



Gold Standard[®]
for the Global Goals

TEMPLATE

DEBT DESIGN DOCUMENT

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VERSION v. 1.1

CONTACT DETAILS:

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Summary

This document details the Impact Strategy of the Debt Instrument and contains the following Sections:

- Key Fund Information
- SECTION A – Governance
- SECTION B - General description of the Debt Instrument
- SECTION C – Oversight Approach
- SECTION D - Duration of the Debt

The Debt Issuer or Sponsor must complete all sections and maintain all necessary supporting records and evidence.

This document (in word) and supporting records and evidence will be subject to third party assessment, along with other required documents listed below:

- [Cover Letter](#)
- [Terms and Conditions](#)

KEY DEBT INFORMATION

Name of the Bond and/or Note:	GFBond Forest Conservation Green CPR
Name of the Issuer/Sponsor (delete as applicable)	Global Forest Bond S/A and Indie Capital http://gfbond.com.br/en.html https://www.indiecapital.com.br
Name of beneficial owner of the Bond and/or Note:	Rural producers in Brazil
Version of Bond and/or Note DD:	1.1
Date of Version:	June 20th 2023
Host Country (ies) Targeted:	Brazil
Bond and/or Note Portfolio level Sustainable Development Impact Goals <i>A minimum of 3 SDGs - one of which must be SDG 13</i>	SDG 8: Decent Work and Economic Growth SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 15: Life on Land

SECTION A. GOVERNANCE OF THE DEBT INSTRUMENT

>>

- a. *Describe and provide evidence (through Board/committee minutes or similar) on how the Issuer's or Sponsor's governing bodies:*
 - (i) *Integrate sustainability and positive contributions to the SDGs into its purpose and decision-making practices.*
 - (ii) *Oversee the Debt Instrument's responsible business and impact practices and performance.*
- b. *Disclose the Issuer's or Sponsor's principal sustainability and responsible business practices.*
- c. *Disclose the name of the Issuer's or Sponsor's beneficial owner and:*
 - (i). *Disclose the principal sustainability and responsible business practices they adhere to*
 - (ii). *Describe the extent of alignment between its sustainability and responsible business practices and those of the issuer or sponsor*
- d. *Provide evidence of a public statement (e.g. a webpage) about the intent to establish the Debt Instrument and its SDG Impact Goals*

The issuance of the GFBond Forest Conservation Green CPRs will be part of the Amari Crop Production + Conservation Debt Fund. The fund will provide credit to farmers in Brazil and the Green CPR bond will pay those farmers for the protection of native biomes within the land of the farms. This fund will be managed by Indie Capital, with Global Forest Bond as an advisor in the structuring of the deals.

The fund's managing board will oversee all the credit operations and assure the compliance with the impact criteria of the Green CPR. Those criteria will also be part of the regulations of the fund, registered with Brazil's financial markets regulators, which will ensure that those criteria cannot be changed during the fund's lifetime and are legally binding.

Since the impact on the protection of biomes is part of the fund's regulation, it will have to be part of the regular market announcements, as per Brazil's investment funds laws. All investors and relevant stakeholders will have access to those periodic reports on the fund impact.

The payment to farmers for the protection of the forests fixed on the bond will be subject to assessment by Global Forest Bond after the credit operation, but before any payments for environmental services is made. This assures investors on the bond that no money is paid before the impact is properly assessed and accounted for.

A1. Global Forest Bond's experience with impact bonds

Global Forest Bond is a Brazilian company that structures financial instruments for the conservation or recovery of native biomes. It has extensive experience in design, assessing and certifying such instruments in Brazil.

GFB developed in alliance with the global services firm KPMG a digital platform to make ecosystem services inventories with high level of precision and transparency, which allows issuances such as the Green CPRs to be accompanied by a fully auditable data lake, holding all primary information gathered in the field for the assessment of the protected biomes.

GFB is structured as a BCorp in Brazil and its website shows the company's commitment to environmental and social impact in all its activities: <http://www.gfbond.com.br/en.html>

A2. Indie Capital´s experience with high governance investments

Indie Capital excels as an independent asset manager in Brazil, structuring funds and other investment platforms for individual and institutional investors. Indie Capital has large experience in providing high level of governance in its investment vehicles, compatible with the demand from world class institutional investors and pension funds. Indie is a signatory of the Principles for Responsible Investment (PRI) and the Investidores Pelo Clima (Investors for Climate Action), as it can be seen on its website: <http://www.indiecapital.com.br/en/>

SECTION B. GENERAL DESCRIPTION OF THE DEBT INSTRUMENT

B.1. Debt Instrument Impact Strategy

>> *Describe the Debt Instrument including as a minimum:*

- a. *the SDG Impact Goals that the Debt Instrument seeks to achieve*
 - (i) *how these SDG Impact Goals fit in the context of its Impact Strategy*
 - (ii) *the processes in place to review and refine its Impact Strategy and SDG Impact Goals*
- b. *how the Debt Instrument will promote alignment of interests among partnerships, Debt finance used for projects and activities and other key Stakeholders*

B.2. Classification of Debt Instrument Objectives/Target Sectors

B.2.1. Describe the sectors, technologies and/or measures to be employed and/or implemented by the projects and activities in the Debt Instrument

B.2.2. >> *Include all information necessary to understand how the sectors, technologies and/or measures will achieve the Debt Instruments objectives*

B.2.3. Optional Classification of Debt Instrument Impacts

>> *If desired, classify the identified material impacts in alignment with the [Impact Management Project's 5 dimensions of Impact. \(Optional\)](#)*

B.3. Physical/ Geographical boundary of the Debt Instrument

>> *Define the boundary of the Debt Instrument in terms of a geographical area e.g., municipality, region within a country, country or several countries within which all projects and activities to be included in the debt Instrument will be implemented.*

B.4. Bond and/or Note Impact Strategy

Brazil has two thirds of its area covered by native vegetation. They are some of the most important and iconic biomes in the world, including two of the largest rainforests on the planet, the largest wetland on earth, grasslands and savannas. These biomes contribute substantively to human well-being by capturing and storing carbon, serving as a home to diverse species, regulating the hydrologic cycle, and numerous other essential ecosystem services.

Despite the enormous contributions that these areas provide, they are treated as “unproductive” lands, since they do not generate accounting value for those who protect them, they are totally excluded from the economic system. This is one of the biggest, if not the biggest market imperfection in the world economy. Estimates point to the value of ecosystem services in the billions: US\$ 8.2 billion for the Brazilian Amazon (US\$ 3.3 billion in private areas) in one study¹ and up to US\$ 6.8 billion for the entire country, in according to IPBES²!

The protection of native biomes within rural private properties is especially relevant. More than a quarter of the country's area, 210 million hectares, is earmarked for environmental protection by private landowners³.

At the same time, land use change, deforestation and fires are responsible for more than 45% of greenhouse gas emissions in Brazil⁴. This dissonance between the enormous potential to contribute to conservation and the high rates of deforestation is precisely rooted in exclusion from the economic system. It is essential to develop solutions to finance conservation and adequately value the contribution of native biomes to the economy and society.

In this context, it is important to point out that Brazil is an agricultural powerhouse, with agribusiness contributing more than 27% of the country's GDP⁵, which is among the world leaders in the production of meat, soy, corn, sugarcane and various other goods. This leadership is partly due to natural characteristics: we are a continental country with tropical insolation, but we cannot minimize the importance of institutional characteristics either. The agribusiness sector in Brazil enjoys good contracts, financial instruments and legal security, attracting investments.

Bringing this entire institutional framework to environmental conservation is a great opportunity for the sector, especially since activities to protect native biomes are already recognized as agricultural activities by the Brazilian IBGE⁶ classification. Over the last few years, several regulations have moved in this direction, in particular the creation of Green CPRs⁷, but also the Payment for Environmental Services Law⁸.

This model of Green CPR being developed by Global Forest Bond and Indie Capital aims at bringing together this agricultural potential in Brazil with the existence of important protected natural areas inside private farms in the country. The Green CPRs will be issued by the fund managed by Indie Capital for farmers who want to raise debt for financing their activities.

¹ Strand et al., Science, 2018 - <https://www.nature.com/articles/s41893-018-0175-0#citeas>

² IPBES, 2018 - https://ipbes.net/sites/default/files/spm_americas_2018_digital.pdf

³ Síntese Ocupação e Uso das Terras no Brasil, Embrapa, 2022 - <https://www.embrapa.br/car/sintese>

⁴ Sistema de Estimativas de Emissões e Remoções de Gases de Efeito Estufa (SEEG) - <http://seeg.eco.br/infografico>

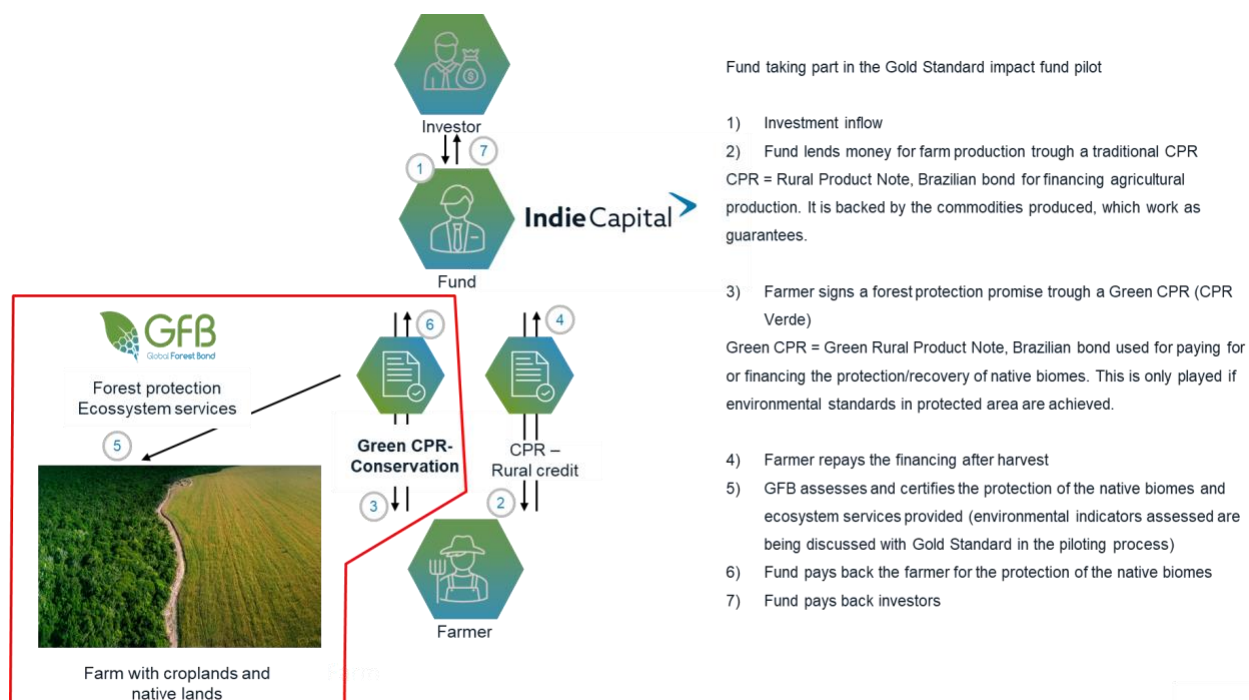
⁵ CEPEA ESALQ USP - <https://www.cepea.esalq.usp.br/br/releases/pib-agro-cepea-pib-do-agro-cresce-8-36-em-2021-participacao-no-pib-brasileiro-chega-a-27-4.aspx>

⁶ CNAE IBGE - <https://concla.ibge.gov.br/busca-online-cnae.html?subclasse=0220906&tipo=cnae&versao=6&view=subclasse>

⁷ Lei 13.986 - http://www.planalto.gov.br/ccivil_03/ato2019-2022/2020/lei/L13986.htm e Decreto 10.828 - <https://www.in.gov.br/en/web/dou/-/decreto-n-10.828-de-1-de-outubro-de-2021-349986833>

⁸ Lei 14.119 - http://www.planalto.gov.br/ccivil_03/ato2019-2022/2021/lei/L14119.htm

By the Green CPR, farmers agree to maintain the areas with native biomes within the farmlands held up to environmental standards set by Global Forest Bond. After the credit operation is settled, GFB will perform an assessment of the native areas for biomass, carbon storage, biodiversity, water springs and other relevant environmental indicators. If they comply with standards for each biome, the fund repays farmers for this forest protection with part of the interest of the original credit operation, acting as a “environmental cashback”.



The creation of sustainable investment fund has as its vision the integration of biomes into the economy, making preserved areas within agricultural properties start to be seen and treated as assets. The impact thesis generated by the creation of the proposed green fund is divided into four verticals:

Revenue stream	Internalization of positive externalities	Job creation	Support for research in conservation
SDG 2, 8 and 12	SDG 12, 13 and 15	SDG 8	SDG 13, 15 and 17

The management team will perform yearly assessments of the impacts on an yearly basis, after each major crop cycle in Brazil. This will allow for a review and improvement of the impact strategy in each of the desired vertical.

Revenue stream: the first direct impact of creating a fund that finances agricultural production and conservation at the same time is the generation of income for rural producers. The potential for a positive impact from the large-scale adoption of this solution is enormous, and it could be a new source of income and livelihood for the approximately 5 million families currently working in the countryside.

Income generation results in a series of other positive impacts: protected areas are now seen as important assets, whose protection is essential for the livelihood of producers. Adding the vision of protected areas as income generators to the new source of cash, a significant improvement in the environmental quality of areas inside the farms is expected.

In addition, protected areas are now seen as assets not only by their owners, but also by the economic and financial system in general. Other instruments can be created, such as insurance or guarantees, backed by the protection of forests.

The use of Green CPRs also lowers the effective cost of capital for farmers, which in turn reduces production costs and improves food security in a scenario of increasing demand for capital in the agricultural supply chains.

Internalization of positive environmental impacts: the internalization of environmental benefits currently generated as externalities by Brazilian landowners should generate a series of positive effects. Firstly, the pressure for deforestation is greatly reduced, which stems precisely from the fact that these areas do not generate income.

Second, the proposed solution highlights the local and global environmental benefits that result from environmental protection activities within Brazilian rural properties. With this, national agricultural products and their derivatives can accompany the ecosystem services generated and position these national products as sustainable in a competitive world market, in addition to avoiding non-customs barriers of an environmental nature.

Job creation: The issuance of Green CPRs depends on third party assessment of environmental quality and ecosystem services resulting from environmental conservation. Carrying out these assessments will be a source of great demand for specialized professionals, at medium, technical and higher levels.

The use of the technological platform developed by Global Forest Bond will further enhance this generation of jobs. By ensuring the chain of custody and authenticity of information collected in the field, it allows for greater use of local labor. The consequence is that income generation will not only take place for rural producers, but also for many new workers related to the bioeconomy and the conservation of biomes.

Support for research on conservation: By adopting the Global Forest Bond platform for issuing Green CPRs, it is possible to make fauna and flora inventory data available in digital and machine-readable formats. In this way, the instruments directly benefit research on the conservation of biomes.

The issuance at scale of Green CPRs within private properties through the proposed sustainable FIAGROs will generate a large amount of knowledge in the area of bioeconomy, with direct benefits in the short, medium and long term for conservation efforts, especially in tropical biomes.

B.5. Classification of Bond and/or Note Objectives/Target Sectors

B.5.1. Describe the sectors, technologies and/or measures to be employed and/or implemented by the projects and activities in the Bond and/or Note.

The Green CPRs are a Nature Based Solution through the conservation of native biome areas in Brazil.

During the issuing phase, Global Forest Bond's technological platform will gather remote sensing (satellite) data from the two largest public available sources, the Global Forest Watch (<https://www.globalforestwatch.org/?lang=en>) and the MapBiomas initiative (https://mapbiomas.org/en?cama_set_language=en), as well as Brazil's official land registry (CAR, environmental-rural registry) to assure the existence of native areas inside each farm subject to the project.

At the end of each Green CPR's lifecycle, Global Forest Bond will perform a *in-situ* verification of the environmental conditions in each area, using the technology platform

develop in alliance with KPMG. This will assure to every stakeholder that the bond issuer achieves the required level of protection and corresponding ecosystem services, such as carbon capture and storage, maintenance of biodiversity, contribution to water cycle and more.

All collected data will be available in GFB's web platform to every stakeholder, from investors to buyers of the agricultural goods produced in each respective farm, as well as governments and NGOs. The platform was built in partnership with KPMG, which ensures all data was collected in the day and place fixed on the Green CPR, by the professionals which are part of the project, and cannot be altered in any way afterwards.

B.6. Physical/ Geographical boundary of the Bond and/or Note

All the issuances will occur in private lands with protected native biomes in Brazil.

SECTION C: MANAGEMENT APPROACH

C.1. Alignment of Debt Instrument Management Systems with Impact Strategy

>> *Provide a description of how the issuer or sponsor will align its oversight systems and decision-making with its Impact Strategy and SDG Impact Goals, including*

- a. Details of the Debt Instrument policies and procedures that exemplify how responsible business practices (including the full Rights of Children via reference to the [Children's Rights and Business Principles](#)) are embedded into the Debt Instrument.*
- b. Procedure to identify the necessary resources and processes to be put in place to ensure debt finance for project and activities is in compliance with GS4GG Principles and Requirements*
- c. Plans to develop staff capacity and integrate accountability*
- d. How staff incentives will be aligned to Debt Instrument Strategy*

C.2. Description of the Monitoring, Reporting and Data Oversight System

>> *Provide a detailed description of the operational and Oversight system of the Debt Instrument including*

- a. the impact assessment process that will occur throughout the life of the Debt Instrument including:
 - a. Process for monitoring positive and negative impacts for each project or activity against a defined baseline**
- b. details of data aggregation and QA/QC processes (if any) for the monitored data from projects and activities.*
- c. Frequency of reporting Debt Instrument outcomes (at minimum annually)*
- d. Roles and responsibilities of personnel involved, noting issuer or sponsor are responsible for ensuring that projects and activities comply with GS4GG rules*
- e. Process of continuous improvement for capturing results and lessons learned to influence decision-making and ongoing impact management activities*
- f. Control process for retaining records and documentation for each considered project and activity under the Debt Instrument (including records with rationale of decisions made).*

C.3. Selection and Structure of Projects and Activities

>> Provide a description of:

- a. Procedure/process⁹ to screen projects and activities in line with the Debt Instrument Impact strategy, SDG Impact Goals, exclusion/eligibility list and for their ability to comply with GS4GG requirements, including:
 - (i) [Principles and Requirements](#)
 - (ii) GS4GG Debt Requirements (including Exclusion/Eligibility Criteria)
 - (iii) Safeguarding Principles and Requirements
 - (iv) [Stakeholder Consultation Requirements](#)
 - (v) Activity Requirements (Renewable Energy, Community Services and Land Use and Forests, as applicable)
 - (vi) [Methodology Eligibility Requirements](#)
- b. Procedure to assess positive and negative ex-ante impacts of potential projects and activities from a quantified baseline including:
 - (i) Details of how this information will be used in the project and activities decision-making process
 - (ii) Discussing risk and mitigation strategies to avoid missing impact targets or overstating planned impacts.
- c. Procedure/process to structure Debt finance for projects and activities in alignment with achieving its SDG Impact Goals and optimise Impact, including
 - (i) Documented terms with projects and activities that align with achievement of Debt SDG Impact Goals
 - (ii) Documentation of Free Prior and Informed Consent (FPIC) if the Debt Instrument receives Gold Standard certified carbon credits from investments or projects.
 - (iii) How any initial non-compliance with GS4GG Requirements post project and activity decision will be addressed if there is a material risk of continued non-compliance.

C.4. Exit Strategy

>> If the Debt Instrument practices dynamic project/activity portfolio management, detail exit strategy with particular attention to ongoing contribution to Sustainable Development post exit. The exit plans shall include:

- a. details of how a "Do No Harm" approach will be applied

C.1. Alignment of Bond and/or Note Management Systems with Impact Strategy

The fund which will issue the Green CPRs will be listed as the highest tier of sustainable funds in Brazil's financial market legislation. This will require the fund to disclose

⁹ Please refer to Appendix 2 for a sample table that may be used to demonstrate compliance at project/activity level

actions taken minimizing negative impacts and describe its positive social and environmental outcomes.

Brazil’s banking sector self-regulation body (Febraban) has directives for rural credit aiming at avoiding deforestation linked to commodities production, in order to prevent the financing of illegal forest-destroying activities. All Green CPRs will be subject to this regulation. There are also norms in place in the Brazilian financial markets related to preventing child labour.

Above minimum regulatory requirements, the companies involved in the Green CPR project both have signed voluntary commitments to avoiding negative effects and seeking positive impact with their activities. Indie Capital is a signatory of the Principles for Responsible Investment, as well as the Carbon Disclosure Project. Global Forest Bond is listed as a BCorp since its inception.

The Green CPR was developed from the ground up with the aim of maximizing local impact, starting at the protection of biomes, but also including local communities in the verification process and creating local jobs around forest conservation. The issuer fund’s regulations were designed to take this maximum impact into account, as managers are rewarded for having the farms comply with environmental goals and be eligible for the payment from the Green CPR, avoiding perverse incentives around the profitability of the fund.

C.2. Description of the Monitoring, Reporting and Data Oversight System

All rural credit operations (performed with traditional CPRs) will be accompanied by the issuance of one Green CPR, which will carry the promise of protecting native biomes inside each farm. These Green CPRs will have a maturity equivalent to the loan term, and not above one year.

When the rural producer pays back the working capital loan, Global Forest Bond will perform an audit of the natural areas inside the farm, both by remote sensing, as well as with field assessment, collecting data on carbon stock, biodiversity of protected areas and other ecosystem services. All this data will go through automated review and outliers will be subject to human review.

The environmental indicators collected will be held against available public inventories of public protected areas in municipalities close to each farm. The fund will also keep and iterate over a database of each forest inventory made, in order to both measure new projects in comparison to ones already performed, as well as identifying priority areas for future agriculture+preservation loans.

All data will be stored on a web platform developed by Global Forest Bond in partnership with leading auditing firm KPMG, in order to assure its transparency and integrity. Customers, NGOs and regulators will be able to access the data and reports for each individual farm.



Besides public availability, the bond issuers also have partnerships with universities in Brazil, to assure all data on protected lands are used in research programs to improve both future issuances, as well as other conservation efforts in Brazil and around the world.

C.3. Selection and Structure of Projects and Activities

The forms financed by the CPR-Green CPR scheme will be selected using Brazil's public land use registry (CAR, Cadastro Ambiental Rural), as well as two remote sensing platforms, Global Forest Watch and MapBiomas.

In all those registries, farmers will need to comply to no land conversions after December 2020, in lines with the most strict legislations on forest protection for commodities production.

The fund managers will carry out public consultations with entities representing rural producers in Brazil, as well as the main environmental entities acting on conservation of native biomes in the country. The fund will also consult with governmental representatives at the federal and state levels, in the environment, agriculture, and economy sectors. There will also be an open public consultation to gather feedback from the community at large, in Portuguese and English.

SECTION D. DURATION OF THE DEBT

D.1. Date of first submission of Debt Instrument to Gold Standard

>> *State the date when this document was first submitted to Gold Standard for Debt Design Certification*

D.2. Duration of the Debt

>> *State the total duration of the proposed Debt Instrument in years*

D.1. Date of first submission of Bond and/or Note to Gold Standard

June 21st, 2023

D.2. Duration of the Bond and/or Note

The Green CPRs will be issued with duration according to the harvest cycle of each accompanying crop, most in a 6-month period, but up to 12 months.

APPENDIX 1 - CONTACT INFORMATION OF ISSUER OR SPONSOR

Responsible person/ entity	Artur Villela Ferreira
Organisation	Global Forest Bond
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Website	www.gfbond.com.br
Contact person	Artur Ferreira
Title	Partner

APPENDIX 2 - SAMPLE TABLE

Sector:	Agriculture and land use	
Technology:	Natural biome protection	
Eligibility Criteria	How projects or activities can demonstrate compliance with the criteria	Evidence of compliance that can be provided
1. There are over 2 million km ² of native land inside Brazilian private farms	Due to Brazil's law and history, around two thirds of the country is covered by native forests. Although public and indigenous lands comprise around 60% of that area, there other 40% (25% of the total, 2.2 million km ²) are protected areas inside private farms.	Remote sensing and field reports of individual farms.
2. There's increase push for better protection and no-conversion policy for commodity production	National and international laws and accords include forest protection as a primary means of both fighting and adapting against climate change.	
Sector:	Land use	
Technology:	Conservation	

Revision History

Version	Date	Remarks
1.0	10 May 2023	Initial adoption