

A photograph of a forest floor covered in brown, dry leaves. In the center, there is a large pile of cocoa pods in various stages of ripeness, showing colors from green to yellow to deep red.

Investing in
Impact on
the Ground | **Impact
Report
2018**



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Dr. Jens Mackensen
Chair of the Board
of Directors

Message from the Chair

On behalf of the Board of Directors, I am very pleased to present to you the eco.business Fund's first Impact Report. This report reflects the progress made since inception and presents the fund's approach to making a real difference for the planet.

The eco.business Fund strives to create long-term impact by providing financing and technical assistance to promote business and consumption practices that contribute to the conservation of biodiversity and the sustainable use of natural resources. With its activities, the fund incentivizes a stronger integration of economic development with sustainable practices. Today, along with the financial returns, the fund's impacts are growing to new heights. With more than 3,000 end borrowers involved in sustainable agriculture and food production, the fund is supporting more than 140,000 hectares of sustainably managed farmland. Not only does this contribute to the protection of fragile and biodiversity-rich ecosystems, but also to a more efficient use of natural resources. We are further tackling both the causes and impacts of climate change through financing of agroforestry activities or water-saving technologies.

These changes were possible thanks to the many investors who believed, similarly to the initiators of the fund, that sustainable production can go hand in hand with profitability. This report will guide you along the fund's pathway to impact. It will also introduce you to some of the fund's partner institutions and end borrowers who are already setting benchmarks in conservation finance and sustainable production, respectively in Latin America.

We are proud that we are not only growing our investments and impact but also expanding our geographic coverage. In 2019, the fund will expand its activities to sub-Saharan Africa, adding new exciting opportunities to support sustainable business practices. We look forward to taking this step together with you.



Dr. Jens Mackensen

Key Facts and Figures

Environmental and Socio-economic Impact

Since inception in December 2014 up to December 2018, the eco.business Fund has contributed to:



47,000 hectares
Area under agroforestry
systems supported



**4.2 million
cubic meters**
Water savings



4.3 million tons
Absolute amount of CO₂ stored
by agroforestry activities



70,000 hectares
Area of farmland under soil
conservation practices



3,269
Businesses
and producers
supported

Portfolio & Investments

Since inception in December 2014 up to December 2018, the eco.business Fund has achieved:



USD 291.5 million
Cumulative investments made
in partner financial institutions



7 Public investors
in the fund



USD 457 million
Disbursed amounts to
end borrowers



6 Private investors
in the fund



7 Countries
invested in



21 Technical assistance
projects completed



The eco.business Fund's Impact Goals and Strategy

The eco.business Fund aims to promote business and consumption practices that contribute to biodiversity conservation and the sustainable use of natural resources, as well as to mitigating climate change and adapting to its effects.

Healthy ecosystems not only provide habitats for animals and plants, they are also vital for human beings. By providing financing for practices that conserve nature and foster biodiversity, the eco.business Fund seeks to integrate economic development with support for sustainable ecosystems. The fund, therefore, takes a comprehensive approach to conservation finance that involves not only improving the sustainability of individual practices, but also strengthening the systems that surround and enable these practices to generate deep, long-term impact.



The impact strategy

The fund has a two-pronged focus:

- **Sector focus:** The fund's activities focus on those economic sectors that are highly consumptive of natural resources – and affected by climate change. These especially include agriculture, forestry, fisheries and aquaculture, and tourism.
- **Regional focus:** The fund is currently active in Latin America, home to some of the world's most biodiverse regions and particularly vulnerable to the effects of climate change.

An integral part of our impact strategy is a close collaboration with internationally recognized sustainability standards. All eco.business Fund end borrowers must meet at least one of the following criteria: be certified according to an eligible sustainability standard or implement a sustainable practice from a pre-established “Green List”.

- **Sustainability standards:** This approach connects sustainability standards with finance to tap into the respective strengths of each side. Financial institutions are motivated to take a proactive, inclusive approach to financing producers and businesses that meet robust, ambitious sustainability standards (such as those issued by FSC, Fairtrade International, Rainforest Alliance, and others). Working with existing standards constitutes a cost-effective approach for ensuring the financing of sustainable production, as the monitoring and verification of the businesses leverage certified and independent bodies. It further enables the eco.business Fund to deliver deeper analysis of the benefits of its investments and draw upon the standards’ work on impact measurement and baselines.
- **Green List:** The “Green List” contains screened and pre-approved activities that have a significant, positive impact on conservation which are eligible for eco.business funding. Activities on this list include, for instance, the purchase of water-saving drip irrigation systems; the establishment of cocoa plantations under agroforestry systems; or obtaining the infrastructure and equipment required to produce compost and organic fertilizers.

By raising awareness of the importance of sustainable production practices, engaging with sustainability standards, and connecting conservation finance practitioners, the eco.business Fund also promotes the inclusion of natural resource conservation criteria into their lending operations and contributes to building an enabling environment for a greener economy.

“

We believe it is essential to protect biodiversity. Intact ecosystems not only provide habitats for animals and plants, but are vital for human beings as well. Conserving this natural wealth is therefore a crucial condition for successfully ensuring sustainable development. We are proud to have brought the eco.business Fund to life. Its approach of combining financing with sustainability standards and practices provides a highly innovative approach to create much needed synergies, for people and the planet.

”

Prof. Claudia Warning

Director General for Middle East, Asia, Latin America, South-Eastern and Eastern Europe, Federal Ministry for Economic Cooperation and Development (BMZ), Germany



How do sustainability standards support sustainable practices?

For example:

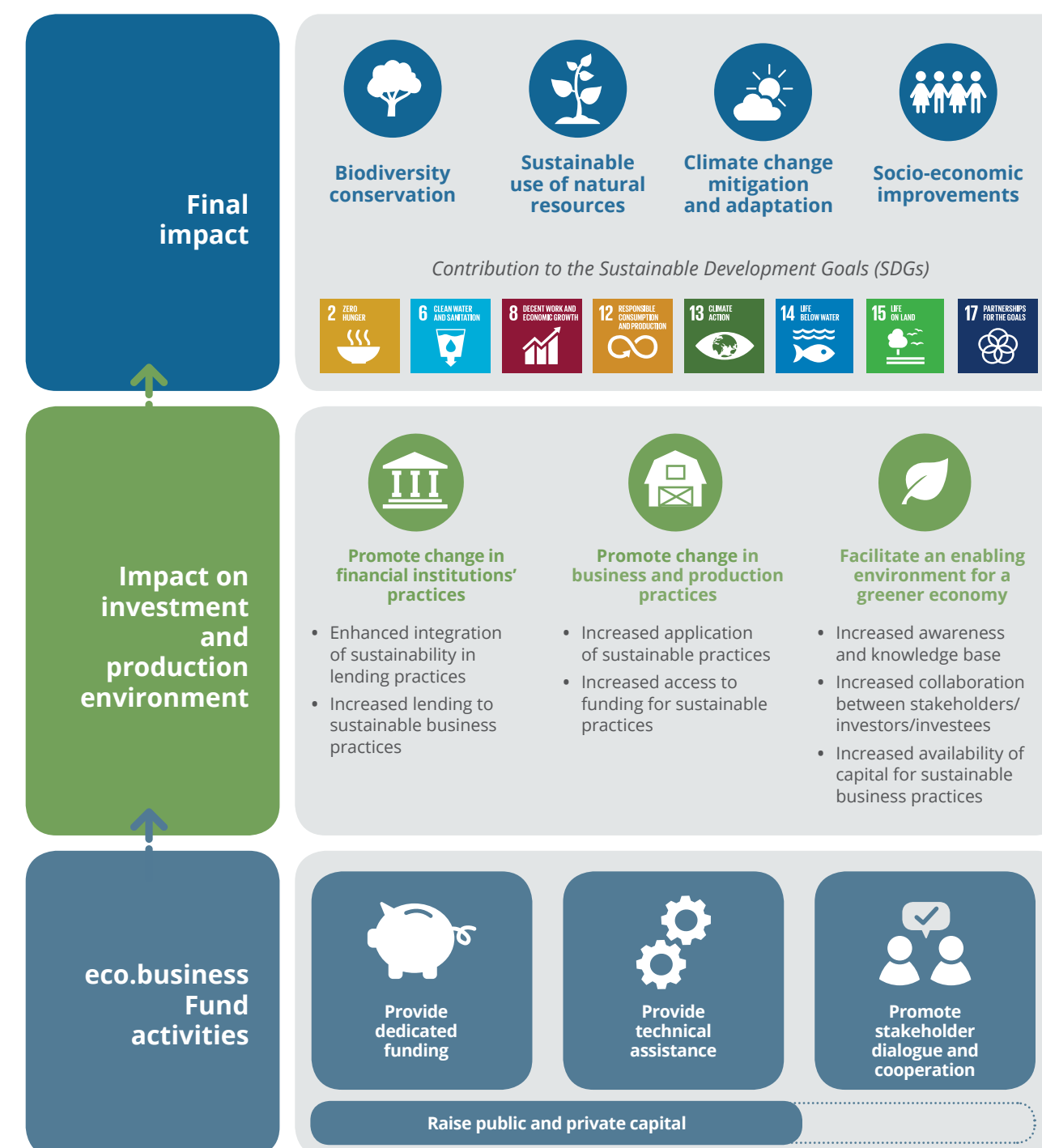
- The **Rainforest Alliance Sustainable Agriculture Standard** requires that shade-tolerant crops such as coffee or cocoa be grown under a minimal percentage of shade (e.g. 40% for coffee) or that at least 15% of farm area is composed of natural vegetation.
- The **Aquaculture Stewardship Council Standard** for shrimp ensures that certified farms operate without harming mangrove ecosystems or other natural areas of ecological importance.

The pathway to impact

All activities of the eco.business Fund are geared towards generating impact. The fund raises capital from private and public institutions to provide dedicated financing and technical assistance to local financial institutions and businesses that are committed to implementing sustainable business practices. Financing is provided to companies either directly or indirectly through financial institutions.

The impact pathway’s underlying assumptions are continuously verified through the impact management system. They are also backed by documented evidence and causal linkages from relevant institutions, such as impact evidence from industry networks, data and statistics from international organizations, parameters and proxies from academia and relevant think tanks, and thought pieces by conservation NGOs.

The fund’s activities and their anticipated effects on financial institutions and the fund’s target group are summarized in an impact pathway which will be presented in the following chapters.





“ It is important for us to work with the environment - not against it. This is why we ensure sustainability in every step of our operations - from growing coffee forests that serve as carbon sinks, to our milling process. Not only the environment, but also our business benefits from this, for example, reducing our water consumption saves us money, and helps us to adapt to the effects of climate change by preparing us for rainfall scarcity. ”

Miguel Menéndez
CEO,
Café Casal



Sowing Impact: The Fund's Activities



Provide
dedicated
funding



Provide
technical
assistance



Promote
stakeholder
dialogue and
cooperation

Raise public and private capital

The eco.business Fund leverages the power of blended finance to amplify its impact and outreach. In other words, the fund draws its capital from various layers - an initial base of investors provides a risk cushion to unleash the financial clout of private institutional investors.

The fund invests this money either in local financial institutions committed to promoting green finance in the region or directly in businesses that pursue sustainable production and consumption. This two-pronged approach thus generates impact on both a systemic and an individual level.

In addition, fund beneficiaries, whether financial institutions or businesses, can count on technical assistance provided by the eco.business Development Facility.

Providing dedicated funding

The eco.business Fund provides financing through two main paths. It mainly invests in local financial institutions that are committed to the fund's mission and which have the capacity to reach its target group. In some specific cases, the fund lends resources directly to this target group - that is, businesses or projects that implement sustainable practices and are aligned with the fund's mission. In both cases, the fund provides financing through various debt instruments.

All recipients of eco.business Fund financing must either be certified according to an eligible sustainability standard or implement an environmentally friendly activity included on the "Green List."

Providing technical assistance

Operating alongside the fund's investment activities is the eco.business Development Facility. The Development Facility works to maximize and deepen the impact of the fund in its target regions through a broad array of technical assistance measures for promoting sustainable practices. These measures range from building capacity within partner financial institutions to improving their environmental and social risk management, to providing training opportunities for clients and end borrowers.

Supporting stakeholder dialogue and cooperation

Working towards supporting systemic impact, the eco.business Fund also provides a platform to connect involved parties and raise awareness on protecting biodiversity and conserving natural resources. Activities like conference sponsorships, targeted studies, and market research bring together a multitude of players essential to the promotion of a green economy. These include organizations such as Conservation International, International Social and Environmental Accreditation and Labelling (ISEAL) Alliance, and the International Trade Centre (ITC) as well as different NGOs, investors, governments, local associations, and industry leaders, in addition to financial institutions and producers.



USD 265.6 million

Assets under management
Data as of December 2018



USD 291.5 million

Cumulative investments made
in partner financial institutions*



14 Financial institutions supported
with financing in seven countries*

*Data since inception of the fund in
December 2014 up to December 2018



USD 2.4 million

Invested in technical
assistance projects



42 Technical assistance
projects approved



11 Financial institutions
supported with technical
assistance in seven countries

Data since inception of the fund in
December 2014 up to December 2018





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The use of drones has not only helped us better assess our clients' environmental performance by monitoring their reforestation efforts, but has also been crucial in identifying potential forest loss and notifying clients in advance so preventative measures can take place.

”

Julio Bran

*Manager, Small and Medium Agribusinesses,
Banco Hipotecario*



Changing Practices: Impact on the Investment and Production Environment



Promote change
in financial
institutions'
practices



Promote change
in business and
production
practices



Facilitate an
enabling
environment for a
greener economy

Promoting change in financial institutions' practices

Enhancing the integration of sustainability in lending practices. The eco.business Fund's investments are accompanied by technical assistance, managed by the eco.business Development Facility, to strengthen and mainstream sustainable lending practices. Activities are tailored to the respective financial institutions' portfolio and sustainability needs. These can range from running diagnostics on environmental and social management systems (ESMS) and conducting farm surveys, to piloting cutting-edge tools for environmental monitoring, such as drones and satellite imagery to monitor land-use changes and soil conditions in farms. As of the end of 2018, more than 100 staff from 11 financial institutions and 50 businesses in seven countries benefitted from training delivered through the eco.business Development Facility.



>100 Partner financial institutions'
staff members trained



12 Country deforestation
assessments conducted



4 Satellite monitored
projects launched

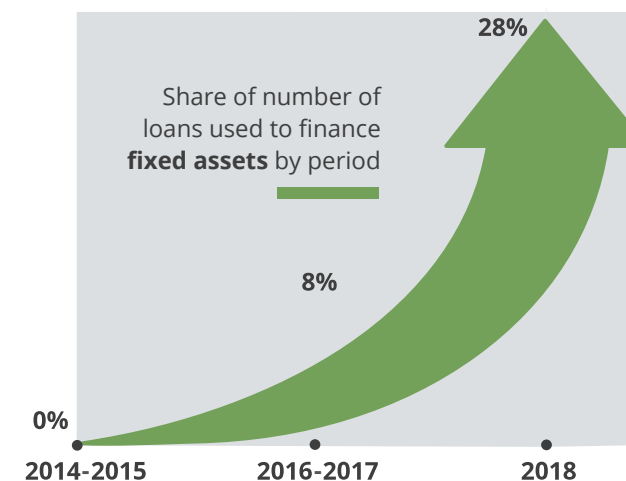


4 Environmental and Social
Management Systems (ESMS)
improved and implemented

*Data since inception of the fund in
December 2014 up to December 2018*

Increasing lending for sustainable business practices.

The eco.business Fund is increasing access to finance for sustainable business practices. Activities that are considered riskier, less profitable or simply unviable, such as agriculture or forestry, are typically underfinanced. To help close this gap, the eco.business Fund is providing long-term financing to financial institutions to grow their loan portfolio of sustainable activities in the fund's four priority sectors – agriculture, forestry, fisheries and aquaculture, and tourism. Through this financing, the fund's partner financial institutions can offer loans with longer maturities to their clients, allowing the end borrowers to make the investments required to implement green production practices. This is also reflected in the increased use of funding for fixed assets.



By acting through local financial institutions, the fund achieves scale and efficiency in disbursing its funding to end borrowers and ensuring longevity of the Fund's impact, even once the fund's support has ended.

Meanwhile, direct investments can have a catalyzing effect on the entire sector by inspiring other players to follow once the business case has been made.

Hand in hand with the fund's investments, the eco.business Development Facility is undertaking studies and capacity building activities to improve the appraisal of these markets in terms of risks and opportunities. By demonstrating the business potential of investments in sustainable activities in the four priority sectors, the fund aims at supporting an overall expansion of green lending activities, beyond those financed with eco.business funding.





Impact Story

Training Lafise Bancentro’s staff on the use of satellite imagery and geo-referencing for cattle ranching in Nicaragua

The eco.business Development Facility worked with Lafise Bancentro in Nicaragua to enhance the sustainability of its cattle portfolio. A big risk to the environment posed through cattle is deforestation. Therefore, the fund launched a pilot project to develop and test land-use change monitoring tools for cattle farms.

“We are now benchmarking against banks at international level [and our] potential is exponentially greater.”

Rosaura Salter
Socio-Environmental Programs and
Sector Analysis Manager,
Lafise Bancentro

The project consisted of training the bank’s staff as well as farmers, who are clients of the bank on:

(i) using GPS for the mapping of farms, (ii) using a satellite monitoring dashboard to visualize the compliance with forest protection of farms, (iii) the implementation of sustainable and environmentally friendly practices in the cattle sector, and (iv) the use of digital data collection tools to identify and promote these practices.

The next step for Lafise Bancentro will be to progressively integrate sustainability management into credit processes and strengthen the monitoring of its cattle portfolio. This change in their practice is ultimately expected to support reducing deforestation and improving protection of native vegetation.

“I am really interested in this project and am eager to learn how I can change my production methods so that they’re more sustainable.”

*A cattle farmer involved
in the project, Nicaragua*

Promoting change in business and production practices

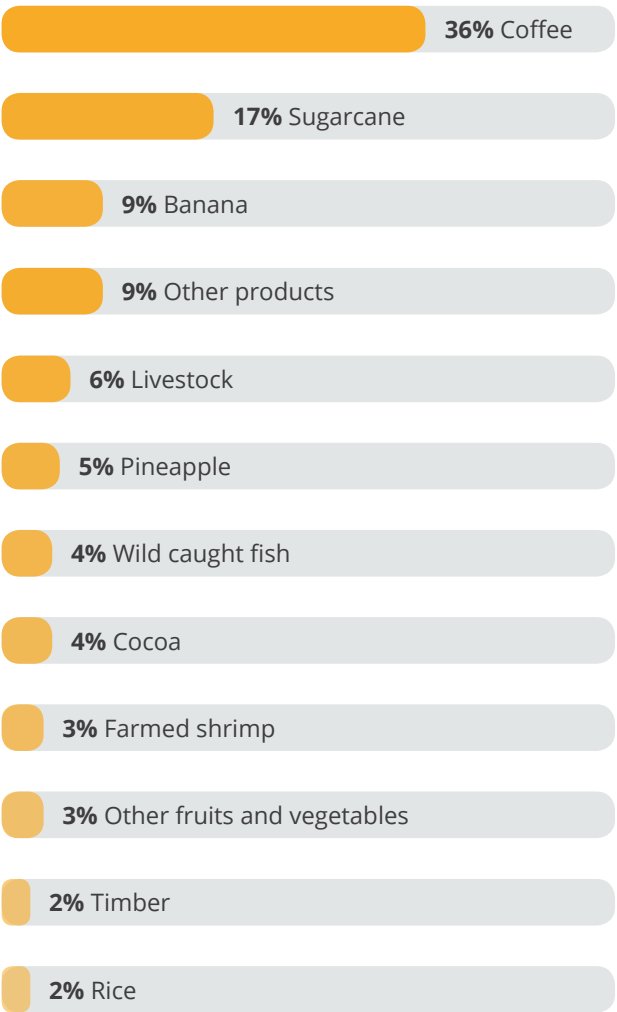
Through its financial support to sustainable production and its direct relationship with end borrowers, the fund is helping producers adopt more efficient and sustainable practices.

Increasing the access to funding for sustainable business practices. The fund’s accumulated loans to local financial institutions of USD 291.5 million were on-lent to more than 3,000 businesses and producers, resulting in a total amount of sub-loans disbursed to end borrowers of USD 457 million. A large share of the loans disbursed through the fund’s partner financial institutions went towards activities in the agriculture and agro-industrial sector, contributing to the support of 140,000 hectares of land under sustainable management.



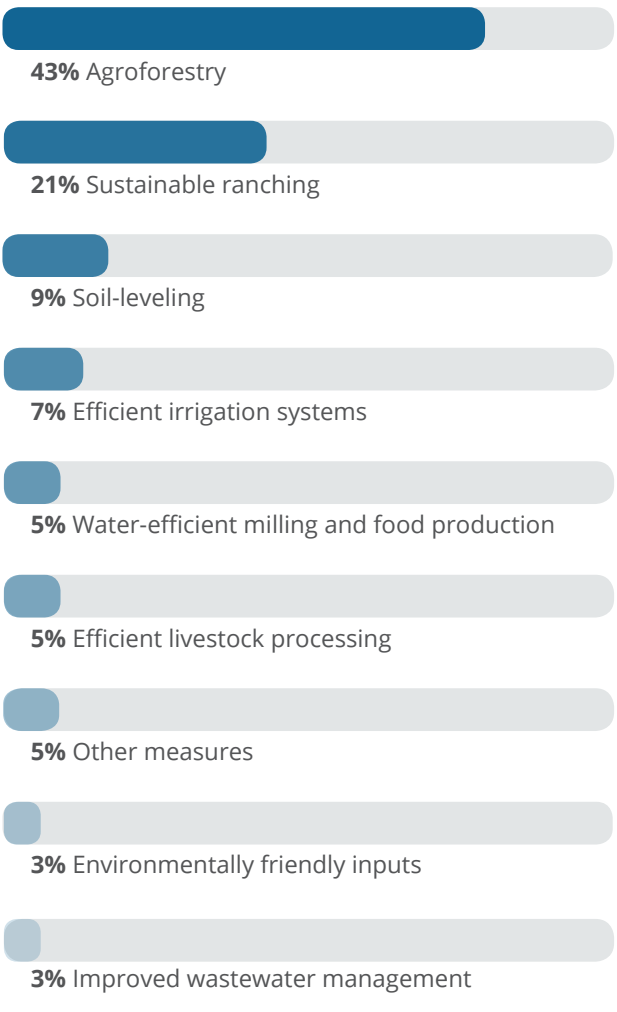
Crops financed in the eco.business Fund's portfolio

Percentage of disbursements by crop since inception in December 2014 up to December 2018



“Green List” activities financed in the eco.business Fund's portfolio

Percentage of disbursements to “Green List” activities since inception in December 2014 up to December 2018



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As a global impact investor, we aim to serve sectors and regions that are often overlooked or underserved by the traditional capital markets. With its network of local partner financial institutions and innovative approaches to incentivize sustainable practices among agricultural businesses, the eco.business Fund provides us with the opportunity to efficiently and effectively invest in efforts to enhance environmental sustainability and combat climate change – both topics that are increasingly important to us and our investors.

Kevin Fanfoni

Senior Investment Officer,
Calvert Impact Capital

”

Increasing the application of sustainable practices among end borrowers. Complementing the financing, the eco.business Fund’s technical assistance enables businesses to integrate sustainable practices in their production methods.

To date, the eco.business Fund has worked directly with more than 400 producers to better understand their production practices, strengthen implementation of robust monitoring systems and equip them with tools to enhance sustainability of their operations.



Impact Story

Supporting sustainable coffee producers in El Salvador

Banco Hipotecario, a partner financial institution of the eco.business Fund since 2016, has worked with the fund to better understand the production practices of coffee farmers and millers as well as their interaction with the natural environment. Activities such as soil analysis, establishing of plot maps, and technical recommendations on sustainable farm management, have not only supported the bank to enhance sustainability in its coffee portfolio and improve its assistance to coffee producers in implementing sustainable practices, but have also strengthened the practices of the fund’s end borrowers.

Facilitating an enabling environment for a greener economy

Increasing awareness and knowledge base. Backed by a solid knowledge of the conservation finance market and the environmental challenges of the region, the eco.business Fund builds the knowledge base for the conservation finance sector by:

- Piloting state-of-the-art technologies to enhance sustainability of financed activities. For example, the fund has introduced the use of satellite imagery and drones to monitor land-use changes and has contributed to the increased use of data and technology in the coffee sector.
- Providing thought leadership around sustainability in the financial sector. By collaborating with partners, such as the ASN Bank and other financial institutions, the eco.business Fund has contributed to international research initiatives around biodiversity footprinting.
- Improving and promoting the use of impact assessment methodologies and tools. The fund worked towards aligning biodiversity metrics – not only for financial institutions, but for businesses and governments alike. Furthermore, the fund contributed to and applied environmental assessment tools such as Biodiversity Return on Investment Metric (BRIM) or Integrated Biodiversity Assessment Tool (IBAT).
- Supporting the sustainability standards market. The fund has joined forces with sustainability standards and

standard networks such as the ISEAL and collaborated with the ITC’s Sustainability Map; a database that contains detailed information on several hundred standards.

- Conducting technical research activities that will help to enhance sustainability of the priority sectors. For example, to date, the fund has undertaken 12 deforestation assessments, identified deforestation hotspots and protected areas, and conducted thorough analyses of recent forest change dynamics.

Increasing the collaboration between stakeholders, investors, investees. The eco.business Fund is building a network of relevant actors in the sustainable finance environment through the participation and sponsorship of key events in Latin America and globally. This network includes private and public investors, financial institutions, producers, NGOs, industry associations and research groups.

Since its inception, the fund has contributed to 20 major industry events, such as the Felaban annual Assembly, the 2018 ISEAL Global Sustainability Standards Conference, the 2018 Sustainability Week or sector events such as the World Coffee Science Summit.

These events not only contribute to raising awareness for the fund’s impact goals (including the approximately 200,000 - direct and indirect - participants), they also support the building of networks to create synergies and collaborations that generate positive impacts beyond the fund’s own interventions.





Impact Story

Raising awareness and sharing knowledge - towards a green investment environment

The next generation: Making my community green. This project, conducted by the eco.business Development Facility with Fundación Zamora Terán, an NGO supported by the eco.business Fund's partner financial institution, Lafise Bancentro, developed an environmental software application (EcoLógica) which was installed in 2,393 computers in 15 rural schools in Nicaragua. Through games and other tailored presentations, this app allows primary school students to learn about the protection of the environment – training the next generation on sustainable practices. The project also developed an environmental guide for parents.

Bringing biodiversity issues to the public: ColomBIODiversidad. The eco.business Fund has sponsored this annual event since 2017, together with the French Development Agency AFD, to promote the protection of biodiversity in Colombia. Organized over several days in different cities across the country, this event offers technical

workshops, films and photo exhibitions as well as workshops for children and students. Events like this support putting the fund's impact goals on the public agenda. In 2018 alone, 140,000 people attended.

Connecting finance with sustainability standards: ISEAL 2018 Global Sustainability Standards Conference. The eco.business Fund shared its approach of working with sustainability standards as well as its support to developing sustainability tools, products and partnerships in a plenary session attended by over 200 sustainability practitioners across 24 countries.

Promoting sustainable landscapes: Global Landscapes Forum (GLF) 2018. The eco.business Fund presented its approach of fostering a greener economy before more than 1,000 representatives in Bonn. These included government, international, non-governmental and indigenous organizations, activists, finance, private sector, youth, scientists and media who were able to connect, learn and share ideas and experiences on how to move from commitment to action in achieving sustainable landscapes.

Increasing available capital for sustainable business practices. Supporting the transition towards a greener economy requires important investments which can only be achieved through the mobilization of both private and public capital. As a structured fund, the eco.business Fund allows the blending of public and private funding. The presence and endorsements by development finance providers can have a risk-mitigating effect and leverage previously untapped private capital resources for sustainable development. Blended finance vehicles, such as the eco.business Fund, have been identified as key contributors to raising the funds required to achieve the United Nations Sustainable Development Goals (SDGs) and the climate goal set out in the Paris Agreement.

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The EU is committed to promoting innovative finance for the Sustainable Development Goals. Blended finance structures, like the eco.business Fund, are a key tool to raise additional capital for development. They allow public and private investors to come together – leveraging each other's funding, creating synergies and achieving an impact well beyond what each of us would have achieved by ourselves.

”

Jolita Butkeviciene

*Director Latin America and Caribbean Region,
EuropeAid Development and Cooperation
Directorate-General, European Commission*

The fund's interventions have also helped partner financial institutions leverage additional funds for conservation finance from other private and public impact investors. For example, syndicated loans - with the International Finance Corporation (IFC) for Banco Pichincha (Ecuador) and Itaú (Colombia), and with the Dutch Development Bank (FMO) for Fedecredito (El Salvador), raised USD 280 million to finance loans with sustainability criteria (the fund's share amounted to USD 60 million).

Due to the fund's technical assistance, partner institutions were able to comply with international best practices on environmental and social sustainability, such as the IFC Performance Standards or the World Bank Group Environmental, Health, and Safety Guidelines. This supports them in obtaining additional capital from private and public impact investors who are increasingly placing importance on these standards.





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The role of the financial sector in the conservation of our planet cannot be underestimated: financial institutions channel investments and influence which sectors thrive and which sectors lag behind, they are key actors in shaping how the future will look.

”

Sandra Abella

*Director,
Finance in Motion, Advisor
to the eco.business Fund*



Preserving the Environment and Contributing to Sustainable Development: Final Impact



Biodiversity conservation



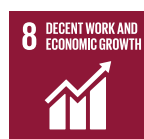
Sustainable use of natural resources



Climate change mitigation and adaptation



Socio-economic improvements



Conserving biodiversity

Through its support to sustainable farming, agri-processing and commodity traders with responsible sourcing policies, the eco.business Fund is contributing to the preservation of biodiversity-rich ecosystems such as natural forests, mangroves and other pristine ecosystems.

This is exemplified by its support to agroforestry systems, such as shade-grown coffee and cocoa, which ensures that some of Latin America's key export crops are produced in a sustainable way and in compliance with rigorous sustainability guidelines.



Since its inception, the eco.business Fund has contributed to:

- Protecting **140,000 hectares** of farm land under sustainable management
- Preserving **4,500 hectares** of native vegetation
- Promoting **47,000 hectares** under agroforestry systems



Impact Story

Protecting biodiversity through agroforestry: Casal, a sustainable coffee plantation and mill in El Salvador

Casal is a 255 hectares family-run coffee farm and mill located in the Ahuachapán Province of El Salvador. It receives financing from Banco Hipotecario, one of the fund's partner financial institutions, to modernize its ecological coffee mill and to renovate its plantations of shade-grown coffee.

In El Salvador, where native forests represent only 2% of the territory, coffee forests (coffee trees and shade trees) are one of the few remaining refuges for biodiversity.

Through the fund's promotion of shade-grown coffee, farms like Casal are supported to preserve biodiversity in coffee producing regions. The presence of wild frogs, tiger cats, deer, foxes and the Izote flower (El Salvador's national flower) on Casal's plantations provides concrete evidence of the benefits of this agroforestry system.



Promoting the sustainable use of natural resources

The eco.business Fund's investments are channelled into businesses that contribute to improving the availability and quality of water and soil, the two main resources used in agriculture.

For example, the fund's support to modern laser-levelling technologies has contributed to saving approximately 4 million cubic meters of water for the irrigation of paddy fields. Supporting farmers who apply rigorous sustainable practices has positive effects on the responsible management of agrochemicals and on the conservation of soils.



Since its inception, the eco.business Fund has contributed to:

- Saving **4.2 million cubic meters** of irrigation water
- Avoiding the use of **30,000 liters** of herbicides
- Supporting **70,000 hectares** of land under soil conservation practices



Impact Story

Supporting sustainable forestry: Aglomerados Cotopaxi

Through Banco Pichincha, the fund is currently supporting Aglomerados Cotopaxi, a producer of timber products operating 13,800 hectares of pine plantations in Ecuador, certified by the Forest Stewardship Council (FSC).

In line with the requirements of FSC, the company is preserving nearly 4,000 hectares of High Conservation Value Areas, equivalent to 27,5% of the total area operated on. The area preserved includes natural forests as well as water collection points that serve more than 12,000 people.

Through the support to FSC-certified forestry, the fund is providing clear incentives to produce high-quality timber while meeting social and environmental standards. This also ensures the conservation of rich ecosystems and the preservation of the rights of indigenous people living in forest areas.

Contributing to climate change mitigation and adaptation

When coffee and cocoa are grown under shade trees, they store far more CO₂ than when they are cultivated under full sun exposure. By investing in the maintenance and expansion of agroforestry plantations, mainly shade-grown coffee and cocoa, the eco.business Fund contributes to storing carbon. The stock of CO₂ stored in the agroforestry plantations that the fund has supported since its inception (47,000 hectares to date), is estimated at more than 4 million tons of CO₂.

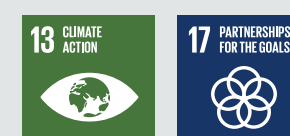
Comparing this absolute CO₂ storage to a baseline scenario reflecting the prevailing proportions of shade and full-sun systems in the different countries, the fund has thus far contributed to an additional storage of 0.6 million tons of CO₂. This net storage is roughly equivalent to the CO₂ stored by a 7,500-hectare eucalyptus plantation.

The fund's investments are also helping farmers adapt to climate change. Its support to agroforestry systems contributes to the improvement of the resilience of farms to climate variations. Investments in water-efficient irrigation systems, such as drip irrigation, also contribute to reducing the demand of the agricultural sector for irrigation water and therefore lower its exposure to changing climate patterns and to episodes of water stress.



Since its inception, the eco.business Fund has contributed to:

- Capturing an absolute amount of **4.3 million tons of CO₂** due to the support to shade-grown coffee and cocoa, of which **0.6 million tons** can be considered as net storage
- Equipping **15,000 hectares** with water-efficient technologies
- Supporting **47,000 hectares** of climate-resilient agroforestry systems



We at ASN Bank take our contribution to a sustainable future for all seriously. We are committed to achieving a climate-positive balance sheet with our portfolio by 2030. This is why the eco.business Fund, with its contribution to addressing the causes and effects of climate change and its leadership in promoting sustainability in the financial world, is a very strategic investment for us.

Arie Koornneef
Director,
ASN Bank



Supporting socio-economic improvements

The eco.business Fund is also supporting sustainable businesses to expand their operations and to branch out into new, sustainable business practices and sectors. This allows business owners not only to maintain current employees but also create new employment – mostly in labor-intensive agricultural production and activities along the food value chain, such as processing and trading but also in fisheries, aquaculture and forestry.

Partner financial institutions are required to observe compliance with national labor legislations when financing businesses both through the sustainability standards and the "Green List" approaches. The standards most represented in the fund's portfolio, such as Rainforest Alliance, Fairtrade or ASC, cover additional aspects such as decent pay, gender equity, health and safety as well as professional development. Partner financial institutions must further adhere to the eco.business Fund exclusion list, which states that the fund will not finance production or activities involving harmful labor.



Since its inception, the eco.business Fund has contributed to:

- Supporting **3,269 businesses and producers** in implementing and expanding sustainable business and production practices
- Supporting **~250,000 direct jobs**



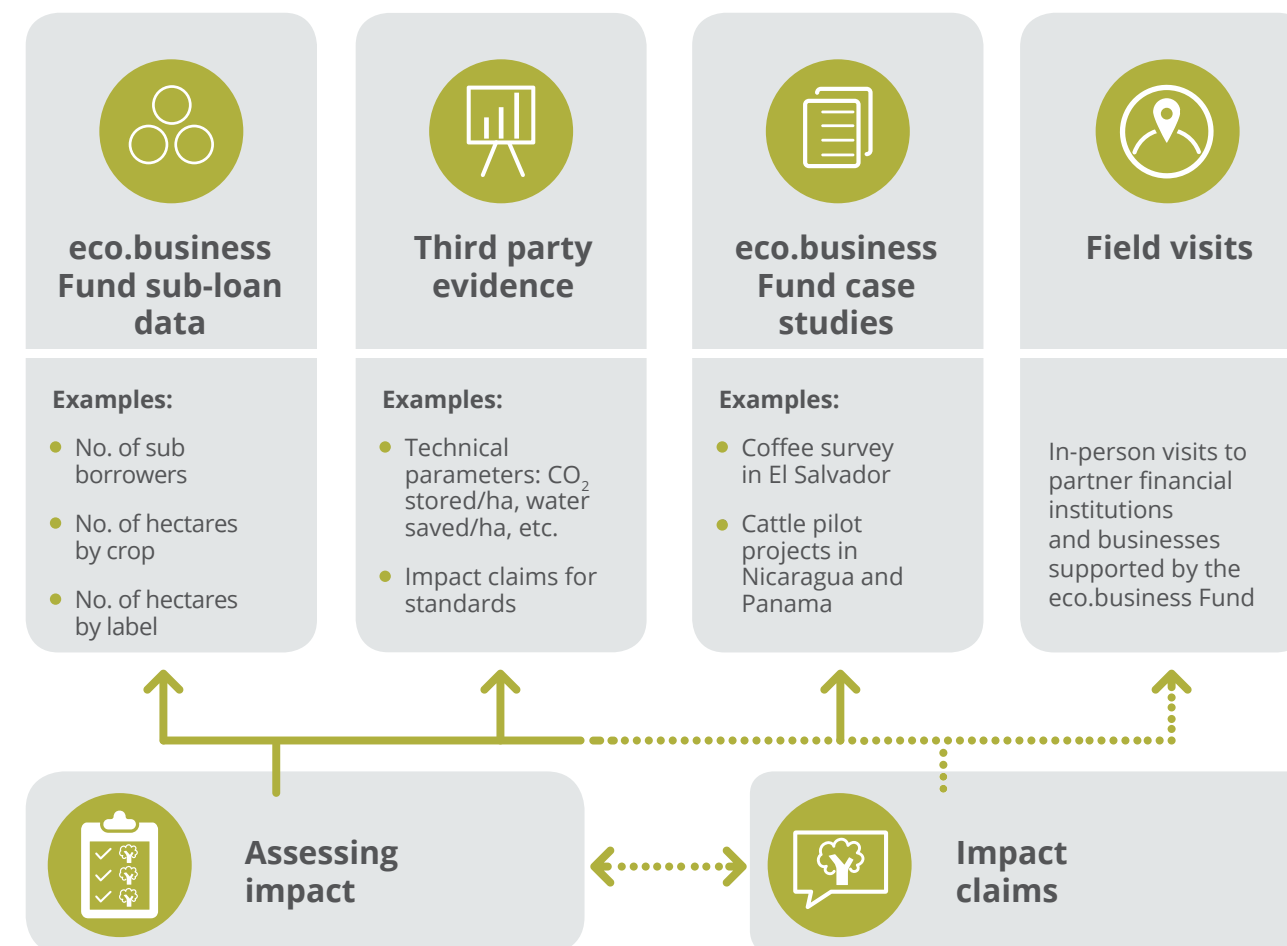


Making it Count: Assessing and Managing Impact

The impact assessment approach

The eco.business Fund continuously monitors and assesses its impact based on a set of key performance indicators. Impact results are reported on a regular basis, including through this Impact Report.

To assess the impact results, the fund combines first-hand information from the reports received by the partner financial institutions on the loans provided to end borrowers (sub-loan reporting) with technical parameters derived from third-party evidence as well as case studies conducted by the fund. Field visits to financial institutions and businesses supported by the fund allow to verify impact assumptions and gather additional qualitative and quantitative data to improve the impact assessments.



Our impact management system

For the eco.business Fund, impact monitoring is just as important as tracking financial performance. It provides a constant feedback loop of how well the fund is progressing towards its goals, and provides insights and learnings. This enables the fund to continuously fine-tune its strategy and to flexibly react to changing conditions to further enhance the reach and depth of its impact. Impact management is therefore integrated into every step of the investment and technical assistance (TA) cycle.





From left to right: Sandra Abella, Sylvia Wisniwski, Mario Jertz

Message from the Fund Advisor

In its fourth year of operations, the eco.business Fund has shown that conservation finance is both an attractive business case and an important vehicle to generate positive environmental and socio-economic impact. With more than USD 291 million cumulative investments (as of 31 December 2018) in 13 partner financial institutions across seven countries, and more than 3,000 sustainable end borrowers reached, the fund has gained momentum and is delivering on its impact promise. And this is only the beginning!

Our impact management framework allows us to not only improve our understanding of results and impact achieved on the ground, but also to learn and tailor our operations. What is clear from the past years is that, as trees grow and develop, so does our investment and impact approach. We are excited about what is to come and about making our contribution to developing the conservation finance market.

We thank the eco.business Fund's Board of Directors and investors for continuously challenging us to reach for even higher goals and to branch out into new regions. Our final thanks go to the fund's partner financial institutions and end borrowers for working with us to make biodiversity conservation and the sustainable use of natural resources the new normal in business.

S. Abella
Sandra Abella

S. Wisniwski
Sylvia Wisniwski

The Board of Directors



From left to right: Christopher Knowles, Dr. Hanns-Peter Neuhoﬀ, Dr. Jens Mackensen (Chairperson), Vitalis Ritter, Jacco Knotnerus

The Investment Committee



From left to right: Vitalis Ritter, Karim oud Chih (Chairperson), Alma Alvarez, Dr. Kai Timo Schönfeld

The Development Facility Committee



From left to right: Curan Bonham, Joseph Wozniak, Karim oud Chih (Chairperson), Norma Tregurtha, Dr. Kai Timo Schönfeld



About the eco.business Fund

The eco.business Fund aims to promote business and consumption practices that contribute to biodiversity conservation, to the sustainable use of natural resources, and to mitigate climate change and adapt to its impacts. By providing financing for business practices that conserve nature and foster biodiversity, the fund seeks investments with both environmental and financial returns. The fund mainly provides loans to qualified financial institutions that on-lend the money to eligible borrowers, which include holders of recognized sustainability standards or those making improvements in line with conservation and biodiversity goals. The fund supports sustainable operations in the sectors of agriculture, fishery (including aquaculture), forestry and tourism.

For more information please visit www.ecobusiness.fund and follow us on Twitter [@ecobusinessfund](https://twitter.com/ecobusinessfund).

Disclaimer

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