

Sustainability Bond/Sustainability Bond Programme Information Template

Issuer Name: Mighty Earth Mega Green Bond (MEMGB)

Date of Completion or of Latest Update: 17 June 2021

Green Bond Principles (GBP) and Sustainability Bond Principles (SBP) Component 1:

GBP and SBP Component 1: Use of Proceeds

Use of Proceeds as per GBP

- Terrestrial and aquatic biodiversity enhancement
- Environmentally sustainable management of living natural resources and land use

The **\$1billion** Sustainability Notes' use of proceeds is described in the documentation, in particular in the Offering Circular ("Description of the Project" section).

- The net proceeds of the Sustainability Notes will be used to extend a 15-year loan (back-to-back to non-profit environmental campaign group Mighty Earth (ME), which project consists in establishing two major new large scale natural rubber plantations in **New York** and **London** to produce and sell natural rubber productions (for eco-friendly auto tyres, condoms, yoga mats, rubber soled shoes and sneakers.)

The Nominated Project sites, extending over two concessions with a total area of circa **593 hectares**, are located in **Central Park** (340 ha), New York, and **Hyde Park/Kensington Gardens** (253 ha), London, and will hopefully soon be under development.

The novel Nominated Project aims to create climate-friendly and emissions reducing natural habitat protection zones, including the creation of a critical buffer zone with local and Royal Parks authorities. Approximately 177 hectares will be set aside for community livelihoods, land restoration and conservation corridors for the many iconic species found in the parks (i.e. dogs, cats, bats, coyotes, chipmunks, skunks, raccoons, Virginia Opossums and white-tailed deer in Central Park; dogs, cats, squirrels, pigeons, foxes, parakeets, black and white swans, buzzards and Egyptian geese in Hyde Park/Kensington Gardens).

Mighty Earth is committed to respect the rights of local and indigenous New Yorkers and Londoners and to develop vibrant local communities. The Royal Palace Kensington Palace – home to the Duke and Duchess of Cambridge – will remain fully intact under Mighty Earth's proposed largescale monoculture rubber plantation project.

Mighty Earth has initiated a partnership with local Civil Society Organizations (CSOs) with which it works on several issues including setting aside conservation areas, High Conservation Values (HCV) and High Carbon Stock (HCS) lands in both Central Park and Hyde Park/Kensington Gardens.

The shiny new monoculture natural rubber plantations will sequester some **10 gigatons of CO₂** over the 15-year lifespan of the project.

The social and environmental objectives of the Project are defined, relevant and precise.

The Project is in line with 4 of the 8 objectives defined by Mighty Earth's ESG Policy and Standards, namely: Forest retention and natural rubber-based reforestation, improved livelihoods, reduced CO₂ emissions, improved carbon sequestration, and ecosystem, habitat and biodiversity protection. In addition, the Project meets a set of eligibility criteria defined by the Issuer and based on Mighty Earth's ESG Principles.

Furthermore, the Nominated Project aligns with the following UN Sustainable Development Goals (SDGs):

UN SDG 8: Decent Work and Economic Growth

UN SDG 12: Responsible Consumption and Production

UN SDG 15: Life on Land

UN SDG 17: Partnerships for the Goals

Please provide related online information if available

GBP and SBP Component 2: Process for Project Evaluation & Selection

The process for evaluation and selection of Eligible Projects is clearly defined and formalized in the project documentation.

Credentials on the Issuers' environmental sustainability objectives:

Mighty Earth's Sustainability Notes are consistent with Mighty Earth's main ESG strategic priorities and contribute to the achievement of its commitments and objectives.

Mighty Earth has developed the Mighty Earth ESG Policy and Standards which define eight core objectives: Forest retention and reforestation, improved livelihoods, peatland restoration and rehabilitation, sustainable supply chains, clean energy, reduced emissions, ecosystem, habitat and biodiversity protection and pollution reduction, on which Mighty Earth is committed to report. Mighty Earth's ESG Policy and Standards also refer to IFC Performance Standards.

The Project financed through these \$1 billion Sustainability Notes consists in the responsible management of a mega monoculture natural rubber tree plantation, the conservation of biodiversity areas and small portions of lakes, climate mitigation and provisions to improve the livelihoods of local and indigenous populations in urban regions of New York and London. Therefore, the Project contributes to several of Mighty Earth’s core objectives, in particular forest retention and reforestation, improved livelihoods, climate mitigation and adaptation, and biodiversity protection.

In addition, in line with Mighty Earth’s ESG Policy and Standards, an external environmental and social due diligence assessment will be carried out for the Project, an Environmental and Social Development Plan for the assessment and mitigation of environmental and social risks has been developed (the “Environmental and Social Action Plan”).

Finally, in respect of the Mighty Earth ESG Policy and Standards being a selection criterion, all projects financed by the \$1 billion facility shall respect these standards.

Documented Process to Determine that Projects fit within Defined Categories:

Mighty Earth’s evaluation and selection process is reasonably structured and relies on relevant internal and external expertise.

First, the Facility Manager (Re:Forest Finance) makes a pre-selection of projects with commercial validity and which respect Mighty Earth’s ESG Policy and Standards. A summer intern then casts an eye over the projects’ environmental and social assessment (time allowing).

All Mighty Earth’s sponsors are involved in the process: Mighty Earth’s Super Dooper Steering Committee – which includes representatives from Re:Forest Finance and the Really Big Global Bank (RBGB) – meets regularly to discuss potential projects.

The projects are discussed by the RBGB structuring advisor team and RBGB conducts exhaustive financial due diligence as part of the evaluation exercise and know your customer due diligence with the borrower.

The guarantors involved can also conduct additional due diligence (if they fancy it). In this particular case, Pushy Major Donor, has produced an Initial Environmental Examination.

Third-Party consultants (a consortium of Overpaid Consultants LLC, The Federation of Pliant Academics, and GoGoGrow Forests PLC) have been hired to conduct an Environmental and Social Due Diligence Assessment of the MEMGB project, and to prepare the ESG Annual Report in respect of MEMGB’s compliance with Mighty Earth’s ESG Policy and Standards and the Environmental and Social Action Plan.

Defined and transparent criteria for projects eligible for Green Bond proceeds:

The process relies on the following relevant eligibility criteria, subject to external advice or verification:

Evaluation criteria: Ultra top-secret environmental and social due diligence assessments have been carried out by relevant independent experts, including occasional site visits to Central Park and Hyde Park/Kensington Gardens as part of the process. Unfortunately, these cannot be shared with anyone.

Selection Criteria:

In line with its ESG Policy and Standards, Mighty Earth aims to finance projects linked to Sustainable Land Use – including in agriculture and restoration projects. The Nominated Project falls into this type of project because we're planting trees. Which everyone knows is a good thing.

Each project financed by Mighty Earth must meet one or several of its eight core objectives.

Mighty Earth refers to the IFC Performance Standards with regards to the ESG management of financed projects and excludes IFC's Category A transactions.

When relevant and applicable, Mighty Earth states applying RBGB's sector policy statements related to palm oil, wood pulp, rubber and agriculture.

Exclusion Criteria:

Mighty Earth has defined an exclusion list, which notably excludes investment in entities substantially involved in the production or trade of wood and other forestry product other than from sustainably managed forests, according to the FAO definition. Mighty Earth commits not to participate or invest in an investment that would breach the UN Declaration of Human Rights or ILO Core conventions or lead to widespread deforestation.

Additional exclusions are defined with regards to micro-finance activities financing.

Documented process to identify and manage potential ESG risks associated with the project:

A regular environmental and social follow-up is carried out by third-party experts and environmental and social covenants are integrated into the Loan Agreement 2021.

MEMGB's environmental and social management is structured by several overarching policies and standards, including Mighty Earth's Sustainable Natural Rubber Policy and Responsible Plantation and Forest Policy.

Third-party organizations – the Consortium – have conducted an environmental and social due diligence assessment and are in charge of designing and annually auditing the Environmental and Social Action Plan, and of delivering an annual ESG report for the project.

Mighty Earth's MEMGB images of Central Park, New York, & Hyde Park in London:

1: Central Park, New York



2: Hyde Park/Kensington Gardens, London



Please provide related online information if available

In addition, the Loan Agreement 2021 contains a number of environmental and social covenants. The non-respect of these covenants can lead to a default on the loan.

However, for the time being and due to the very early stage of the Project, the measures implemented to ensure a responsible management of the Project are deemed limited. Some key elements have been identified and are reportedly under development, including an Environmental and Social Management System (ESMS), a Grievance Mechanism, an integrated forestry management plan, a local community partnership program, and a stakeholder engagement strategy. The Consortium will likely find evidence that positive progress will be achieved by 2025, in particular in regard to “labour and working conditions” and “the establishment of strategic collaborations for environmental reforestation, restoration and management.”

GBP and SBP Component 3: Management of Proceeds

Green Bond Proceeds segregated or tracked by the issuer in an appropriate manner:

The rules for the management of proceeds should allow an appropriate tracking of proceeds:

67% of the \$1 billion proceeds will be deposited into an escrow account. Each drawing request made on this account must correspond with the purpose stated in the Project’s Business Plan which has been validated by the Facility Manager. MEMGB must make a written request which must be countersigned by Mighty Earth for the Facility Manager (Re:Forest Finance). Part of this amount will be used to pay interest on the loan or deposited into Reserve Accounts. The funds deposited on these accounts cannot be used for any other purpose.

33% of the proceeds will be used to repay an existing RBGB loan. Proceeds from this security appear to have been used mainly for natural rubber plantation and “upkeep” expenses.

The total amount of the proceeds should be allocated by the end of 2025, and the unallocated proceeds will be deposited in cash.

The traceability of drawdowns is ensured by construction and tracked by the Facility Agent (RBGB).

The verification of the tracking and allocation of funds will be partly ensured by Reforest Finance, which countersignature is required for every drawing request made by RBGB.

GBP and SBP Component 4: Reporting

Use of Proceeds reporting: Project-by-Project, at the time of issuance, on the allocated amounts and Green Bond financed share of total investments

Mighty Earth commits to communicate indicators related to the use of proceeds to investors at the time of the Issuance. Mighty Earth has identified relevant reporting indicators consisting in:

Project Description

Detail of the amounts (\$1 billion) invested by destination and share financed by the Notes' proceeds (%).

Impact reporting: Project-by-Project, annual, on GHG emissions/savings and other ESG indicators

Some environmental and social output and impact indicators have been defined by the issuer. Mighty Earth commits to make them accessible at least to green bond investors annually and until the maturity date of the Notes, in line with the Sustainability Bond Guidelines.

The Issuer is planning to disclose the Project's Carbon Footprint, as well as qualitative and quantitative indicators on biodiversity benefits, forest retention, reforestation, improved livelihoods, pollution reduction and supply chain management. The Consortium, together with Forest Finance, is currently identifying additional impact indicators, while engaging with diverse stakeholders, in order to create a monitoring and reporting system that fully captures the beauty and complex nature of this Project in Central Park and Hyde Park/Kensington Gardens.

Forest Retention/Reforestation:

Hectares of actively managed High Conservation Value/High Carbon Stock (HCV/HCS) natural rubber forests

Improved Livelihoods:

The distribution of 10,000 commemorative hand axes to New Yorkers and a further 10,000 to Londoners – with handles hewn from the trees felled in each city's park – to celebrate the MEMGM project.

Number of jobs created under the community partnership program
Number of NYC and London-based monoculture rubber farmers and locals engaged as part of the community partnership program (full and part time)
Number of households positively affected (include any Royal households)

Number of jobs created outside the natural rubber community partnership program
Number of New Yorkers and Londoners receiving training in natural rubber cultivation
Number of locals and farmers selling into the Mighty Earth eco-friendly global rubber supply chain

Reduced Emissions:

Number of monoculture rubber trees planted in Central and Hyde Parks
Number of forest fires registered
Number of hectares burnt (if any)
Carbon footprint (in tCO₂e) for Central and Hyde Parks
Greenhouse gas emissions (GHG) absorbed by new protected forest and planted trees (in tCO₂e)

Biodiversity Projection:

Number of conservation programs implemented
Number of flagship species protected in the concessions in New York and London
Hectares of wildlife conservation areas protected
Hectares of conservation habitats protected within the new rubber concessions
Number of encroachers removed from the new rubber planted areas and protected areas.

In addition, Mighty Earth commits to report on progress towards UN SDGs 8, 12, 15 and 17.

The Issuer may also disclose additional indicators related to the environmental and social management of the Project.

The Consortium is committed to disclose clear definitions and methodologies for each impact indicator in the annual ESG reports.

Information published in ad hoc documents/Reporting reviewed:

The process for use of proceeds and ESG monitoring, data collection, consolidation and reporting are clearly defined and formalized and is based on relevant external expertise:

Regarding environmental and social indicators, The Consortium will be in charge of defining indicators and methodologies, collecting data and issuing an annual ESG report.

Forest Finance, as the Facility Manager, is in charge of monitoring the project's compliance with Mighty Earth ESG Policy and Standards and of reviewing annual ESG reports prepared by The Consortium.

GBP and SBP Recommendation: External Review

Consultancy:

Consultant review: Four Eyes Second Party Opinion Group, as sustainability consultant, on the sustainability credentials of the Notes, based on pre-issuance commitments and covering the key features of the Notes, in line with the four core components of the Sustainability Bond Guidelines.

Annual Consultant Review: supplied by The Consortium, including The Federation of Pliant Academics and GoGoGrow Forests PLC, covering the alignment of the Project with the Sustainability Bond Guidelines and the RBGB's Agriculture Policy.

Please provide related online information if available