

FROM RESTORED LANDSCAPES TO POSITIVE INVESTMENTS

Bridging nature, people and business

12TREE SUSTAINABILITY REPORT 2019
EXECUTIVE SUMMARY







**Richard
Focken**
CEO

Dear reader of the 12Tree Sustainability Report,

Lately, you have been beset with news of accelerating climate change, glacier melting, and extensive deforestation of the Amazon Rainforest, the largest forest ecosystem in the world. Many are calling for more urgent climate action - especially the young. You, the partners of 12Tree, are actively committed to building a more sustainable future.

For over a decade the founding members of 12Tree have been working in reforestation and sustainable agriculture as these are the best solutions to address these issues. Together we will succeed in creating sustainable long-term value and proving that social, environmental responsibility and profitability are complementary and not a contradiction.

CHANGE: We have set out to help transform the financial investment industry. Over the last 3 years, we have developed large-scale land-use projects in 7 countries. On our investors behalf, we have injected triple-digit million euros into well balanced, profit-oriented projects. Our work has enabled us not only to foster employment, but to analyze the requirements of local populations to determine what constitutes a fair income for a family in a given set of circumstances all the while promoting education and personal development. Sharing our modern, high-performance farm infrastructures and methods with local smallholders wherever possible is helping them improve their livelihoods. You can learn all about the different measures we have undertaken in this report. How we walk the talk!

FAIR PROFITABILITY: Profit is a vital part of the sustainability equation. We are wholeheartedly committed to the belief that every project needs to be profitable in itself – Profitable to our investors, but also to local stakeholders, to our partners, and to the ecosystems our children and their children will inherit from us. Large corporations and large investors, have a responsibility to no longer accept the status quo. We must open our eyes and do everything in our power to fight climate change, protect the planet's biodiversity and end global poverty. This can be done. By leveraging three core skills in our company – asset management, a strong operational capacity, sales and marketing of ecological products – we can effect real change. The following examples illustrate just how much we can achieve with a fully committed, long-term approach to sustainability.

I appreciate any feedback you may have.
Richard Focken, CEO



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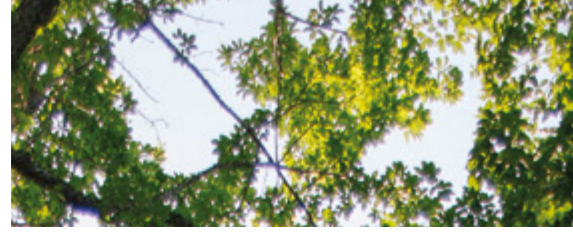
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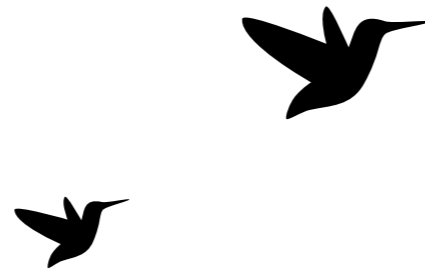
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FROM OUR LOVE FOR FORESTS...



TREE CENTRIC

12Tree was born out of the observation that when forests suffer, the consequences are felt around the world. Forests are vital carbon sinks and help slow global warming. Deforestation alone accounts for around 10% of the world's emissions. Behind 12Tree are entrepreneurs, investment-experts and, above all, nature-lovers. Together we saw that, at a time when the issue of climate change is more pressing than ever, completely rethinking how we farm has become a key challenge.

VIRTUOUS LAND-USE

Cost optimization. A drive to get returns at any price. With intensive farming and forestry, humans have grown accustomed to putting economic interests before those of nature. The planet is suffering as a result. Local populations are suffering. Biodiversity is in decline. Sustainable agroforestry takes the opposite approach, putting people's interests and sustainable farming first. In doing so, it is developing virtuous farming methods that benefit everyone, from the 12Tree Farms to local communities and consumers.

...TO A NEW VISION FOR BUSINESS

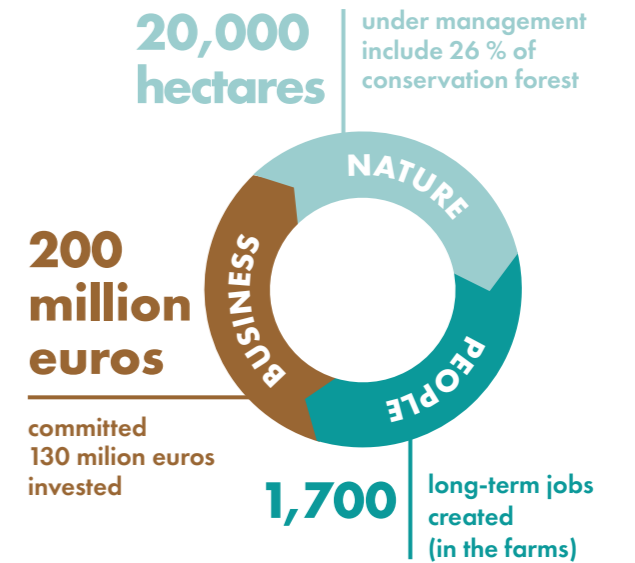
HOLISTIC APPROACH

In nature, everything is linked. Connected. Interdependent. Roots form networks. Species communicate. And when the right balance is struck, this all creates a virtuous ecosystem. What better model is there than nature? 12Tree applies this holistic approach to all its work. For us, an agroforestry project must not only revitalize a plot of land or forest, but also improve local employment, health-care, education and social welfare for its communities. And build bridges between communities of investors, farmers and international buyers that have much to offer one another.

FAIR PROFITABILITY

Nature and finance can be reconciled: we are at the heart of this convergence. We believe in the virtues of sustainable investment and fair profitability. Since 2017, our investors have committed more than 200 million dollars into 12Tree projects and programs. Their investments help stabilize the carbon footprint of agriculture, protect forests, restore degraded landscapes and improve the quality of life and income of local workers. We see every day the stunning effects positive investments can create.

POSITIVE DATA



FROM SOWING SEEDS...



...TO CLOSING DEALS

PROJECT SCOUTING

Assessing soil quality. The availability of water to feed it. Understanding local production methods. Taking into account an area's environmental, social and political climate. Carrying out a tree inventory. When we embark on an agroforestry project, we have to understand every element. It is this in-depth knowledge that guides our investments and allows 12Tree's teams to implement a social and environmental development plan. Nature leaves nothing to chance. It inspires us in our pursuit of excellence.

FARM DESIGN

Helping nature regain its strength, flourish and give the very best of itself. Putting an end to damaging farming methods. We apply our plantation design method to every project we take on. Managing resources efficiently. Upgrading management processes. Training our teams. Precision agriculture draws on our range of technologies, from humidity sensors to drones and data analysis. Together, the actions we take, improve soil health. Crop quality. Farm yields. Gently restore biodiversity. And help our farms achieve the highest certifications.

MEASURING TOOLS

We use our own Project Score Card, as well as the services of Kinomé, an independent consultancy, to continually improve the social and environmental impact of all our agroforestry projects. Our Project Score Card helps us monitor the environmental, economic and social improvements brought about by a plantation. Every two years, Kinomé carries out a field study on the social impact of each project. Thanks to this, we can be sure that our work helps improve communities' living and employee's working conditions.

BRING TO MARKET

Whether it's cocoa beans, bananas, coffee, coconut oil or timber, from northern Guatemala to southern Ecuador, 12Tree's farming community produces the highest-quality goods. The aim of our projects is to sell these products directly to international buyers, who are willing to commit to buying them for the long term. By removing intermediaries, we can monitor quality throughout the supply chain, from production to packaging and distribution. And we guarantee the fairest price for these crops.



POSITIVE DATA

2.5 million tons

sequestered over a period of 20 years. 125,000 tons CO2 per year

940 tons

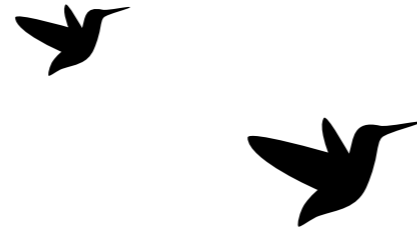
of cocoa produced in 2019 4,000 tons in 2025 (estimation based on the actual portfolio)



230

farmers participating in our first 2 smallholders projects

FROM NATURE REBIRTH...



AMBITIOUS COMMITMENTS

From Colombia to Costa Rica, Guatemala, Panama, the Dominican Republic and Ecuador, our farms connect us with many different countries and communities. We want our work to have an entirely positive impact on these regions. To set ourselves the most ambitious roadmap, our approach covers 8 of the 17 sustainable development objectives set by the United Nations for its members.

SERVING NATURE

The impact of a 12Tree project is measured using a natural phenomenon that is familiar to us all: the return of plants and wildlife. It is the best indicator of an ecosystem that is regaining its balance and health. To encourage such revival, we do a lot of work around landscape connectivity. Trees encourage species to move around, so we use them to create biodiversity corridors. Biomass increases. Plantations become carbon sinks again. Life can flow once more and produce flourishing crops.

12TREE, CORE COMMITMENTS

- 

100% social insurance and access to health for all field workers
- 

Access to education and training to all our workers
- 

No gap between basic salaries and remuneration of women to men for each employee category
- 

Water will be recycled and used wherever possible
- 

Pay wages that allow decent living conditions for all our workers
- 

100% of the production certified
- 

Increase carbon sequestration by optimizing and diversifying the plantation production
- 

Increase the conservation value of all our investments by restoring soil and creating biodiverse agroecosystems



...TO PEOPLE BENEFITS

POSITIVE CONNECTIONS

A 12Tree agroforestry project is a virtuous cycle. A community of farmers is established around a "core farm". This core farm supplies them with the best equipment for their plantation. And connects them, creating synergies that work to everyone's benefit. Sharing knowledge. Training. Support. This network-based approach brings about a series of positive effects. Improvements in soil quality. In crops. Yields. Revenue. In the quality of life of smallholders and their families.

SOCIAL BENEFITS

Guaranteeing a fair income for farm workers. Providing them with high-quality farming equipment. Enhancing the quality of products sold and, consequently, their value returned to employees. Offering them health insurance. A key dimension of our projects is improving the living and working conditions of our farmers, their families and those in the surrounding communities. We are committed to creating long-term projects that provide decent employment and livelihoods for as many people as possible. For this and future generations.



FROM BALANCED PORTFOLIO...

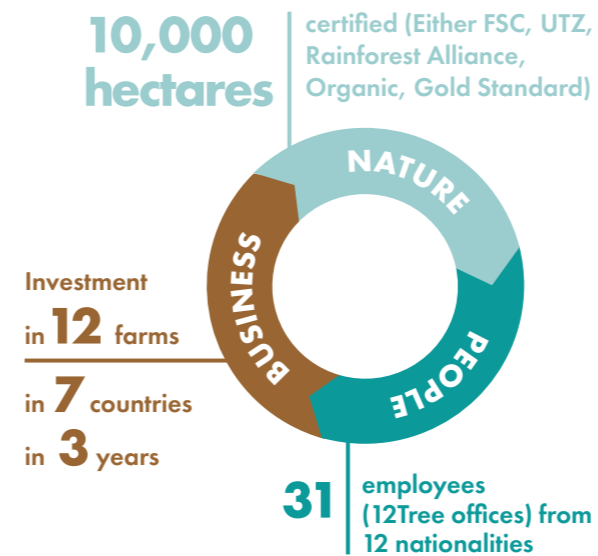


...TO BLOOMING FIELDS

FARM NETWORKS

Our projects interact. Our farm managers meet one another. Share their knowledge, in workshops organized by us or through a dedicated digital platform. As part of our aim to create virtuous cycles, we connect all the farms in our portfolio so they can grow and become stronger together. Restoring the balance of an ecosystem is easier when you can draw on the experience of other 12Tree farmers. Sourcing supplies in bulk, reduces our costs. This network culture also makes us more innovative and proactive in finding lasting solutions to the problems our projects may encounter.

POSITIVE DATA



KNOWLEDGE SHARING

All our forestry and agroforestry projects are undergoing a positive transformation from polluting farming methods towards virtuous ones. To ensure that best practice takes root throughout our network, we train all our farmers in responsible farming techniques. We are working with them to improve harvesting and post-harvesting methods, reduce chemical products and waste. We recycle with the aim of promoting a circular economy. The interaction of our farms makes them all more sustainable.

DIVERSIFICATION

Diversifying the areas in which we operate. Diversifying the crops grown within a plantation. Diversifying the production options and ways of marketing a particular product, such as cocoa, which we sell in several different product lines. Diversification allows us to adapt to change – whether in the climate or in the market. It means we can anticipate or tackle any problem as soon as it arises, for the long term. And in doing so, we ensure our productivity and profitability remain stable.



AMBROSIA

Organic cocoa farm growing under the shade of coconut palms

FARM TYPE Cocoa trees and coconut palms
REGION Nagua, Dominican Republic
SIZE 2,132 Ha
CONSERVATION 1,017 Ha
WORKERS 500
ONBOARDED in March 2019

Graced with fertile soils. Natural springs flowing from nearby forests. Ambrosia is the largest organic coconut and cocoa farm in America. Ripe with potential for restoration. 12Tree is rehabilitating existing coconut palm fields. Planting new plots of intercropped coconut and cocoa. Transforming the coconuts into organic coconut oil on site. And also installing beehives. We target a population of 60 million bees that will pollinate the crops and produce 40 tons of organic honey per year.

CHIMELB

Building a multifunctional and biodiverse cocoa and coffee agroforest

FARM TYPE Diversified
REGION Alta Verapaz, Guatemala
SIZE 4,751 Ha
CONSERVATION 2,300 Ha
WORKERS 400
ONBOARDED in April 2019

Finca Chimelb is a multi-crop farm with extensive areas of natural forest. It produces cocoa, coffee, cardamom, lemons, and rubber. Diversifying revenue streams. Increasing landscape connectivity throughout. Ensuring economic stability. And fostering biodiversity. Quality and productivity improvements are our main focus. Among other actions, 12Tree is building a new post-harvesting center to deliver quality products to our buyers. We are also furthering the development of a small-holder program.



BACAO

Conversion of cattle land to an innovative cocoa farm

FARM TYPE Cocoa and gliricidia trees
REGION Meta, Colombia
SIZE 1,250 Ha
CONSERVATION 53Ha
WORKERS 103
ONBOARDED in June 2019

Bacao is a shining example of an efficient plantation design. Historically used for cattle-grazing, this project is being transformed into a productive cocoa farm that can cover 3,000 hectares. Incorporating state-of-the-art technology is boosting productivity and ensuring efficient use of resources. Providing stable jobs, decent wages and improved working conditions, is helping families envision a positive future in this region.

LA PAZ

Preparing soils for a new native tree plantation

FARM TYPE Acacia mangium and native trees
REGION Vichada, Colombia
SIZE 3,000 Ha
CONSERVATION 61 Ha
WORKERS 35
ONBOARDED in November 2017

In the La Paz plantation, 12Tree is actively transforming former savanna grasslands into a permanent forest of native trees. Our primary focus is soil regeneration. We are also protecting a large variety of animals and plants. 12Tree is increasing the valuation of biomass for local power generation. Wages are also two times the local minimum. 12Tree is rapidly expanding plantation areas and producing honey.

BOCA DEL MONTE

Turning a conventional tree plantation into a mixed forestry system

FARM TYPE Teak and Acacia mangium
REGION Chiriqui, Panama
SIZE 399 Ha
CONSERVATION 60 Ha
WORKERS 13
ONBOARDED in July 2017

Applying best silvicultural practices. Advancing research in innovative forest management. Answering the growing worldwide demand for sustainably-grown and certified teak. This established forestry project is improving the health and balance of teak and acacia plantations. An experimental plot is set up to test combinations of native species with old grown teak. Boca del Monte farmers are also maintaining bio corridors. This plantation is FSC and Gold Standard certified.

LA GLORIA

Precious woods production and local transformation

FARM TYPE Teak
REGION Magdalena, Colombia
SIZE 1,068 Ha
WORKERS 90
ONBOARDED in June 2019

Previously used for cotton farming and cattle grazing, La Gloria's fields, and especially its trees, were poorly maintained. 12Tree is applying best practices to produce high quality plantation teak. And investing in infrastructure. All the while we are testing the introduction of native species and enhancing biodiversity. FSC certified, the plantation is sequestering 20,000 tons of CO2 annually. We aim to increase this capacity further. And are developing local educational programs.

CUANGO

Ecological intensification from the ground-up

FARM TYPE Cocoa and native trees

REGION Colon, Panama

SIZE 1,455 Ha

CONSERVATION 663 Ha

WORKERS 210

ONBOARDED in November 2017

On the eastern Caribbean coast of Panama, 12Tree is transforming 750 hectares of degraded grasslands using a perennial agroforestry system with regenerative potential. Protecting 660 hectares of natural rainforests, this project promises to be the model of restoration and ecological intensification in large-scale cocoa farming. The main operation of the farm will be the production of fine flavor cocoa and native hardwoods.

RIO LINDO

Optimization of a well-established production system

FARM TYPE Cocoa tree and teak

REGION Los Rios, Ecuador

SIZE 638 Ha

CONSERVATION 119 Ha

WORKERS 118

ONBOARDED in October 2018

Located in the "cocoa cluster" region of Ecuador, known for its high yields. The three Rio Lindo farms apply efficient soil management. Thanks to precise nutrition and mechanized pruning and harvesting, trees are being revitalized. 12Tree is building post harvesting facilities. The UTZ certification was received in 2019.

PLATANERA RIO SIXAOLA

Enhancing productivity of a pioneer biodiverse banana farm

FARM TYPE Banana and timber trees

REGION Limón, Costa Rica

SIZE 300 Ha

CONSERVATION 90 Ha

WORKERS 140

ONBOARDED in June 2019

Platanera Rio Sixaola is a model of a sustainable banana plantation. Using solar panels, the farm produces 80% of its energy consumption. Recycles water. Transforms its waste into compost. All its operations are part of a circular economy. Extensive bio corridors connect together nearby natural forests to help the movement of animals. The objective is a healthy level of productivity without depleting the soils. 12Tree is currently developing new plantations on fallow lands.

MAQUENCAL

Unlocking the great potential of a cocoa farm

FARM TYPE Cocoa trees

REGION Cesar, Colombia

SIZE 947 Ha

CONSERVATION 54 Ha

WORKERS 78

ONBOARDED in August 2019

Maquencal means "fountain of life" in the Yupkas language. Named after a creek running through the farm. It is an essential sanctuary for animals and native trees. 12Tree is implementing a wide ranging transformation. Building a water reservoir to better withstand droughts. Improving staff management processes. Ensuring job security and providing training. 12Tree has impulsed a tangible shift towards respectful working conditions.

ORIGEN BOYACÁ

Improving the income and living conditions of small cocoa producers

FARM TYPE Cocoa smallholders

REGION Boyacá, Colombia

SIZE 103 producers

WORKERS 7

ONBOARDED in June 2019

In Origen Boyacá, 12Tree has entered into a joint venture with local farmers. Our common aim is to produce high quality cocoa for export. Managed by women and men, hired locally. Knowledge sharing is increasing productivity. Strengthening the farming community. 12Tree is centralizing post-harvesting activities. And creating lasting commercial partnerships with international chocolate makers. On average, farmer's purchasing power has increased 40%.

LIMON AND GUANTUPI

Award-winning aromatic cocoa

FARM TYPE Cocoa trees and value trees

REGION Cotopaxi and Los Rios, Ecuador

SIZE 260 Ha

CONSERVATION 28,5 Ha

WORKERS 24

ONBOARDED in December 2018

Located at the foot of the mystical Andes. With volcanic soils. Enriched with minerals and nutrients. These two farms benefit from ideal conditions to grow fine flavor cocoa. The Savoru cocoa variety is grown here exclusively. And has won multiple awards worldwide. 12Tree is implementing organic agriculture to optimize soil nutrition and improve performance.



CONTINUOUSLY GROWING VALUES...

New journeys are always exciting. For us, agroforestry is full of promise. It combines human, environmental and technological challenges that open up a wealth of new horizons. Of unifying goals.

We are conscious that we are pioneers. The ones cutting a path. And that the virtuous farming models we are creating will continue to evolve. But we already have enough hindsight to know that combining the interests of nature, communities and investors is always a wise choice. The improvements in our indicators and results, as well as the international certifications we are achieving, are a testament to this.

The good news is that there is still room to improve in many areas. This gives us an inspiring roadmap for the future. We want to enter into many more partnerships with like minded organizations, inves-

tors, interest groups, and research bodies. Make the tools we use to assess sustainability and productivity even smarter. Use new technologies to support innovation. Make a more far-reaching positive impact. And continue to help improve the living and working conditions of the individuals and communities our work connects us with, and with whom we share a lasting bond.

By allowing farmers to sell their own products and connecting them with international buyers, we are also helping to build the 12Tree brand and make it a byword for quality. This is a path open to us. But it is not the only one. The geographic area we cover will likely also expand, with new operations outside of South America.

Whatever part you have to play, you can join us on this journey. Because nature can never have too many allies.

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