



Ex-Ante Disclosure Form: Forest Carbon – Forest and Biodiversity Bond

PROJECT DESCRIPTION: Development investment proposal for Forest and Biodiversity Bond

NAME OF CLIENT	Forest Carbon PTE Ltd.
WEBSITE CLIENT	https://forestcarbon.com
REGION	ASIA
COUNTRY	Indonesia (primary focus), with potential activities in the Philippines, Cambodia, and Bhutan.
SECTOR	Forestry and Ecosystem Conservation
SIGNING DATE	30 DAYS FROM PUBLICATION AT WEBSITE
TOTAL FINANCING	€429,500 from the DFCD Origination Facility.
FUND	ORIGINATION FACILITY “OF”

- **Who is our (prospective) client?**

Forest Carbon is a leading environmental asset manager in Southeast Asia. Established in 2010, the company has a 14-year history of success in forest and wetland restoration, combining robust Environmental and Social Management Systems (ESMS) and community benefit-sharing frameworks.

The company manages 187,000 hectares of critical ecosystems and has a proven track record of delivering financial returns to investors. Forest Carbon’s flagship Sumatra Merang Peatland Project (SMPP) has received top marks from carbon credit rating agencies.

Forest Carbon seeks DFCD support to design and issue a green bond to build a globally significant portfolio, securing and managing one million hectares of forests and wetlands across Southeast Asia. This initiative will enable the company to scale its impact and create a replicable model for structured finance – leveraging growing institutional interest in nature-based investments.

- **What is the intended funding objective (type of activity)?**

The DFCD grant will finance key origination activities to de-risk and prepare Forest Carbon’s portfolio of assets for investment. Key activities include:

1. **Financial Product Design:** Developing an investment-grade green bond, conducting risk analysis and mitigation strategy and exploring non-carbon revenue streams such as biodiversity credits.
2. **Legal Framework Development:** Establishing a Special Purpose Entity (SPE) and creating underwriting and trustee documents.

3. **ESMS and Community Benefit-Sharing Enhancement:** Strengthening policies and tools to manage environmental and social risks across the portfolio, and ensuring equitable benefit-sharing mechanisms with local and indigenous communities to enhance their resilience.

- **Why do we fund this project?**

The DFCD Origination Facility will enable Forest Carbon to structure a financing instrument that will unlock large-scale investment in forest conservation and restoration. The project addresses urgent global challenges, including deforestation, biodiversity loss, and climate change, while promoting climate adaptation and resilience programs including coastal buffer zone and climate smart livelihood opportunities for vulnerable communities.

The investment aligns with DFCD's objectives by:

- Protecting high-value biodiversity areas, such as tropical peatlands and mangroves.
- Strengthening climate resilience through ecosystem restoration.
- Supporting marginalized groups through inclusive benefit-sharing frameworks.

Without DFCD support, the high upfront cost of Forest Carbon's green bond initiative would face funding bottlenecks and delays, increasing the risk that the sector remains largely without scalable solutions to financing nature-based assets. Forest Carbon, and the sector, continue to face barriers to financing at scale, which limits the impact that can be achieved with the company's conservation and restoration asset portfolio.

- **Environmental and social rationale**

The project will implement robust environmental and social safeguards, aligned with IFC Performance Standards and other best practices. Key activities include:

- **ESMS Review:** Enhancing Forest Carbon's ESMS and ensuring alignment with new standards like ART TREES and VCS methodologies.
- **Biodiversity Protection:** Prioritizing areas with high biodiversity value, including IUCN-listed species with world class monitoring and management practices.
- **Community Resilience:** Improving Forest Carbon's leading model for transparent, context-specific benefit-sharing mechanisms that support livelihoods and community well-being.