



ANNUAL
IMPACT REPORT

2021

KPI FRAMEWORK

In 2021, &Green revised its impact reporting and developed a Key Performance Indicator (KPI) framework to include broader impacts and highlight the transformational change rationale required from all &Green investments.

This revision captured the range of impacts &Green catalyzes more completely and clearly than the previous approach, and further clarified &Green's theory of change and vision statement:

&Green works across tropical forest landscapes to support agri-commodity businesses that empower communities, protect forests and optimize production to drive transformational change of global supply chains.

The **updated framework**, which builds on and integrates the older indicators, includes forest and climate, social, and financial categories, across six KPIs:



The **previous framework** monitored the performance of &Green's initial investments with indicators reflecting Environmental Returns (ERs) and Social Inclusion (SI) categories, as per the Facility's original Lending Guidelines:



These indicators tracked progress but were limited in communicating the broader impacts important for &Green's growing community of stakeholders and investors, notably greenhouse gas emissions and climate resilience impacts.

&Green's new approach to impact reporting was developed and shared with nine leading external¹ stakeholders, whose feedback was incorporated. The revised framework was road-tested on investments to ensure the quantification approaches were practical and commensurate with available data. A systematic approach was also established to enable aggregation of impacts across the diverse spectrum of &Green investments, as part of the digitalization of processes, continuous improvement, and preparation for scaling-up.

In 2021, &Green did not change the data collection from its clients. The numbers for the revised KPI framework have been derived from the companies' reported data and are therefore 'provisional'. Further work is needed in data collection for the two social impact KPIs ('people with increased resilience' and 'people benefitting') to be reported. These will be included in the 2022 impact report.

The updated Framework is expected to be fully implemented and reported against in the 2022 Annual Impact Report, published in mid-2023.

To provide transparency and continuity between the previous and updated reporting approaches, both are presented in this 2021 Annual Impact Report to the extent possible.

INVESTMENT PORTFOLIO

&Greens portfolio includes five transactions executed up to and including 31 December 2021:

INVESTMENT NAME	INVESTMENT DATE	SECTOR	JURISDICTION	E&S RISK CATEGORY*
PT ROYAL LESTARI UTAMA (RLU)	26/02/2019	Rubber	Indonesia	A
PT DHARMA SATYA NUSANTARA TBK. (DSNG)	30/04/2020	Palm Oil	Indonesia	A
AGROPECUÁRIA RONCADOR LTDA (RONCADOR)	15/07/2020	Cattle + Soy	Mato Grosso, Brazil	A
MARFRIG GLOBAL FOODS S.A. (MARFRIG)	07/01/2021	Cattle	Mato Grosso, Brazil	A
HACIENDA SAN JOSE (HSJ)	31/12/2021	Cattle	Colombia	A

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

¹Government of Norway, IDH, UNEP, USAID, GIZ, Gold Standard, EIB, WWF US & GCF.

KPI REPORTING

The table below summarizes the portfolio's progress towards quantitative targets following the **revised KPI framework**:

TOTAL FOR PORTFOLIO AS OF 31 DECEMBER 2021 – REVISED FRAMEWORK

	2021 PROGRESS (ACTUAL)	2021 PORTFOLIO MILESTONE	TACTIC Total Aggregate Cumulative Target Impact Commitment ²
FOREST PROTECTED (HECTARES)	1,355,100	1,412,574	1,472,563
CLIMATE BENEFITS (tCO ₂ e)	23,039,915	NO MILESTONE SET	NO TARGET SET ³
ECOSYSTEM RESILIENCE (HECTARES)	1,517,319	1,584,803	1,865,783
PEOPLE RESILIENCE	*	*	*
PEOPLE BENEFITTING	*	*	*
CAPITAL MOBILIZED AND CATALYZED (USD) ⁴	1,051,345,873	NO MILESTONE SET	NO TARGET SET

*Insufficient data available for 2021

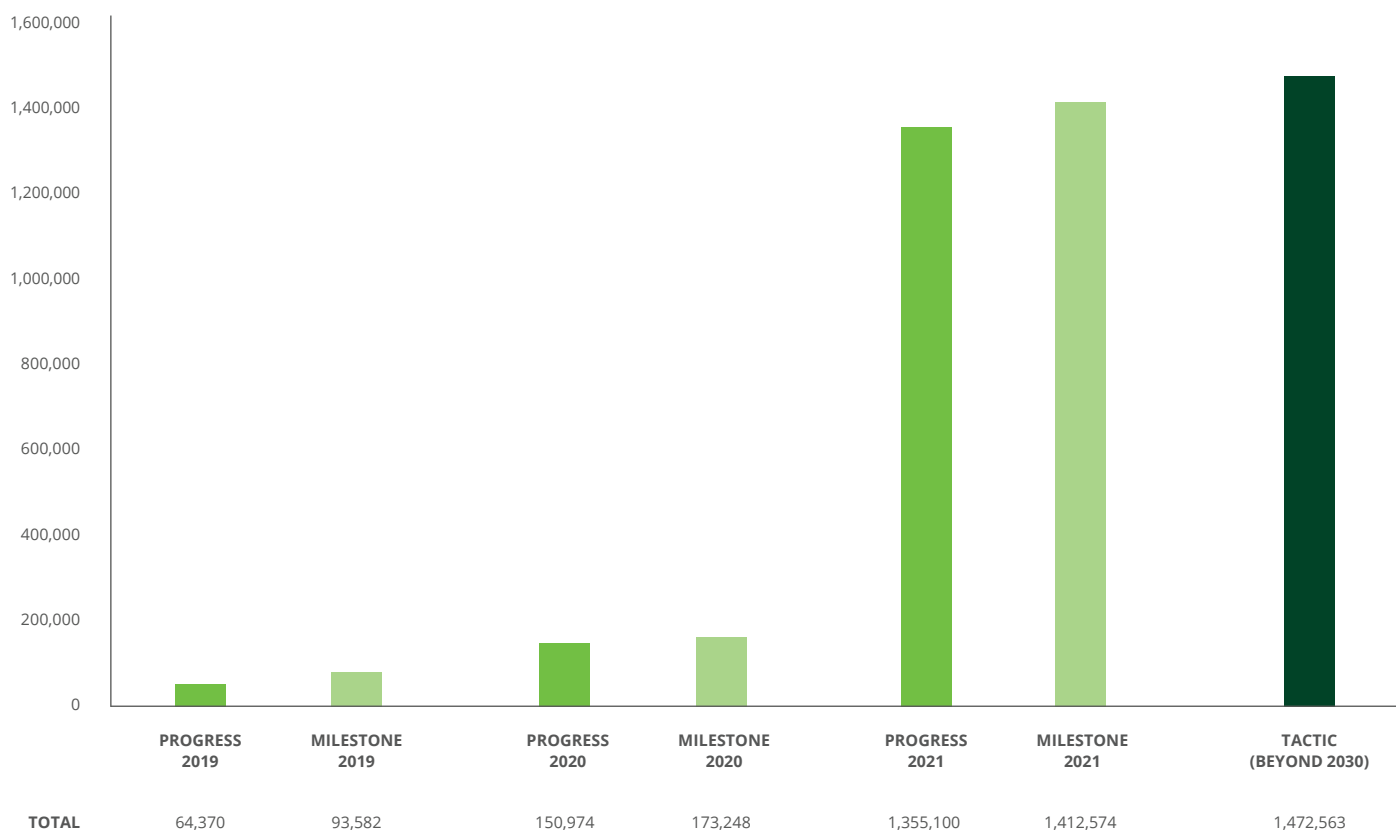
²The TACTIC figure is an aggregation across the portfolio at the end of each loan's tenor, typically beyond 2030. It represents the minimum expected results, as foreseen at the outset of each transaction.

³The Key Performance Indicator of 'Climate benefits' is derived from Actions undertaken by clients, notably carbon sequestration in protected forests. This KPI does not set milestones or targets.

⁴'Capital mobilized and catalyzed' represents the aggregate of the capital committed to &Green transactions for investment in, and Technical Assistance (TA) for, its Clients, combined with the expected value of third-party capital catalyzed by &Green for its Clients.

Although &Green was not able to reach its 2021 portfolio milestone, &Green’s environmental and social impacts are incremental, as the bar chart below shows for the ‘forest protected’ indicator:

FOREST PROTECTED (HA)



To put things in perspective: The hectares of forest protected in 2021 correspond approximately to 1/3rd of the area of Switzerland; the climate benefits (emissions reduction, sequestration and stored) achieved in 2021 are approximately equivalent to removing the emissions of 3 large (1200 MW) coal-fired power stations per year.

The table below summarizes the portfolio’s progress towards quantitative targets related to environmental protection, agricultural production and social inclusion, following the [previous indicator framework](#):

TOTAL FOR PORTFOLIO AS OF 31 DECEMBER 2021 - PREVIOUS FRAMEWORK

	2019 STATUS	2020 STATUS	2020 STATUS	TACTIC Total Aggregate Cumulative Target Impact Commitment ²
ENVIRONMENTAL RETURN INDICATORS				
HECTARES OF FOREST CONSERVED	64,370	150,974	1,354,123	1,424,722
HECTARES OF AGRICULTURAL INTENSIFICATION	20,000	164,688	162,218 ⁵	393,220
HECTARES OF FOREST RESTORED	-	-	977	47,841
SOCIAL INCLUSION INDICATORS				
NUMBER OF SMALL SCALE PRODUCERS	4,430	11,000	15,361	28,479
NUMBER OF HOUSEHOLDS BENEFITTING	-	12,705	17,032 ⁶	12,095

⁵The 2021 status numbers is lower than the 2020 as transactions may experience some changes in amount of land intensified (ER2). In 2021 DSNB has reported almost 4,000 hectares of land intensified less than in 2020.

⁶As transactions are implemented, higher impacts can be achieved. Thus, for some indicators, progress is higher than the TACTIC figure.

ACTION PLAN REPORTING

The impact results defined in each company's Landscape Protection Plan (LPP) and presented above against the revised KPI framework are aggregated for the portfolio. In addition to the LPP deliverables, which are captured through the KPI framework, each portfolio company is monitored individually against the Action items they have committed to. 'Action items' refers to the specific targets set out in the Environmental and Social Action Plan, a contractually binding part of the LPP, and that contribute to the achievement of the overall environmental and social impact objectives defined in the LPP.

The table below represents the portfolio's progress in 2021 against such committed Actions, which also serve to meet international compliance standards. For &Green this means compliance with IFC Performance Standards as a minimum, and typically with further requirements (e.g. certification).

Results are shown for each investment in the current portfolio (and do not include pipeline investments) as of 31 December 2021; numbers are based on the previous impact indicator reporting framework.

TOTAL FOR PORTFOLIO AS OF 31 DECEMBER 2021

CATEGORY	RLU	DSNG	RONCADOR	MARFRIG	TOTAL ⁷
# ACTION ITEMS DUE OVER INVESTMENT TERM	45	61	10	34	150
% ACTION ITEMS COMPLETED TO DATE OUT OF TOTAL DUE OVER THE INVESTMENT TERM	22%	28%	50%	26%	31%
# ACTION ITEMS DUE OVER INVESTMENT TERM	7	27	6	20	60
% ACTION ITEMS DUE AND COMPLETED DURING 2021	29%	63%	83%	45%	65%

&Green's clients are required to report on their Action items due at various points over the tenor of their loans, as set out in their respective ESAPs. The Action items are tracked through an internal portfolio management tool that is updated weekly, which feeds from investee's submissions as well as audit feedback.

Any Action items that were due but not completed or delayed during 2021 were rescheduled with 2022 target completion dates, or reformulated with the client for later delivery. The guiding principle in managing such deliverables with clients is the objective to support clients to progress the impact targets and the broader transformational change objective. Action item progress in 2020 and 2021 was hampered by COVID-19 complications for all clients.

&Green regularly monitors client progress and &Green engages third-party experts to assist with impact assessments where relevant. &Green seeks high quality data on forest cover and land-use change from clients, and draws on publicly available data as well as other independent remote sensing sources to corroborate reported land restoration and forest protection.

⁷Hacienda San Jose (HSJ) was signed on 31 December 2021 and thus no post-investment activities took place during the 2021 reporting period. HSJ's ESAP commitments commence in 2022.

ADDITIONAL DISCLOSURE ON OUTCOMES PER TRANSACTION

RLU

CATEGORY	GRIEVANCE MECHANISM	LABOR	RESOURCE EFFICIENCY	COMMUNITY	LAND RESETTLEMENT	BIODIVERSITY	TOTAL
# ACTION ITEMS DUE OVER INVESTMENT TERM	10	7	2	4	18	4	45
% ACTION ITEMS COMPLETED TO DATE OUT OF TOTAL DUE OVER THE INVESTMENT TERM	20%	14%	50%	0%	33%	0%	22%
# ACTION ITEMS DUE OVER INVESTMENT TERM	4	1	-	1	-	1	7
% ACTION ITEMS DUE AND COMPLETED DURING 2021	0%	100%	-	0%	-	0%	29%

RLU has focused on the development of their Land Return Roadmap and Land Return Framework in 2021. This work covers most ESAP items under IFC PS 5 and PS 7 and will be finalized in the first half of 2022. Numbers for RLU have been audited.

DSNG

CATEGORY	PERMIT	ESMS	RESOURCE EFFICIENCY	COMMUNITY	LAND RESETTLEMENT	LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT	CULTURAL HERITAGE	TOTAL
# ACTION ITEMS DUE OVER INVESTMENT TERM	2	32	5	3	10	4	5	61
% ACTION ITEMS COMPLETED TO DATE OUT OF TOTAL DUE OVER THE INVESTMENT TERM	100%	78%	80%	67%	80%	100%	40%	77%
# ACTION ITEMS DUE OVER INVESTMENT TERM	1	15	1	1	2	4	3	27
% ACTION ITEMS DUE AND COMPLETED DURING 2021	100%	73%	100%	0%	50%	100%	67%	74%

According to the external E&S audit, DSNG has successfully addressed 21 out of 27 Action items due in 2021, while 6 items are not yet completed. These pending ESAP items are being revised by DSNG, incorporating the auditor's feedback, and will be assessed for completion in the 2022 E&S audit.

RONCADOR

CATEGORY	ESMS: POLICY/ PROCEDURE	MONITORING	MANAGEMENT PROGRAM	SUPPLY CHAIN MANAGEMENT	COMMUNITY	BIODIVERSITY	TOTAL
# ACTION ITEMS DUE OVER INVESTMENT TERM	2	1	2	1	1	3	10
% ACTION ITEMS COMPLETED TO DATE OUT OF TOTAL DUE OVER THE INVESTMENT TERM	100%	0%	100%	100%	-	-	50%
# ACTION ITEMS DUE OVER INVESTMENT TERM	2	1	2	1	-	-	6
% ACTION ITEMS DUE AND COMPLETED DURING 2021	100%	0%	100%	100%	-	-	83%

As per the audit report, Roncador has made significant progress in realizing the development and formalization of the company's Environmental and Social Management System (ESMS) and the policies and procedures linked to the NDPE commitments made in 2020, completing 5 of the 6 ESAP items due this year. To address specific gaps, Roncador has hired an E&S expert to support its team for upgrading its ESMS, in 2022.

MARFRIG

CATEGORY	RISK MAPPING	RISK MITIGATION	SECTOR ENGAGEMENT	SUPPLIER ENGAGEMENT	DOWNSTREAM E&S MANAGEMENT	REPORTING	REVIEW OF ACTION PLAN AND ORIGIN CONTROL COMPLIANCE	TOTAL
# ACTION ITEMS DUE OVER INVESTMENT TERM	5	5	3	9	6	2	4	34
% ACTION ITEMS COMPLETED TO DATE OUT OF TOTAL DUE OVER THE INVESTMENT TERM	60%	20%	0%	22%	33%	0%	25%	26%
# ACTION ITEMS DUE OVER INVESTMENT TERM	4	5	1	3	6	-	1	20
% ACTION ITEMS DUE AND COMPLETED DURING 2021	75%	20%	0%	67%	33%	-	100%	45%

Marfrig is making progress toward the transformation of its supply chain, based on the delivery of the 2021 ESAP items. Marfrig's systems are being updated to deliver all the policies and procedures to implement its No Deforestation commitment on all suppliers in the Cerrado and Amazon, and the company has started tracing its indirect suppliers and informing them about their procurement conditions and deadlines for reaching them. Marfrig's numbers are self-reported as they have not yet been audited (as of 2Q22).

The ESAP for HSJ was finalized in 2021 and will begin implementation in 2022, with initial focus on capacity building (additional E&S human and financial resources), governance (Environmental & Social Advisory Board) and the development of a consolidated ESMS. The first monitoring results will be shared in the 2022 Annual Impact Report.



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