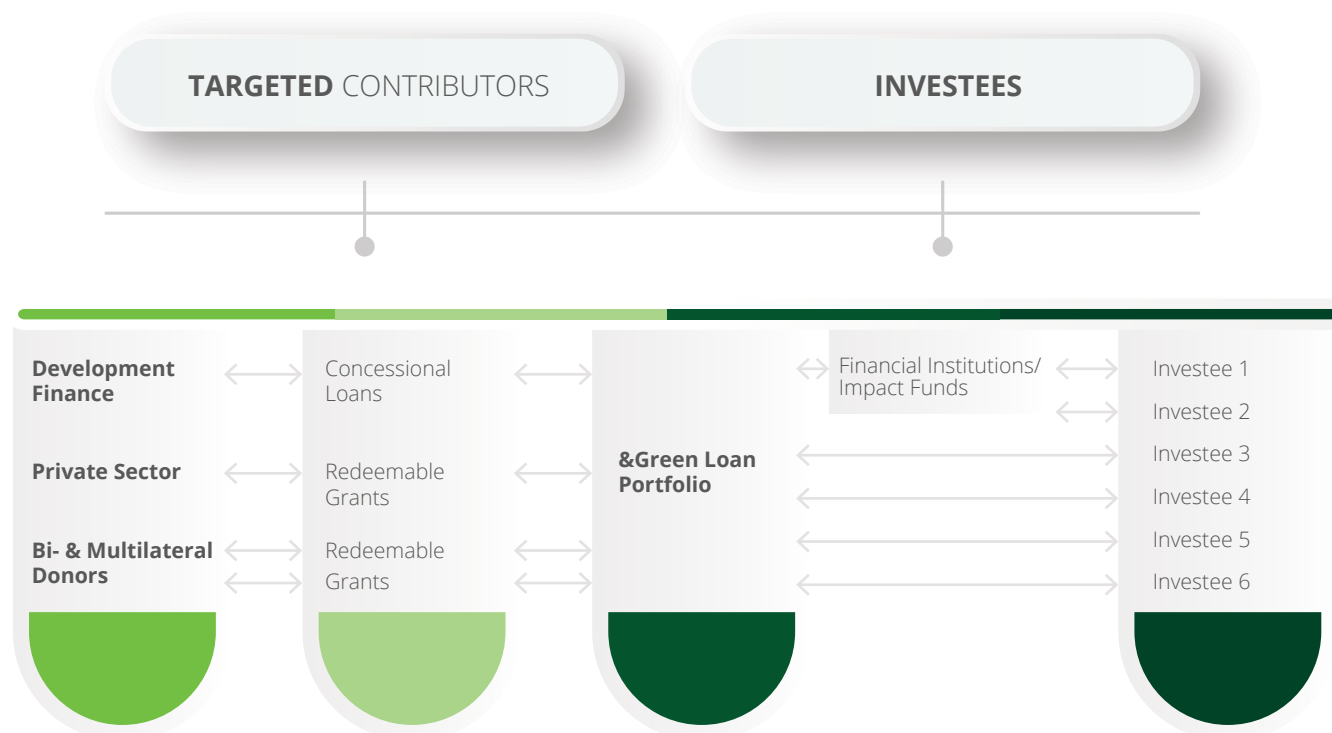


● Multilateral ● Private Sector ● Bilateral

### CONTRIBUTIONS COMMITTED VS TARGET



### TARGETED CONTRIBUTORS AND INSTRUMENTS



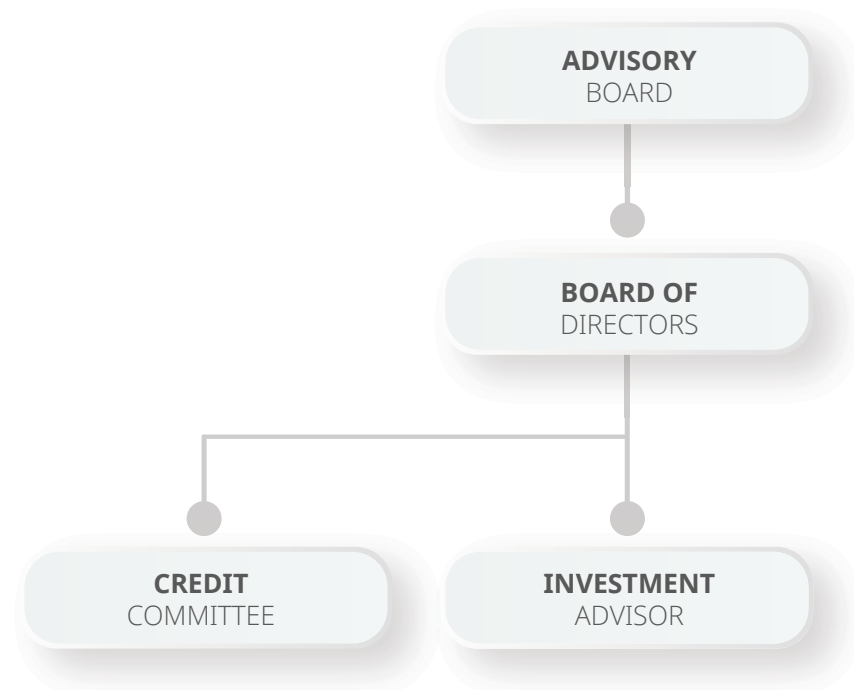
\* <sup>1</sup>NOK 500,000,000 that was received by &Green

<sup>2</sup>NOK denominated amount equal to NOK 300,000,000. 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 the unfunded commitment is called.





## 09 FUND GOVERNANCE



&Green is a Foundation ("Stichting"), registered in the Netherlands. 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.

### 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.

### 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).

### CREDIT COMMITTEE

The Credit Committee is appointed by the Board of Directors. Its main function is to approve the transactions and investment decisions proposed by the Investment Advisor, and to review and approve any potential action needed on all relevant monitoring impacts brought forward by the Investment Advisor which occur after an investment is made by &Green.



### ADVISORY BOARD

HELEN CLARK



CO-CHAIR OF THE 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 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, 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).



## BOARD OF DIRECTORS

**NANNO KLEITERP**



### CHAIRPERSON OF THE BOARD

Nanno is also the Chairman of the European Development Finance Institutions (EDFI), and the former CEO of the Dutch Development Bank (FMO).

**FELIA SALIM**



### MEMBER OF THE BOARD

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

**CLAUDIA MARTINEZ**



### MEMBER OF THE BOARD

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

**JOOST OORTHUIZEN**



### MEMBER OF THE BOARD

Joost is currently the Executive Director of IDH Sustainable Trade Initiative.

## CREDIT COMMITTEE

**AGNES SAFFORD**



### CHAIRPERSON OF THE CREDIT COMMITTEE

Agnes 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 CREDIT COMMITTEE

Luiz is the Global Manager for Commodities within the Global Forest Watch (GFW) program of the World Resources Institute. Before joining WRI Luiz 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 CREDIT COMMITTEE

Chimwemwe is currently an independent financial advisor in the agrifood sector (including international forestry). She has worked in the development finance sector (FMO) in Latin America, and has covered agribusiness clients, both SMEs and large corporates, whilst at Rabobank in the Netherlands.

## 10 THE &GREEN INVESTMENT TEAM

The incorporator of the &Green Fund, IDH Sustainable Trade Initiative, together with anchor Contributor, the Norwegian Climate & Forestry Initiative (NICFI), ran an official European tender to find and award an investment firm the role of 'Investment Advisor' for &Green. SAIL Ventures emerged as the winner of the tender.

### SAIL VENTURES

SAIL Ventures is a boutique investment firm based in the Netherlands. It was created with the mission to manage funds for clients seeking long-term sustainable returns. SAIL Ventures aims to support clients turning their ideas into financed on-the-ground execution to deliver lasting impact.

Fully owned by management, SAIL Ventures currently has a small but focused team of highly experienced staff working on the &Green Fund, **with offices in the Netherlands, Singapore, and Sao Paulo, and over 100 years of collective experience in the agri-finance sector.** The team combines financial acumen with extensive environmental and social expertise. Environmental, social and governance aspects are fully integrated into the investment process of SAIL Ventures.





# 11 PARTNERSHIPS

## IMPORTANCE OF PARTNERSHIPS

&Green works in close collaboration with existing initiatives and organizations working to protect and restore tropical forests. The Fund's Landscape approach requires participation from more than just the &Green client, and its supply chain. **Local government is often a relevant party, as are civil society actors in the area, both of which are often well-placed to engage communities within the landscape.** &Green reaches these stakeholders either directly, or through strategic partners (such as IDH Sustainable Trade Initiative), or often through the client.

&Green has set up some formal partnerships, but also works regularly with actors on a more informal basis. All our collaborations are on a non-exclusive basis.

## IDH SUSTAINABLE TRADE INITIATIVE

IDH led the development of the &Green Fund and are thus a natural partner for the Fund. Through its country offices, IDH works closely with public and private actors in key jurisdictions for &Green. IDH aims to support these actors in developing projects of interest for the Fund, and undertakes to support local government in meeting the JEC (Jurisdictional Eligibility Criteria) for &Green. At a global level, IDH accelerates sustainability within the relevant value chains for &Green. It does this through the development of coalitions with companies, NGOs, governments, trade unions, financial institutions, and universities that are willing to work together to create both private and public goods.

## UN ENVIRONMENT

As &Green's partner, the UN Environment acts as an implementing agency for the GEF (Global Environment Facility) contribution. It furthermore supports &Green's communication and MRV efforts, facilitates collaboration with relevant financing facilities and UN Environment initiatives, and creates an enabling environment for the Fund by raising awareness among UN Environment's member states as to how &Green can help them meet international agreements on restoration, climate, and biodiversity.



## 20X20 INITIATIVE

&Green is a signatory of the 20x20 Initiative. This initiative aims to contribute to a change in the dynamics of land degradation in Latin American and the Caribbean. Over the short-term, the initiative intends to assist in the restoration of 20 million hectares of degraded land by 2020. This effort is in support of global land-restoration efforts of the Bonn challenge. &Green aims to contribute to these targets.

## AFR100

The African Forest Landscape Restoration Initiative is a country-led effort to bring 100 million hectares of land in Africa into restoration by 2030. This should enhance food security, increase climate change resilience and mitigation, and combat rural poverty. &Green is a signatory to the AFR100 and aims to contribute to these targets.

## OTHER STAKEHOLDER RELATIONSHIPS

Outside of these more formal partnerships, &Green has worked and interacted with many stakeholders over the past period. The Fund is working closely with The Nature Conservancy (TNC) in Brazil on a few interesting landscape opportunities. Similarly, WWF is a key stakeholder for a large concession which &Green is to finance at the beginning of 2019.

&Green will be signing a partnership agreement with the Good Growth Partnership in 2019. The Fund has worked in various locations with UNDP in the past year and similarly engaged the Central African Forest Initiative (CAFI).



## 12 OUTLOOK



### MACROENVIRONMENT

Over this reporting period there has been increasing awareness and acknowledgement of the severity of climate change and the importance of sustainable land-use within this paradigm. Climate change has become a central discussion amongst Central bankers in Europe, and the Task Force on Climate-related Financial Disclosures (TCFD) has raised the bar for public companies globally.

Within this climate change agenda, the Food and Land Use Coalition (FOLU) has made good progress in highlighting the relevance of land-use as a focal point for climate impact. Although often dwarfed by discussions on fossil fuels, the topics of land-use and the food sector are increasingly becoming focus points for discussions among regulators, corporates, and investors.

This places &Green in a position to lead the sector in conceptualising how to finance the transition to a low carbon economy in the food and agri sector.

From a global market's perspective, uncertainty is expected to persist in 2019 fuelled partly by geopolitical issues – such as China-US trade wars and Brexit – as well as financial crises in emerging markets (Argentina and Venezuela) which may impact capital flows and soft commodity prices. The World Bank forecasts global economic growth in 2019 to be 2.9% (emerging markets to be 4.2%) stating “[s]lowing external demand, rising borrowing costs, and persistent policy uncertainties are expected to weigh on the outlook for emerging market and developing economies.” Of relevance for &Green, Indonesia has its general elections in April of 2019, & in Brazil the market should gain better insight into the policy direction of the new government during the year.

### &GREEN

2019 will be an important year for &Green as it looks to leverage upon the strong pipeline it has generated in 2018 and deploy contributions into credible investments. The Fund aims to execute on a few high-impact transactions in 2019, with an anticipated closure of its first transaction in Q1 of 2019: an approximate USD 24 million investment into a sustainable rubber plantation in Indonesia. Unfortunately, another transaction &Green was hoping to execute in early 2019, featuring soy in Brazil, is expected to be put on hold due to internal changes in priorities for the company concerned. The Investment Advisor has identified several promising new jurisdictions with interesting project leads. It is expected that a further two or three jurisdictions at the national and sub-national level will be assessed in 2019, with the assessment of at least one African jurisdiction expected.

***&Green recognises the need to obtain further contributions to support a growing pipeline of deals and will continue its fundraising efforts and engagements with bi-lateral and multi-lateral institutions and governments, as well as private sector contributors, during 2019.***

All members of the Board of Directors and Credit Committee are up for re-election this year as the Fund will celebrate its two-year anniversary in the latter half of the year. This is not expected to impact the governance of the Fund – all members are serving their first term and are thus eligible to be re-elected for an additional term.

# ANNUAL FINANCIAL- REPORT 2018

July 11, 2017 to December 31, 2018

THE &GREEN FUND







01 Directors' report	42
02 Information On Governing Bodies And Service Providers	44
03 Financial statements	46
3.1 Balance sheet as at December 31, 2018	46
3.2 Statement of income for the period July 11, 2017 to December 31, 2018	47
3.3 Cash flow statement for the period July 11, 2017 to December 31, 2018	48
04 Notes	49
4.1 Notes to the financial statements	49
4.2 Notes to the balance sheet	52
4.3 Notes to the statement of income	56
05 Auditors' Report	61



# 01 DIRECTORS' REPORT

## GENERAL

The Board of Directors hereby presents to the Contributors the annual report of Stichting andgreen. fund (the "Fund") for the extended period from July 11, 2017 (the Fund's inception) to December 31, 2018 ("the reporting period").

## ACTIVITIES AND RESULTS

In the reporting period from July 11, 2017 to December 31, 2018 the total portfolio remained uninvested while the equivalent of USD 63,450,093 was disbursed from Contributors to the Fund. Over this period the Contributor base expanded to include the Unilever Group and the Global Environment Facility ("GEF"), as Contributors alongside the anchor Contributor, the Norwegian Ministry of Climate and Environment ("KLD"). The contribution from GEF to the Fund is made via the UN Environment program ("UNEP"), acting as an Implementing Agency for GEF. At the end of the period, the total net asset value of the Fund was USD 59,710,691.

The Board of Directors hereby presents to the Contributors the annual report of Stichting andgreen. fund (the "Fund") for the extended period from July 11, 2017 (the Fund's inception) to December 31, 2018 ("the reporting period").

The negative performance during this period is merely a reflection of the costs of running the Fund, and the fact that no investments were made. Hence, the only income generated by the Fund during this period, USD 471,815, was through interest earned on short-term fixed deposits.

Furthermore, during the period the Fund recognized a foreign exchange loss of USD 814,313 largely due to the fluctuations of the Norwegian Krone (NOK). The contribution agreement between &Green and KLD is in NOK and from the date of a disbursement request being issued and until money is received by &Green on its account – at which point it is to be converted to USD in accordance with the contribution agreement - the Fund faces an open exposure to changes in the NOK/USD value. In accordance with the KLD contribution agreement, there is a 15 business day period between the disbursement request and the payment date, allowing for this currency exposure of the Fund. The other contribution agreements the Fund has entered into are in USD and thus do not face any currency exposure.

The running cost of the Fund – including the direct operating expenses ("DOEs") - during this period was within the approved budget of the Board of Directors of the Fund. As all permanent service providers to the Fund have been appointed during this period, the annual operating cost is expected to remain at similar levels over the following periods.

As no investments were made during the reporting period, no provisions have been necessary.

## FINANCIAL INSTRUMENTS

The risks the Fund runs in relation to financial instruments are limited to credit and foreign currency risk. The risk is limited due to the guarantees given by the guarantors' with respect to the commitments made.

## INVESTMENT POLICY

The Fund has developed a solid investment pipeline over its first reporting period, resulting in its first investment being made in the first quarter of 2019. This initial pipeline is concentrated within the key focus countries of the Fund.

Initial portfolio targets set by the Fund were adjusted by the Board of Directors during this first period to allow for a slightly longer initial portfolio growth but eventually reaching the same portfolio ambition as indicated at the Fund's launch.

There have been no changes to the Fund's lending guidelines during the period, although the Board of Directors discussed interpretation of the policies and provided appropriate guidance to the Investment Advisor.

## FUTURE OUTLOOK

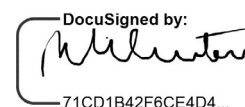
The Fund expects a robust growth in its portfolio during 2019, as pipeline matures and the Fund makes its first investments. Furthermore, a large focus for the Fund will be on fundraising to bring more suitable public and private Contributors into the Fund.

## SUBSEQUENT EVENTS

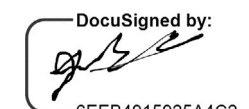
The Fund recently announced that it is investing USD 23.75 million in sustainable, deforestation-free rubber in Indonesia. The investment will fund PT Royal Lestari Utama (RLU), an Indonesian joint venture of the French tire manufacturer Michelin and Indonesian Barito Pacific Group. The Fund will make this investment through the purchase of notes issued by TLFF I Pte Ltd ("TLFF") under the Tropical Landscapes Finance Facility. The Fund is also in process of setting up an integrated Technical Assistance ("TA") Facility specifically linked to the existing investment process ("IP").

In addition to the above, the Board of Directors is not aware of any significant events that have occurred since the balance sheet date that have not been included in the financial statements.

## BOARD OF DIRECTORS

DocuSigned by:  
  
 71CD1B42F6CE4D4...

Kleiterp, ND  
Chairman of the Board

DocuSigned by:  
  
 6EEB4915925A4C2...

Oorthuizen, HJM  
Board Member

*Amsterdam, May 9, 2019*



## 02 INFORMATION ON GOVERNING BODIES AND SERVICE PROVIDERS

Details Of The Funds' Board Of Directors And Other Most Relevant Involved Parties:

### BOARD OF DIRECTORS

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

### CREDIT COMMITTEE

Ms Agnes J. Safford, Chairperson  
Mr Luiz Fernando Do Amaral  
Ms Chimwemwe de Gaay Fortman

### FUND MANAGEMENT ADVISOR

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

### LEGAL COUNSEL

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

### 2.1 BOARD OF DIRECTORS

The Fund is managed by a Board of Directors which has general responsibility for all aspects of the administration and management of the Fund, decision-making powers for carrying out the objectives of the Fund and acts as the legal representatives with the power to bind the Fund towards third parties. The members of the Board of Directors are appointed by the Advisory Board.

The Board of Directors meets at least once every quarter and ad hoc meetings are convened as required by the level of activities of the Fund. The first meeting was held on July 14, 2017.

### 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 of Directors on certain strategic matters as outlined in the Articles of Incorporation 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 of Directors. 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 first meeting was held on October 4, 2017 in Amsterdam.

### 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

### INVESTMENT ADVISOR

Sail Ventures B.V  
Keizergracht 555,  
1017 DR Amsterdam, The Netherlands

### FUND ADMINISTRATOR

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

### AUDITOR

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

### 2.3 CREDIT COMMITTEE

The Credit Committee is appointed by the Board of Directors and is responsible for making transactions recommendations to the Board of Directors based on proposals made by the Investment Advisor in accordance with the Fund's lending guidelines and fund documents.

The Credit Committee meets at least four times a year and ad hoc meetings can be convened by the IA as required by the level of activities of the Fund. The first meeting of the Credit Committee was held on March 22, 2018.

### 2.4 INVESTMENT ADVISOR

The Board of Directors appointed a specialised Investment Advisor, SAIL Ventures, as of July 14, 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 (including specifically the Lending Guidelines, the Articles of Association, the Operational Memorandum, and the Environmental and Social Management System (ESMS)) and resolutions of the Board of Directors.

The Investment Advisor is specifically responsible for fundraising and implementing the investment strategy, which includes sourcing transactions, conducting due diligence, executing transaction, and managing the portfolio of transactions. 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 of Directors in engagement with Contributors.

### 2.5 FUND MANAGEMENT ADVISOR

The Fund Management Advisor provides governance and operational support to the Fund's 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.

Innpact Sarl was appointed Fund Management Advisor by the Board of Directors on July 14, 2017.

### 2.6 FUND ADMINISTRATOR

The Board of Directors appointed Intertrust as the Fund Administrator on March 16, 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 of Directors appointed Simmons & Simmons as the Fund's legal counsel in the Netherlands in 2018. Simmons & Simmons provide advice and opinion 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 has been appointed by the Board of Directors in 2018 to perform an independent audit of the annual financial statements.



## 03 FINANCIAL STATEMENTS

### BALANCE SHEET

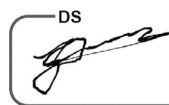
AS AT DECEMBER 31, 2018

	NOTE	31-12-2018
<b>Assets</b>		
<b>Current Assets</b>		<b>60,380,481</b>
Receivable from contributors	1	1,925,000
Other receivables	2	596,611
Other prepayments and accrued income	3	12,632
Cash and cash equivalents	4	57,846,238
<b>Non-Current Assets</b>		-
<b>Total Assets</b>		<b>60,380,481</b>
<b>Equity And Liabilities</b>		
<b>Equity</b>	5	
Grants		61,525,093
Redeemable grants		1,925,000
<b>Total Contributions</b>		<b>63,450,093</b>
Result financial year		(3,739,402)
<b>Net Assets Attributable To The Contributors</b>		<b>59,710,691</b>
<b>Current Liabilities</b>		669,790
Accrued expenses and other liabilities	6	669,790
<b>Non-Current Liabilities</b>		-
<b>Total Liabilities</b>		<b>669,790</b>
<b>Total Equity And Liabilities</b>		<b>60,380,481</b>

DS



DS

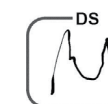


### STATEMENT OF INCOME

FOR THE PERIOD JULY 11, 2017 TO DECEMBER 31, 2018

	NOTE	2018 USD
Investment Income		-
<b>Gross Operating Result</b>		-
<b>Total Operating Costs</b>		(4,210,109)
Foreign currency loss	7	(814,313)
General costs	8	(3,395,796)
<b>Operating Profit/(Loss)</b>		<b>(4,210,109)</b>
<b>Total Financial Income And Expenditure</b>		470,707
Interest and similar income	9	471,815
Interest and similar expenditure	10	(1,108)
<b>Result</b>		<b>(3,739,402)</b>

DS



DS





STATEMENT OF CASH FLOWS

FOR THE PERIOD JULY 11, 2017 TO DECEMBER 31, 2018

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

	NOTE	2018 USD
<b>Cash Flow From Operating Activities</b>		
<b>Fund Activities:</b>		
Cash received from investments		-
Operating expenses paid		(2,726,006)
<b>Net Cash Received From Investments</b>		(2,726,006)
<b>Other:</b>		
Cash received/(paid) in maintaining fund operations:		461,834
Other interest received		462,942
Interest paid		(1,108)
<b>Net Cash Provided By/(Used In) Operating Activities</b>		<b>(2,264,172)</b>
<b>Cash Flow From Financing Activities</b>		
<b>Fund Activities:</b>		
Cash from contributions made:		60,461,082
Grants		60,461,082
Redeemable grants		-
<b>Net Cash Provided By/(Used In) Financing Activities</b>		<b>60,461,082</b>
Net Increase/(Decrease) In Cash And Cash Equivalents		58,196,910
Cash And Cash Equivalents, Beginning Of Period		-
Exchange Gains/(Losses)/ On Cash And Cash Equivalents		350,672
<b>Cash And Cash Equivalents, End Of Period</b>		<b>57,846,238</b>

4.1 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Stichting andgreen.fund (the “Fund”), a foundation (“stichting”) with limited liability, was incorporated under the laws of the Netherlands on July 11, 2017. The Fund’s statutory seat is in Amsterdam, the Netherlands, and the registered office address is at Prins Bernhard plein 200, Amsterdam, the Netherlands. The actual domicile of the Fund is in Amsterdam at Prins Bernhardplein 200.

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 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 and 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.à 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 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.

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles. An asset is recognised in 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 in 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. Provisions are included in the liabilities of the Fund.

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 the 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 with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Fund has transferred the significant risks and rewards of ownership of the goods to the buyer.

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.

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.

COMPARISON PREVIOUS YEAR

The Fund's financial year starts January 1 and ends on December 31 of each year with the exception of the first financial year. The reporting period starting July 11, 2017 to December 31, 2018 is the first financial year of the Fund, hence there are no comparative figures included in these financial statements.

FINANCIAL INSTRUMENTS

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the recognition per balance sheet item for the principles of primary financial instruments. Financial instruments are valued at amortized cost unless explained otherwise in the notes. Due to the short-term nature of the financial instruments included in these financial statements, the estimated fair value for these financial instruments approximates the book value. This also applies to the long-term loans receivable and payable, as terms and conditions are market based and the interest rate is variable.

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.

CURRENCY

Assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the

transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income. Non-monetary balance sheet items and equity, which are valued at cost and resulting from transactions in foreign currencies, are translated at the rate prevailing on the date of the transaction.

Exchange rates at beginning and end of financial period:

	11-07-2017	31-12-2018
1 USD (US dollar) = EUR (euro)	0.853494	0.873375
1 USD (US dollar) = NOK (Norwegian Kroner)	8.331431	8.667013

FINANCIAL FIXED ASSETS

Projects financed in the 12 month period prior to the valuation date will initially be recognized at fair value and subsequently valued at 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 funding portfolio. After the valuation date, the enterprise value of the Fund's funding portfolio will be calculated at fair value and amortized in case deemed necessary by the Investment Advisor.

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.

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.

INCOME AND EXPENSE RECOGNITION

Interest income and expense are recognized in the statement of income based on accrual accounting. Dividend income is recognized in the statement of income of the period in which the Fund's legal right to receive payment is established. Expenses are accounted for in the period in which these are incurred.

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, considering no material change of relevant law and/or the facts and circumstances as described in the agreement.



## 4.2 NOTES TO THE BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

##### Note 1. RECEIVABLE FROM CONTRIBUTORS

A disbursement request has been issued by the Fund on December 29, 2018. The expected payment date of the contribution is within 90 days after the disbursement request has been issued.

Receivable from United Nations Environment Programme ("UN Environment")	1,925,000
---	-----------

31-12-2018	
Opening balance	-
Contribution receivable UN Environment	1,925,000
<b>Receivables from United Nations Environment Programme balance</b>	<b>1,925,000</b>

##### Note 2. OTHER RECEIVABLES

31-12-2018	
Interest receivable on fixed deposit account	8,873
Value added tax receivable *	587,738
<b>Other receivable balance</b>	<b>596,611</b>

\* The Value added tax ("VAT") receivable balance consists of:

- VAT Q4 2017	7,314
- VAT Q1 - Q3 2018	29,332
- VAT Q4 2018	551,092
	<b>587,738</b>

The Q4 2018 VAT receivable is relatively large compared to previous periods due to the VAT from the Investment Advisory activities since July 2017 (date of inception) only being invoiced to the Fund in Q4 2018.

##### Note 3. OTHER PREPAYMENTS AND ACCRUED INCOME

31-12-2018	
Prepaid insurance expenses	12,632
<b>Other prepayments and accrued income balance</b>	<b>12,632</b>

##### Note 4. CASH AND CASH EQUIVALENTS

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

31-12-2018	
Current account bank	696,238
Deposit account	57,150,000
<b>Cash and cash equivalents balance</b>	<b>57,846,238</b>

## EQUITY AND LIABILITIES

### EQUITY

#### Note 5. CONTRIBUTIONS

A summary of the funded contributions of the Fund as at 31 December 2018 is shown below:

	31-12-2018
<b>Grants</b>	
Opening balance	-
Contributions received - Norwegian Ministry of Climate and Environment ("KLD")	61,525,093
<b>Closing balance</b>	<b>61,525,093</b>
<b>Redeemable grants</b>	
Opening balance	-
Contributions received - UN Environment	1,925,000
<b>Closing balance</b>	<b>1,925,000</b>
<b>Total contributions</b>	<b>63,450,093</b>

#### KLD CONTRIBUTION

KLD has granted NOK 800,000,000 (USD 100,635,462 calculated using the prevailing spot rate as at the commitment date) to the Fund of which an amount 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. The amount has been granted for a period of 5 years. As per year-end KLD has contributed the primary contribution amount of NOK 500,000,000.

#### UNILEVER CONTRIBUTION

Unilever has granted USD 25,000,000 to the Fund for a period of 5 years, however has not yet contributed to the Fund as per 31 December 2018. 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 December 31, 2022, unless terminated earlier pursuant to the Unilever Agreement.

#### UN ENVIRONMENT CONTRIBUTION (UNE)

The UN Environment has granted USD 1,925,000 to the Fund. As per the Contribution Agreement (the "UN Environment Agreement"), a single installment of USD 1,925,000 shall be advanced to the Fund within 4 weeks following the signature of the UN Environment Agreement.

The duration of the UN Environment Agreement shall remain in force until December 31, 2038 after the last obligation of the Parties lapse, unless terminated earlier pursuant to the UN Environment Agreement.

A summary of the contributions and net assets attributable to the contributors as at 31 December 2018 is shown below:

	Grants		Redeemable Grants			
	KLD	Total	Unilever	UNE	Total	Grand Total
<b>FUNDED</b>						
Initial contribution	61,525,093	61,525,093	-	1,925,000	1,925,000	<b>63,450,093</b>
Change in net assets due to previous period	-	-	-	-	-	-
Change in net assets due to current period	(3,739,402)	(3,739,402)	-	-	-	<b>(3,739,402)</b>
<b>NET ASSETS ATTRIBUTABLE TO THE CONTRIBUTORS</b>	<b>57,785,691</b>	<b>57,785,691</b>	<b>-</b>	<b>1,925,000</b>	<b>1,925,000</b>	<b>59,710,691</b>
<b>UNFUNDED AMOUNT</b>	34,614,001 <sup>(1) (2)</sup>	34,614,001	25,000,000 <sup>(2)</sup>	-	25,000,000	<b>59,614,001</b>
<b>TOTAL FUNDED AND UNFUNDED AMOUNT</b>	<b>92,399,692</b>	<b>92,399,692</b>	<b>25,000,000</b>	<b>1,925,000</b>	<b>26,925,000</b>	<b>119,324,692</b>

(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 the unfunded commitment is called.

(2) Unfunded amounts that are conditional.

## LIABILITIES

### CURRENT LIABILITIES

#### Note 6. CURRENT LIABILITIES

	31-12-2018
Investment Advisor fee payable	529,375
Audit fee payable	26,305
Other accrued expenses	114,110
<b>Accrued expenses and other liabilities balance</b>	<b>669,790</b>



## 4.3 NOTES TO THE STATEMENT OF INCOME

### Note 7. FOREIGN CURRENCY LOSS

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 operating or transacting in currencies other than the USD.

During the reporting period the Fund has been exposed to foreign currency movements in NOK and EUR.

The KLD contribution to the Fund is denominated in NOK. According to the Contribution Agreement, each funded contribution is paid in NOK to the Fund and converted at the NOK/USD fixing rate as per the payment date. When a contribution request is issued by the Fund, a receivable is recognised in USD, using the NOK/USD fixing rate at the date of issue. As per the Contribution Agreement, the contribution request is issued with a minimum of 15 business day notice, during which time the Fund is exposed to fluctuations of the NOK.

Direct operating expenses of the Fund are partly in EUR and keeps for that reasons a limited balance in EUR on its accounts.

The foreign currency position the Fund holds in non-USD currencies may be open (i.e. unrealized) or closed (i.e. realized). For example, amounts invoiced to the Fund in EUR 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 movement. If it has yet to be settled at the reporting date, the Fund will have recognised a liability at the reporting date and the position is open with foreign currency movements resulting in unrealised gains/losses.

	2018 USD
Net realized non-investment foreign currency loss <sup>(1)</sup>	829,211
Net unrealised non-investment foreign currency gains	(14,899)
<b>Foreign currency loss total</b>	<b>814,313</b>

(1) Forex result on KLD Contribution USD 824,229 of the net Realised Non-Investment foreign currency loss directly relates to KLD's contributions received in NOK during the reporting period.

Spot Rates On The Various Transaction Dates:

	DATE	NOK/USD
Date 1st Capital Call issued (NOK 250,000,000)	3-Oct-17	7.975
Date of Cash Received in NOK (1st Capital Call)	6-Nov-17	8.162
Date NOK cash is converted to USD cash	28-Nov-17	8.157
Date 2nd Capital Call issued (NOK 250,000,000)	9-Oct-18	8.284
Date of Cash Received in NOK (2nd Capital Call)	29-Oct-18	8.380
Date NOK cash is converted to USD cash	7-Nov-18	8.313

### Note 8. GENERAL COSTS

	NOTE	2018 USD
Fund administration costs		39,582
Auditor's costs		23,855
Consulting fees	(1)	132,964
Fund Management Advisor fees	(2)	291,985
Legal costs		9,275
Investment Advisor fees	(3)	2,563,179
Other general and administrative expenses	(4)	80,911
Fund set-up costs	(5)	28,652
Directors' Remuneration	(6)	137,500
Professional fees	(7)	49,261
Insurance expenses		37,860
Bank charges		772
<b>General costs total</b>		<b>3,395,796</b>

#### (1) Consulting fees

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

#### (2) Fund Management Advisor Fee

As explained in section 2.5, the Fund Management Advisor provides governance and operational support to the Fund's Board of Directors ("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.

During the first financial year, the Fund Management Advisor was responsible for the selection and onboarding of the Fund's key service providers and the advancement of the Fund's governance and operational policies and procedures and provided, on a day to day basis, advice and active support to the Board and the Investment Advisor in fulfilling their role in managing the Fund.

### (3) Investment advisor fee

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 was based on the scope of the activities required to be performed by the Investment Advisor and in line with best practice for the industry. Furthermore, the fee is structured to promote and maintain alignment of interests between the Investment Advisor and the Fund.

The Investment Advisory Fee is based on the outstanding total assets (i.e. the portfolio) of the Fund, the success of the Investment Advisor in closing transactions, and then an annual impact performance fee if the Investment Advisor meets certain impact targets as set by the Board annually.

Typically, the first years of a new Fund are used to build up to a sustainable portfolio, and thus fees are typically too low to adequately compensate an Investment Advisor who needs to invest in human resources, travel, and other operations to develop and execute transactions during this period. During this time, &Green pays a minimum annual fee to the Investment Advisor.

In the 2018 annual year, the Investment Advisor received the minimum Investment Advisory Fee as was expected.

### (4) Other general and administrative expenses

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

### (5) Fund set-up costs

The Fund set-up costs include costs incurred prior to the incorporation of the Fund, including cost related to the Fund's brand design, notary fees and expert advice on legal and tax issues related to the set-up of the Fund.

### (6) Directors' 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 of Board meetings.

### (7) professional fees

Professional fees include recurring cost 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 and attendance of Credit Committee meetings.

### Note 9. INTEREST AND SIMILAR INCOME

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

	2018 USD
<b>Interest income</b>	
Current accounts	16,123
Deposit accounts	455,692
<b>Interest and similar income total</b>	<b>471,815</b>

### Note 10. INTEREST AND SIMILAR EXPENDITURE

	2018 USD
Interest Expense	1,108
<b>Interest and similar expenditure total</b>	<b>1,108</b>



## EMPLOYEES

During the reporting period the Fund did not employ any personnel.

## SUBSEQUENT EVENTS

The Fund recently announced that it is investing USD 23.75 million in sustainable, deforestation-free rubber in Indonesia. The investment will fund PT Royal Lestari Utama (RLU), an Indonesian joint venture of the French tire manufacturer Michelin and Indonesian Barito Pacific Group. The Fund will make this investment through the purchase of notes issued by TLFF I Pte Ltd ("TLFF") under the Tropical Landscapes Finance Facility. The Fund is also in process of setting up an integrated Technical Assistance ("TA") Facility specifically linked to the existing investment process ("IP").

In addition to the above, the Directors are not aware of any significant events that have occurred since the balance sheet date that have not been included in the financial statements.

### *Amsterdam, Board of directors,*

Kleiterp, ND	Oorthuizen, HJM	Salim, FSR	Martínez, C
--------------	-----------------	------------	-------------

# 05 AUDITORS' REPORT

## OUR OPINION

We have audited the financial statements for the period July 11, 2017 up to and including December 31, 2018 of Stichting andgreen.fund, based in Amsterdam, the Netherlands.

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 2018, and of its result for the period July 11, 2017 up to and including December 31, 2018 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 2018;
- 2 The statement of income for the period July 11, 2017 up to and including December 31, 2018;
- 3 The cash flow statement for the period July 11, 2017 up to and including December 31, 2018;
- 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:

- Directors' 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 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.

## **DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

### ***Responsibilities of the Board of Directors for the financial statements***

The Board of Directors is 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 determines 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 is 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 intends 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 assignment 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: [http://www.nba.nl/ENG\\_algemeen\\_01](http://www.nba.nl/ENG_algemeen_01)

This description forms part of our independent auditor's report.

***Amstelveen, May 9, 2019***  
***KPMG Accountants N.V.***

M. Frikkee RA





+31 (0)70 744 8884  
INFO@ANDGREEN.COM  
WWW.ANDGREEN.COM

INFO@SAILVENTURES.COM  
WWW.SAILVENTURES.COM