

Press Release

(for immediate release)

&Green Fund Makes Catalytic Investment in Natural Rubber Company in Indonesia through TLFF

Jakarta/Amsterdam, March 6th 2019 - The &Green Fund, a blended finance impact investment fund focused on forest protection and tropical forest commodities today announced that it is investing 23.75 million US dollars 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. &Green will make this investment through the purchase of notes issued by the Tropical Landscapes Finance Facility (TLFF).

The first investment of the Netherlands-based &Green fund, whose current investors are the Government of Norway, Unilever and the Global Environment Facility, will catalyse the completion of a successful notes issue by TLFF. The TLFF notes are used to finance a 95 million US dollar loan to RLU for the development of sustainable rubber plantations operated by RLU in Jambi (Sumatra) and East Kalimantan.

“The plantations, together with the protection of set-aside areas, will provide a buffer zone for the neighbouring Bukit Tigapuluh National Park and wildlife conservation area with adjacent WWF-managed conservation concessions,” explains Paolo Kartadjoemena, President Director of RLU. “This investment from &Green gives RLU, and its shareholders the confidence that our model for sustainable rubber production is on the right track and can be scaled with the right financing partners.”

Beyond this landscape-level forest protection impact, the project is also set to deliver significant socio-economic benefits, eventually creating an estimated 16,000 jobs at full scale. In addition, RLU is committed to the development of a Community Partnership Program benefitting communities in both Jambi and East Kalimantan. On-going collaborations with key stakeholders, such as the National Park Management authority and WWF, and the engagement of surrounding communities are ensuring integrated development of the landscape. In collaboration with &Green and TLFF, the project has produced a “Landscape Protection Plan” transparently outlining its efforts in the landscape. An Environmental and Social Action Plan will help navigate the complexities of developing the concessions sustainably.

“We are proud that &Green will be supporting RLU’s efforts to show a blueprint for how tropical commodities can be produced sustainably, whilst protecting critically important natural forest areas,” said Nanno Kleiterp, Chairman of &Green. “Our collaboration with TLFF and RLU aims to transparently highlight how long-term financing can produce economic, environmental and social benefits to a critical landscape.”

“By contributing long term financing to the project, &Green is able to provide the additionality needed for RLU to match its funding requirements to the development cycle of the rubber plantation,” comments Johnny Brom, CIO of Sail Ventures, the investment advisor of &Green. “The 15-year investment from &Green allows RLU to develop the concessions in an environmentally friendly and socially inclusive way that will generate impact beyond the concession itself. Of the 90,000 ha of concessions an estimated 34,000 ha will be planted in commercial rubber, while the rest will be set



aside for conservation and community livelihoods. Furthermore, the length of the investment allows &Green and SAIL Ventures sufficient time to embed the impact creation of the project, which will exist well beyond &Green's financing period."

"By de-risking the private sector, blended finance funds like &Green have an important role to play in helping investors access opportunities like RLU and making sustainable development benefits visible to a global public," said Satya S. Tripathi, UN Assistant Secretary-General and Head of the New York Office of UN Environment, a founding partner of TLFF and a strategic partner of &Green. "This investment in Indonesia shows that the overall climate in the agriculture finance sector is changing, away from destructive practices towards sustainable landscape investments. Blended finance, with some capital from public investors, is important in the early stages of this transition. It lowers perceived risk and encourages the mainstream finance industry to follow the example of &Green Fund and make more sustainable investments, with positive climate and biodiversity impacts."

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About &Green (www.andgreen.fund)

&Green, incorporated as a Dutch Stichting, was developed under the leadership of IDH in close collaboration with Norwegian International Climate and Forests Initiative (NICFI). It is a blended finance debt fund investing in commercial projects that can demonstrate decoupling of commodity production from deforestation while being socially inclusive. &Green is focused on tropical forest jurisdictions with progressive forest protection strategies and targets in place. Its target sectors are the commodities that are driving deforestation such as palm oil, soy, beef, forestry and others. Current contributors to the fund include the Government of Norway, through its International Climate and Forest Initiative (NICFI), Unilever, the British-Dutch consumer goods company, and the Global Environment Facility (GEF), with UN Environment acting as its implementing agency. Dutch advisory firm SAIL Ventures acts as the fund's investment advisor.

About RLU (www.rlu.co.id)

PT. Royal Lestari Utama (RLU) – established as a joint venture of Michelin and Barito Pacific group in 2014 – operates three licenses covering approximately 71,000 ha in BTP, PT. Wanamukti Wisesa (WMW) and PT. Lestari Asri Jaya (LAJ) as well as approximately 19,000 ha in East Kalimantan, PT Multi Kusuma Cemerlang (MKC). All areas have been heavily deforested by mostly migrant encroachers. Barito and Michelin joined their expertise in agronomy and re-milling and established RLU to better manage the area including reforestation and socially inclusive and/or wildlife friendly rubber plantation development.

About TLFF (www.tlffindonesia.org)

The Tropical Landscapes Finance Facility (TLFF), a partnership between UN Environment, World Agroforestry Centre (ICRAF), ADM Capital and BNP Paribas, aims to bring long-term finance to projects and companies that stimulate green growth and improve rural livelihoods in Indonesia. TLFF consists of a lending platform managed



by ADM Capital with BNP Paribas as structuring adviser and arranger, as well as a grant fund managed by the UN Office for Project Services (UNOPS).

The RLU transaction is the first corporate sustainability bond in Asia and the first sustainability bond in ASEAN. Vigeo Eiris, the Environmental, Social Governance (ESG) research agency, has confirmed that the Notes are 'Sustainability Notes' with positive contribution to sustainable development, aligned with the ICMA Sustainability Bond Guidelines.

The US\$ 95,000,000 Fixed Rate Secured Notes comprise of the following classes: US\$ 30,000,000 Class A Notes due 2033, US\$ 20,000,000 Class B1a Notes 2033, US\$ 15,000,000 Class B1b Notes due 2023, US\$ 15,000,000 Class B1c Notes due 2025 and US\$ 15,000,000 Class B2 Notes due 2033. The Class A notes have been assigned a Aaa(sf) rating by Moody's.

About TLFF Founding partners:

UN Environment (UNEP) - is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment.

World Agroforestry Centre (ICRAF) - is a centre of scientific excellence that harnesses the benefits of trees for people and the environment. Leveraging the world's largest repository of agroforestry science and information, we develop knowledge practices, from farmers' fields to the global sphere, to ensure food security and environmental sustainability.

ADM Capital (ADM) - is an investment manager, established in 1998 and headquartered in Hong Kong, with offices also in London and Singapore. ADM has been investing in Indonesia since 1998 and is one of the longest established players in the private debt space in Asia. ADM has been particularly innovative in designing debt structures that provide strong alignment of interests between borrower and lender. In 2006, the Group established The ADM Capital Foundation, ("ADMCF"), which has pioneered work in avoiding deforestation, marine conservation and water pollution, among other programs. The IFC works closely with ADM to deploy capital in Asia in a way that complies with best ESG practices. ADM has a 50-person team led by Robert Appleby and Christopher Botsford.

BNP Paribas - is one of the best-positioned international financial institutions with an uninterrupted presence in Asia Pacific since 1860. Currently with over 18,000 employees* and a presence in 13 markets, BNP Paribas provides corporates, institutional and private investors with product and service solutions tailored to their specific needs. It offers a wide range of financial services covering corporate & institutional banking, wealth management, asset management, insurance, as well as retail banking and consumer financing through strategic partnerships. Worldwide, BNP Paribas has a presence in 72 countries with more than 202,000 employees. It has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. Asia Pacific is a key strategic region for BNP Paribas and it continues to develop its franchise in the region.

* excluding partnerships