

Stichting andgreen.fund

General Lending Policy

The General Lending Policy reflects the Fund's vision, mission, objectives and other key guiding principles of the Fund. Exceptions or changes to the General Lending Policy may only be made with the prior approval of the Fund's Advisory Board.

i. Vision statement

Tropical forests and peat protected and restored, livelihoods improved, production increased.

ii. Mission statement

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.

iii. Lending philosophy

The Fund's lending philosophy 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. It will do so by:

- Providing credit facilities only in jurisdictions with progressive forest and/or peat protection agendas and sustainable development strategies.
- Adding quantitative output-based environmental and social criteria and targets to the financing of commodity production.
- Improving livelihoods of smallholders by including them in high-productivity, sustainable supply chains.
- Attracting commercial investors into such projects by partly mitigating their credit risk (financial) and environmental risk (sustainability safeguarding).
- Stimulating innovation in business models and approaches to catalyse financially sustainable, deforestation free, socially inclusive, high productivity agriculture in tropical forest landscapes.
- Offering concessional terms e.g. lower interest rate, extended tenor, subordination in all transactions in order to stimulate co-investment from the market where the market does not or will not at this time invest alone.

iv. Theory of Change

Meeting international climate change mitigation and biodiversity conservation goals while meeting projected growing commodity demand will necessitate a near immediate halt in the clearance of natural forests to make way for the expansion of agricultural commodity production. This will require a combination of measures including the conservation of forests through more effective regulation and enforcement, the restoration of degraded lands (either through high productivity agriculture, restoration of natural forest cover, or a combination of

both), the introduction of more trees into mosaic agricultural landscapes, and an increase in the productivity of existing agricultural land, in particular through for the integration of smallholders in high productivity supply chains.

Currently the market is not channeling sufficient levels of capital to effect these changes for a number of reasons. Chief amongst these is the fact that in many jurisdictions producers enjoy cheap and easy access to forest lands which may be highly productive, have less social conflict and may even provide early revenues through logging. In addition, smallerholders often lack security of tenure, access to capital, technical support and live in areas with poor infrastructure and access to market and market information, which constrains their ability to improve agricultural productivity and encourages a low productivity, extensive approach to expanding production, which often entails converting areas of natural forest.

The Fund seeks to address these market failures by:

1. Compensating mainstream financial institutions for some of the additional perceived risk of financing sustainable production and the improvement of smallholder yields, thereby increase capital flows to responsible producers, reducing deforestation, and pilot testing new financial structures and credit facilities that demonstrate the bankability of the smallholder sector and are both replicable and scaleable.
2. Compensating commodity producers for some of the opportunity costs associated with forest conservation until such time as regulatory regimes fully price the externalities provided by natural forests and level the playing field for sustainable, deforestation free agriculture.
3. Encouraging the intensification of agricultural production without any increase in deforestation to demonstrate to regulators the potential for effective regulation to achieve the multiple objectives of sustaining economic growth, poverty reduction and forest conservation.
4. Providing risk capital to new commodities types or production systems with the potential to displace products with a higher environmental footprint.
5. Reinforcing public policy signals and encouraging improved regulation by only providing finance in approved jurisdictions and engaging large consumer goods companies in a discussion about what public policies would allow them to source deforestation-free commodities to help identify potential pathways to jurisdictional sourcing as a tool to address global deforestation.

By only providing credit facilities in jurisdictions that are making demonstrable progress in reducing forest loss, the Fund will also minimize the risk that financing the sustainable intensification of agricultural commodity production does not result in increased deforestation.

v. Impact Targets and KPIs

The Fund will employ a comprehensive set of impact and outcome targets and key performance indicators (KPIs) to assist with the monitoring and evaluation of performance. The Fund has established impact targets in line with its theory of change, and outcome-based targets and KPIs and these are presented in the section below.

- Impact targets

The main success criteria of the Fund will be the extent to which its financing can pilot new sustainable ways of producing commodities, while preserving valuable forests and contributing to inclusive socioeconomic development, in a way that can be replicated and over time become a mainstream business practice.

In demonstrating the new business model, the Fund aims to deliver 5 million hectares of conserved forest based on a USD 400 million Fund¹ with a leverage ratio of 5:1 financed by partner financial institutions and borrowers.

At the same time, the Fund aims to improve the livelihood of 0.5 million households benefiting from the Fund through enhanced yields, profit sharing, secure tenure, or the creation of jobs and/or income-generating opportunities.

By only investing in jurisdictions that make progress on policies and measures to reduce forest loss, the fund will also play a positive indirect role at the policy level by rewarding sustainable policies.

- **Outcome targets and KPIs**

Given the fact that the Fund portfolio is not yet determined, the outcome targets presented in the table below are indicative for how the fund aim to develop its portfolio over time in order to reach the impact targets described above. However, the Fund will negotiate outcome targets for the relevant KPIs in the table below for each transaction. These targets will be included in the contractual agreements with borrowers, allowing the Fund to aggregate targets from the bottom up as Fund capital is deployed. Over time therefore, aggregated targets will be defined by this ‘bottom-up’ process and become the basis for reporting at fund level.

¹ The quantified social and environmental impact targets relates to the first lending cycle of a fully capitalized fund, typically 5 to 10 years from commitment. Expected impacts should be adjusted pro rata based on actual Fund size.

Results Area	Description	Outcome targets	Key Performance Indicator	Means of verification	Reported by
Fundraising	Achieving scale	1 Fund secures \$400 million in contribution commitments by 2020	US\$ Fund capital commitments	Contribution Agreements	Fund Management Advisor/Investment Advisor
Financial performance	Proof of concept	2 Fund Net Asset Value (NAV) is greater than or equal to total capital deployed ²	Net Asset Value (NAV)	Fund financial statements	Fund Management Advisor
		3 Contributions committed ³ over a maximum 4 year period from date of signature of the relevant Contribution Agreement	US\$ Fund capital committed	Fund financial statements/Standard report	Fund Management Advisor/Investment Advisor
		4 Non-performing loans (NPLs) are less than or equal to 20% of Fund transactions for the Fund at full deployment ⁴	% of Fund transactions that are non-performing loans	Fund financial statements/Standard report	Fund Management Advisor/Investment Advisor
		5 Fund leverage is greater than or equal to 5:1 (non-Fund capital) : 1 (Fund capital) ⁵	US\$ total non-Fund capital invested in PPI projects	Fund client financial statements/Fund annual report/Standard report	Fund Management Advisor/Investment Advisor
Change in business practices	Effective Production Protection Inclusion Projects	6 At least 90% of E&S Action Plan and LPP milestones and targets are achieved ⁶	Percentage of E&S Plan and LPP objectives/targets met	E&S Action Plans/Independent third party audit report/Fund annual report	Investment Advisor
		7 To be determined ⁷	(a) Percent increase in yield (for brownfield projects) (b) Percentage yield gap over sector average in the region (for greenfield projects)	Borrower reports	Investment Advisor
Improved field level sustainability ⁸	Production - Protection - Inclusion	8 4.3m ha	# of hectares of HCV/HCS conserved ⁹	Satellite monitoring reports/independent third party audit reports/Fund annual report	Investment Advisor
		9 0.6m ha	# of hectares of natural forest restored ¹⁰ and peatland rehabilitated ¹¹	Satellite monitoring reports/independent third party audit	Investment Advisor

² This is a continuous target during the time the Fund is operational

³ Once committed to a transaction, funds will be called over an agreed deployment or draw down schedule

⁴ The timeline of this target related to the moment of full deployment of the Fund capital

⁵ This is a continuous target during the time the Fund is operational

⁶ Based on milestones falling due on or before the reporting date

⁷ To be determined on a 'bottom up' transaction basis

⁸ Consistent with the timeframe for achieving the impact targets, the outcome for this sections relates to a lending period for the fund. The absolute value of the targets relate to full capitalization.

⁹ Defined as: The protection, care, management and maintenance of ecosystems, habitats, wildlife species and populations, within or outside of their natural environments, in order to safeguard the natural conditions for their long-term permanence (IUCN)

¹⁰ Defined as: Restoration is to work towards the re-establishment of the presumed structure, productivity and species diversity of the forest originally present at a site (adapted from UNEP World Conservation Monitoring Center).

¹¹ In the case of peatland it is more appropriate to use the term rehabilitation instead of restoration. Rehabilitation is defined as: Rehabilitation is making the land useful again after a disturbance. It involves the recovery of ecosystem functions and processes in a

				reports/Fund annual report	
		10 3.1m ha	# of hectares of agricultural land regenerated and intensified	Satellite monitoring reports/Fund client production reports and financial statements/Fund annual report	Investment Advisor
		11 To be determined ¹²	# of hectares of avoided deforestation or peatland degradation ¹³	Satellite monitoring reports/Fund client production reports and financial statements/Fund annual report	Investment Advisor
		12 To be determined ¹⁴	# of hectares agricultural land under cultivation by the borrower and its suppliers	Fund client production reports and financial statements/ Fund annual report	Investment Advisor
		12 0.25 million producers	# of viable small scale producers resulting from projects financed by the Fund	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor
		13 0.25 million households	# of households benefiting directly or indirectly from Fund transactions eg jobs, income-generating opportunities,	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor
		To be determined ¹⁵	# of households benefiting from improved recognition of customary/land rights	Fund client production and E&S reports and financial statements/ Fund annual report	Investment Advisor

degraded habitat. Rehabilitation does not necessarily reestablish the pre-disturbance condition, but does involve establishing geological and hydrologically stable landscapes that support the natural ecosystem mosaic (Willamette Restoration Initiatives, 1999).

¹² To be determined on a 'bottom up' transaction basis

¹³ Defined as: sum of the preserved hectares of HCV/HCS forest/peatland arising from the three avoided forest/peatland conversion processes: conversions from (i) intact forests/peatland to other land use, (ii) nonintact forests/peatland to other land use and, (iii) intact forests/peatland to non-intact forests, compared to a business as usual scenario.

¹⁴ To be determined on a 'bottom up' transaction basis

¹⁵ To be determined on a 'bottom up' transaction basis

- **Performance monitoring**

The borrower will submit biannual reports on progress against the KPIs in the table above. Targets and progress at portfolio level will be reported annually by the Investment Advisor. Both project and portfolio level targets will be publicly available on the web page of the fund.

vi. Target markets:

- **Geographic focus: Countries, Jurisdictional eligibility criteria**

The Fund is permitted to operate in all countries included in the DAC List of ODA Recipients, who also qualify against the Jurisdictional Eligibility Criteria (“JEC”) policy of the Fund (see Annex to ESMS), and subject to AB approval.

- **Sector/industry:**

The Fund is sector and supply chain agnostic (except for sectors on the exclusion list, as listed in Annex I). It will measure opportunities by the supply chain’s sourcing link to the forest, and thus possibilities for forest protection.

However, the Fund prioritises four key sectors, due to the potential impact of these sectors on deforestation. These sectors are: palm oil, soy, livestock, rubber and plantation forestry (for both pulp and paper and timber). The fund will not finance natural forest logging.

The Fund aims to have 50% or more of its capital used to finance these commodities over the life of the Fund.

The Fund should also finance other commodities and alternative business models when there is a credible case to be made that these could significantly contribute to proving the Fund's theory of change.

- **Borrowers:**

The fund will primarily finance private companies directly or indirectly involved in commodity production. This may include state-owned enterprises where these have their own governance bodies independent of government and operations are free from political interference. All borrowers must be financially viable businesses.

vii. Lending mechanisms

The Fund will provide financing directly to landowners or managers or indirectly via an intermediary or intermediaries. Direct project finance includes the financing of producer companies and crop production on their own concession and/or smallholder controlled land, in conjunction with tropical forest and peat landscape conservation on and/or off their concession.

Indirect project finance of the Fund will involve taking direct project risk but this may be through:

1. Financing a supply chain company which in turn finances the land user (e.g. farmer) directly or indirectly (i.e. via another legal entity for example a cooperative);
2. Financing a financial institution which in turn finances supply chain companies and/or land users;
3. Financing a special purpose funding vehicle or debt fund.

Fund clients are subject to taxation in their country or jurisdiction of incorporation and domicile. The Fund, however, is a charitable foundation that is tax exempt in the Netherlands and this is a key factor in enabling the Fund to offer a low cost of capital to its clients. In order to benefit fully from this tax exempt status or minimise its tax obligations in transaction countries where its charitable status does not convey tax-exempt status, the Fund may make use of onshore and offshore project finance vehicles to reduce withholding tax obligations at source (in transaction countries). The Fund may also make use of such vehicles to ensure access to professional intermediaries, or to pool funds with commercial partner financial institutions seeking to use such vehicles to avoid double taxation in both transaction countries and countries in which the financial institution is domiciled. The Fund is able to act as a project promoter in these cases. Intermediary vehicles or project finance vehicles should not be established in jurisdictions included in the OECD list of uncooperative tax havens. The Fund shall under no circumstances be involved in any arrangement or transaction that can be viewed as tax evasion.

viii. Lending terms and conditions

- Instruments type

The Fund will make use of a full range of credit instruments (term loans, notes, guarantees), and aims to maximize leverage from partner financial institutions and borrowers. The Fund may seek to obtain a profit share participation in a project or company cash flows in addition to its fixed interest compensation but is not in a position to manage or dispose of equity and will therefore not pursue transactions that involve mezzanine finance or convertible debt provisions.

- Loan size

The Fund will not take more than 25% of a project's total risk (unless in a least developed country where it can take up to 30% of the risk). There is no set minimum project size or Fund contribution, however all projects must recover their direct costs and a proportionate share of overall fund costs, and include provision for default risk (see pricing philosophy section below). Given this it is likely that the Fund will mainly participate in projects where its own contribution totals at least US\$5 million. The Fund will target an average transaction size of US\$ 10-15 million , although this may be lower during the early years whilst the Fund is not fully capitalised.

- Maturity period

The Fund has no set maximum tenor for its lending but will seek alignment on repayment periods with those of other lenders, whilst retaining the ability to accept longer repayment periods than partner financial institutions where necessary. All transactions must, however, have a defined maturity date at contract signing.

- Pricing

The Fund will price its credit based primarily on credit risk and costs, with the overall objective of maintaining the Fund's capital base in real terms over the long term (i.e., its returns on average cover its costs and losses). The Fund will need to ensure sufficient levels of cost recovery to cover the cost of the capital the Fund has raised, direct operating expenses as well as transaction costs. Transaction costs include all the costs incurred in developing, contracting, disbursing, monitoring, evaluating, and exiting a particular transaction. In projects in which the Fund takes a subordinate position to other lenders, the fund may seek to have this increased risk compensated for through the Fund's participation in the financial returns generated by the project. The environmental and social criteria of the Fund may result in an increased cost for the borrower and potentially a higher financial risk for partner financial institutions, at least in the short term. The Fund is able to take higher risk (subordinated) positions and offer financing at concessional rates in order to compensate for this.

- **Currency: USD, LCY, hedge strategy**

The Fund will transact mainly in USD. However it is able to take up to 30% of its portfolio in local currency (LCY) exposure for projects in which smallscale producers (e.g. smallholder farmers), are the direct beneficiaries of the project. Where possible and cost-effective, the Fund will aim to hedge the LCY risk it is exposed to through its projects.

- **Additionality Criteria**

All credit facilities provided by the Fund must be additional in terms of both E&S impact and financial impact. Additionality is here understood as the extent to which something happens as the result of an intervention (e.g. lending) that would most likely not have occurred had this intervention not occurred. Where the environmental and social additionality of the transaction is particularly clear and compelling, a transaction may be approved even if the financial additionality criterion is not met, provided that there is a convincing scenario in which a transaction could be replicated or scaled up, thereby delivering financial additionality.

1. **Financial Additionality**

The Fund is to offer concessional terms either through lower interest rate extended grace and/or repayment periods, and/or subordination, in order to stimulate co-investment from the market where the market does not or cannot at this time invest alone. The Fund may be subordinate to all commercial investors, including Development Finance Institutions when they invest with funds raised in the capital markets (as opposed to donor-backed funds they manage).

2. **Environmental & Social Additionality**

I. Positive impact

Transactions of the Fund aim to maximize the project's environmental impact and in particular the area of forest conserved or protected, taking into account the forest relevance, quantity (hectares protected), and quality, as defined in the ESMS.

II. Inclusion

Fund transactions aim to maximize the inclusion of 3rd party suppliers, particularly smallholders, as borrowers or indirect beneficiaries.

- **Standard Eligibility Criteria:**

All lendings should comply with applicable local laws and regulations.

All borrowers should be a legal person and enjoy a legal status that offers sufficient protection to the creditor.

Borrowers should be credible, and show good corporate governance across their organisational structure.

All Fund clients must follow the IFC Performance Standards and submit a Landscape Protection Plan (LPP) as well as making an unconditional written organisational level¹⁶ policy commitment to zero deforestation, no development of peatlands, and no exploitation (NDPE)¹⁷. A Landscape Protection Plan is a comprehensive, long term land use and management plan developed by the prospective client in conjunction with key stakeholders covering all areas of high carbon stock and high conservation value forest and peatlands within the Project Area¹⁸ (further details of the Fund's environmental and social requirements are provided in Fun's Environmental & Social Management System document).

Financial Institutions (including funds) acting as co-investors must meet the following requirements:

- be a partner institution, or client, of a recognized Development Finance Institution (“DFI”), or be a signatory of the Equator Principles;
- show sound financial standing;
- have adequate management information systems in place which are able to produce meaningful and reliable reports on the use of the funds and the financial standing of the institution,
- present an adequate risk management system, organisation, governance structure and quality;
- any other criteria as defined by the Board.

Borrowers or loan guarantors must meet the following requirements:

- where they are well established organisations, have a strong track record evidenced by business performance and/or the technical expertise of management;
- other criteria as defined by the Board.

Before executing a new transaction, the Fund shall obtain from partner financial institutions an evaluation of the internal policies and controls in place at the borrower level and the level of compliance of such policies and controls with local and international standards to

¹⁶ This requirement also applies equally to large corporates, SMEs and smallholder collectives

¹⁷ 1. No Deforestation = no development of High Carbon Stock (HCS) Forests as defined by the HCS Approach Toolkit, no development of High Conservation Value (HCV) Areas, no open burning for land preparation, progressively reduce greenhouse gas (GHG) emissions on existing plantations 2. No Development on Peat = no development on peat regardless of depth, adopt Best Management Practices for existing plantations on peat, where feasible explore options for peat restoration by working with expert stakeholders and communities 3. No Exploitation of People and Local Communities = respect and support the Universal Declaration of Human Rights, respect and recognize the rights of all workers including contract, temporary and migrant workers, facilitate the inclusion of smallholders into the supply chain, respect customary and legal land tenure rights, respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights, resolve all complaints and conflicts through an open, transparent and consultative process.

¹⁸ The Project Area encompasses, as appropriate:

- The area likely to be affected by: (i) the project and the business' activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; and (iii) indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.
- Associated facilities, which are facilities that are not funded as part of the project but that would not have been constructed or expanded if the project did not exist and without which the project would not be viable.

avoid being used as a platform for any money laundering and/or terrorism financing scheme.

Only borrowers for which the co-investor provides written confirmation to the Fund that the borrower has already fully complied or is in the process of bringing their standards and procedures within a defined time period shall be financed by the Fund.

If the IA asserts that a borrower offers a particularly interesting value proposition, but that the co-investor is unwilling or unable to evaluate that borrower in full, the IA can procure such an evaluation from an independent third party.

- **Carbon projects**

Any and all efforts to access carbon markets based on any claim to have reduced emissions from deforestation and forest degradation (REDD+) over the Project Area (see definition above) shall be in full compliance with all relevant decisions under the UNFCCC. Moreover, a proportional amount of such credits that can reasonably be said to derive from Fund contributions, shall accrue to the Fund whereupon such credits will automatically be retired. In any case, the fund will not co-invest in projects seeking to receive additional financing through carbon credits that are not nested in a jurisdictional carbon accounting structure¹⁹.

- **Liquid assets**

The liquid assets of the Fund represents the portion of the lendings of the Fund temporarily placed on deposit with investment grade banks or invested in regulated money-market instruments. The list of these financial institutions and/or lending instruments must be approved by the Board.

- **Lending risk assessment**

The Fund will employ a comprehensive range of risk assessment techniques and tools to control the Fund's risk exposure, including but not limited to the use of risk rating agencies, initial due diligence assessments, peer group analysis, periodic aggregate credit portfolio reporting and monitoring and active relationship management with the borrowers. The specific methodology for analysing, screening and monitoring credit risk will be described in the Risk Management Policy of the Fund. Key elements of this methodology include:

- mandatory on-site due diligence of all lendings;
- quantitative and qualitative assessment of the borrower's risk profile prior to entering new lending and ongoing basis until maturity/exit of the lending;
- covenant monitoring and early warning systems in place;
- intensive case and recovery methodology.

- **Integrity principles**

The portfolio of the Fund, and all lending made by it, will be guided by the principles established in the Code of Conduct.

- **Exclusion list:**

¹⁹ a) The jurisdiction itself must have an ambitious compensation level (certified by a disinterested third party) and deliver verified emissions reductions below that level, b) the appropriate jurisdictional authorities must give explicit permission to the project to claim credit for a portion of that results, and c) a transparent registry must exist to provide full transparency on all aspects as well as assurance against double counting/double claiming.

As listed in Annex I, Finance Exclusion List.

- **Security policy (collateral and guarantees):**

The Fund will provide secured and unsecured credit to borrowers. The Fund will seek company guarantees from the borrower where appropriate.

- **Lending restrictions**

Concentration limits	% of total assets
Maximum in a single transaction	25%
Maximum in a single country	50%

These lending restrictions apply to the Fund when the Fund capital is fully committed.

ix. Public disclosure²⁰

The Fund, having as its mission the provision of public goods, will publicly disclose its activities in accordance with the highest standards of transparency and public accountability to the extent permitted by law.

There is a presumption in favour of disclosure with respect to a) information about the Fund itself (“Organisational Information”, detailed below) and b) information regarding the activities supported by the Fund (“Investment-Related Information”, detailed below).

- a. The Organisational Information to be considered public and to be disclosed by publishing on the website of the Fund, include, but are not limited to:
 - the notarised Articles;
 - the Lending Policy and ESMS adopted by the Board of Directors of the Fund;
 - the code of conduct adopted by the Board of Directors of the Fund;
 - the complaints management policy adopted by the Board of Directors of the Fund;
 - the eligible jurisdictions assessments as approved by the Advisory Board;
 - the annual audited financial statements of the Fund, including the balance sheet, profit and loss statement and notes thereto, as well as the accompanying management report and audit statement;
 - the annual report of the Fund approved by the Board;
 - the lending decisions of the Fund including descriptions of the projects and rationale for the decisions taken;
 - the E&S action plan and Landscape Protection Plan, with targets and milestones for each project, and the respective regular progress reports, including third party verification;

²⁰ In carrying out its mission, the Fund receives from its borrowers and other parties information that is not publicly available for the purpose of enabling the Fund to assess financing opportunities, to monitor and evaluate existing investments, the confidentiality of which the Fund has a duty to respect. In addition, consistent with restrictions imposed by banking laws, the Fund does not disclose information that would violate such law, such as the financial, business, proprietary or other non-public information provided to the Fund by its borrowers, service providers or other third parties. The confidentiality clause will not limit access to information regarding social or environmental impacts of a project where the Fund is directly or indirectly involved in financial transactions.

- any impact studies and evaluation reports approved by the Board of Directors of the Fund.

Other Organisational Information to be considered public and to be available upon request, include, but are not limited to:

- the procurement policy adopted by the Board of Directors of the Fund;
 - the travel and expenses policy adopted by the Board of Directors of the Fund.
- b. The Investment-Related Information the Fund and or its Contributors can publish on their websites are:
- the name of the Fund and the Investment Advisor;
 - a description of the Fund, it's mission statement, objective and Lending Policy;
 - decisions in relation to eligible jurisdictions in which the Fund can operate;
 - the aggregate amount of the Contributor's Contribution in the Fund, the total capital held by the Fund's and the total capital committed to the Fund;
 - place of establishment of the Fund and the geographic and market sectors in which the fund operates;
 - general description of projects financed by the Fund, such as type of activity and objective, rationale for funding the project, identity of project initiator, date of signing of main transaction documents and total size of projects financed by the Fund;
 - aggregate data regarding size of projects invested in by the Fund in a particular jurisdiction.
- c. The reason why certain policies and fund documents are not publicly available are:
- The primary responsibility for disclosing information regarding borrowers supported by the Fund lies with the relevant borrower, however the Fund encourages its borrowers to be more transparent about their businesses to help broaden understanding of their projects and how it contributes to the mission of the Fund and the Fund publishes Investment-Related Information as detailed above.
 - In carrying out its mission, the Fund receives from its borrowers and other parties information that is not publicly available for the purpose of enabling the Fund to assess investment opportunities, to monitor and evaluate existing investments, the confidentiality of which the Fund has a duty to respect.
 - To preserve the integrity of the deliberation processes of the Fund and to safeguard the candid exchange of ideas between members of the governance bodies of the Fund, the Fund does not disclose any documents, memoranda or other communications where they relate to such deliberation or decision-making processes, including documents at in their draft stage and internal communications with the Fund's counsel, consultants or other service providers.
 - Consistent with restrictions imposed by banking laws, the Fund does not disclose information that would violate such law, such as the financial, business, proprietary or other non-public information provided to the Fund by its borrowers, Service Providers or other third parties, to do so would be contrary to the legitimate expectations of such parties.

ANNEX I: Finance Exclusion List

1. Forced labour²¹ or child labour²².
2. Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
3. The following:²³
 - a. weapons and munitions;
 - b. tobacco;
 - c. hard liquor;
 - d. radioactive materials;²⁴
 - e. gambling, casinos and equivalent enterprises.
4. Pornography or prostitution.
5. Wildlife or wildlife products regulated under CITES²⁵ or sourced from areas with prevalent risk of illegalities as regards trade in wildlife or wildlife products.
6. Hazardous materials such unbounded asbestos fibres and products containing PCBs²⁶.
7. Cross-border trade in waste and waste products unless compliant with the Basel Convention and the underlying regulations.
8. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
9. Pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances²⁷ and other hazardous substances subject to international phase-outs or bans.
10. Significant²⁸ conversion or degradation of Critical Habitat.²⁹

²¹ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

²² Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

²³ Financing of these products or activities is exceptionally possible only after early stage internal approval as long as these are not considered as a substantial part of a Fund client's primary operation.

²⁴ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where the radioactive source is trivial and/or adequately shielded.

²⁵ CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

²⁶ PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

²⁷ Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODS and their target reduction and phase-out dates.

²⁸ Significant conversion or degradation means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

²⁹ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory

11. Racist and anti-democratic media.
12. Significant alteration, damage, or removal of any critical cultural heritage.
13. Relocation of indigenous peoples from traditional or customary lands.
14. Companies which:
 - (a) are associated with violations of the laws, rules or regulations laid down by the national authorities in the markets in which such enterprises operate;
 - (b) contributes to or are responsible for violations of the human rights that are specified by the UN Universal Declaration of Human Rights or labour rights as specified by the UN/International Labour Organisation ("**ILO**") core conventions as set out at www.ilo.org (e.g. murder, torture, deprivation of liberty, forced labour, child labour or other form of child exploitation);
 - (c) are engaged in activities resulting in material and/or systematic breaches of internationally recognised conventions, norms or protocols instituted by the UN, the OECD or other supranational or intergovernmental organisations regarding environment protection;
 - (d) are associated with material and/or systematic corruption;
 - (e) are domiciled in a country subject to trade embargo(es) imposed by the UN or the European Union;
 - (f) are domiciled within, or substantially managed from, or who derives more than 10 % of gross revenues from operations within, jurisdictions which appear on the List of Uncooperative Tax Havens issued by the OECD (see www.oecd.org/tax/transparency) or any successor or substitute list(s) of jurisdictions which do not meet the OECD's current minimum criteria for transparency and information exchange; or which contributes to or is responsible for other material violations of fundamental and internationally recognised ethical norms.

species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.