

**The terms and conditions of the Notes are indicative and subject to final terms and conditions
UZ49 certification pending**

MANICA I TIMBER INVESTMENTS LTD (MANICA I)

**GREEN BOND FRAMEWORK
SEPTEMBER 2024**



Disclaimer

The information and opinions contained in this Framework are provided as at the date of this document and are subject to change without notice.

Manica I does not assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Manica I policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations.

This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell Manica I Notes, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or notes of Manica I, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to purchase any Manica I Notes should be made solely on the basis of the information to be contained in any offering document produced in connection with the offering of such notes. Prospective investors are required to make their own independent investment decisions. No representations made as to the suitability of any Manica I Notes to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Manica I Notes should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such Manica I Notes regarding the use of proceeds and its purchase of Manica I Notes should be based upon such investigation as it deems necessary.

Manica I has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with Manica I Notes. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Manica I Notes if Manica I fails to adhere to this Framework, whether by failing to fund or complete eligible activities or to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise. If the situation referred to in this paragraph materializes, the Ecolabel 49 will be withdrawn at the latest at the next annual review of use of proceeds of the Manica I Notes.

In addition, it should be noted that all of the expected benefits of the eligible activities as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in Government policy (whether with a continuity of the Government or on a change in the composition of the Government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives.

In addition, each environmentally-focused potential purchaser of Manica I Notes should be aware that the projects underlying the eligible activities may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Manica I Notes or any other person might otherwise have in respect of this Framework or any Manica I Notes as a result of any failure to adhere to or comply with this Framework is hereby disclaimed. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. This Framework contains certain statements which may constitute “forward-looking statements”. These statements are not guarantees or predictions of future performance, and are subject to risks and uncertainties. As a result, actual results or developments may differ from those expressed in the statements contained in this Framework.

Background

Manica I Timber Investments Ltd (“Manica I”) is a Mauritius based company which sole purpose is to fund, hold, operate and manage the Manica I Eucalypt Plantation and Carbon Asset project (the “Tree Project” or “Scheme”) in the provinces of Manica and Sofala, central Mozambique. The funding for the Scheme will be arranged through the issuance of secured amortizing notes (the “Green Bond Instrument” or “Manica I Notes”). Revenues from harvest of the pulpwood including monetization of carbon sequestration benefits will be applied towards the Tree Project and debt service.

The Scheme’s properties will be more or less 15 to 20’000 hectares of noncontiguous land of which 10’000 hectares are and will be developed as commercial eucalypt plantations. The balance of the land bank will be managed as conservation areas. Typical commercial plantations have low levels of biodiversity. Manica I works with established foresters and experts to establish, maintain and manage its commercial plantations to industry best practice but also, it engages with local communities to restore indigenous forests, wetlands and native woodlands in conservation areas. The Scheme will have a material social and economic impact on local rural communities. Manica I and its contractors pay particular attention to engaging with vulnerable groups and indigenous people, striving to promote shared prosperity benefits across the managed areas and prioritise the rights, safety, and welfare of communities and individuals who live and/or work in or near Manica I’s operations.

Management practices across Manica I’s forestry plantations will be certified by accredited, independent third parties to meet globally recognised standards for environmental and social performance, where practicable and commercially feasible. All production forestry investments are required to achieve and maintain certification under one or both of the leading globally recognised sustainable forestry management certification systems, the Forest Stewardship Council (“FSC”)¹ or the Programme for the Endorsement of Forest Certification (“PEFC”)². Finally, the Tree Project is a recognized method of removing atmospheric carbon pollution and is therefore relevant to the efforts against global warming. Manica I expects that a significant portion the Tree Project will be eligible under some of the world’s most widely used voluntary emissions reduction standards and programs, such as but not limited to Verra³ or the Gold Standard⁴.

Manica I and its foresters will not tolerate any violation in the following environmental, social and governance (“ESG”) areas: deforestation, destruction of high conservation, cultural or religious values, biodiversity and nature loss, adverse land use change that, in particular, jeopardizes food security for local communities, modern slavery, child labour, or the physical or economic displacement of local community members.

Ambitious strategic sustainability objectives are creating demand for capital to fund projects supportive of sustainable and environmental goals. To this end, Manica I has developed a Green Bond Framework (“Framework”) based on the current version of the Green Bond Principles of the International Capital Market Association (ICMA), 2021⁵ and the guidelines for the Austrian Ecolabel UZ 49 for Sustainable Financial Products (“UZ 49”)⁶. The Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure, and support integrity in the development of the market for green instruments.

Manica I’s Framework is based on the following:

1. Uses of proceeds;
2. Process for activity evaluation and selection;
3. Management of proceeds;

¹ <https://fsc.org/en/forest-management-certification>

² <https://www.pefc.org/what-we-do>

³ <https://verra.org/about-verra/what-we-do/>

⁴ <https://www.goldstandard.org/about-us/vision-and-mission>

⁵ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

⁶ https://www.umweltzeichen.at/file/Guideline/UZ%2049/Long/UZ49_R6.0a_Sustainable%20Financial%20Products_2024_EN.pdf

4. Reporting; and
5. External review.

Uses of proceeds

Net proceeds from the issue of the Manica I Notes will be used for eligible projects to (i) finance the acquisition, development, maintenance and management of commercial forest plantations certified or to be certified under recognized international standards, (ii) finance and actively manage the restoration and preservation of conservation areas, (iii) promote shared prosperity benefits through targeted community development projects or upliftment programs for instance, and (iv), where appropriate, finance operating expenditures related to the eligible projects such as forest management, labour or third party verification.


In particular, proceeds of the Manica I Notes will contribute to the following environmental objectives in accordance with the EU-Taxonomy⁷:

1. Climate change mitigation;
2. Climate change adaptation; and
3. Protection and restoration of biodiversity and ecosystems.

Manica I will allocate an amount equal to the net proceeds raised by the issue of the Manica I Notes as soon as practically possible, and no later than the maturity of the Manica I Notes.

Process for activity evaluation and selection

Sustainable forest management safeguards forest health and productivity, helps combat global warming, promotes biodiversity by actively conserving indigenous forests, wetlands and native woodlands – whilst securing the long-term availability of critical renewable resources. Manica I and its foresters foster responsible forest and tree plantation management that accounts for economic, social, and environmental aspects of sustainability. Although Manica I relies to a large extent on foresters and experts, it will only contract third parties that (i) carry out and manage the business in accordance with recognized good forestry practices, (ii) have formalized ESG policies and procedures that include measurable deliverables, and (iii), have, or are in the process of obtaining, a FSC or similar certification for sustainable forest management and chain of custody for forest based products.










Green Bond project category	Eligible activity categories	Eligibility criteria	Indicative impact metrics	Relevant SDGs ⁸
<ul style="list-style-type: none"> - Environmentally sustainable management of living natural resources and land use - Climate change mitigation - Decent work and economic growth 	<ul style="list-style-type: none"> - Silvicultural operations (land preparation, planting, fertilization, vermin and weed control) - Adapted production technologies and processes 	<ul style="list-style-type: none"> - Degraded/abandoned land used only - No deforestation - Best industry practice - Maximize labour content 	<ul style="list-style-type: none"> - Ha⁹ cleared/ afforested areas as a % of total land bank - tCO₂e net sequestration for period (commercial forests) - Ha conservation areas as a % of total land bank - % seedling mortality after one year - % of plantations covered by a certification systems - Commercial plantation yields - Number and nature of permanent and temporary staff - LTIFR¹⁰ 	

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852>

⁸ <https://sdgs.un.org/goals>

⁹ Hectare

¹⁰ Lost time injury frequency rate: the number of Lost Time Injuries occurring per 1 million hours worked

- Environmentally sustainable management of living natural resources and land use - Decent work and economic growth	Infrastructure and maintenance thereof to facilitate forest and conservation area management	- Best industry practice - Maximize labour content	- Km ¹¹ of access roads built - Km of fire breaks - Number and nature of permanent and temporary staff - LTIFR	 
- Environmentally sustainable management of living natural resources and land use - Decent work and economic growth	Seedling procurement and/or production	- No genetically engineered material - Improve local production capacity	- Commercial seedlings imported as a % of seedlings used - Commercial and native seedlings produced in local nurseries - Number and nature of staff employed in local nurseries	  
- Environmentally sustainable management of living natural resources and land use - Climate change mitigation	Management of conservation areas (reforestation, restoration) and plantation areas	- Improve biodiversity and resilience to climate change - Improve yields of plantations	- Ha reforested (conservation) - Ha restored (conservation) - tCO ₂ e net sequestration for period (conservation) - Total carbon offsets generated	 
- Environmentally sustainable management of living natural resources and land use - Climate change mitigation	Protection and maintenance of plantation and conservation areas	Improve resilience	- Ha of plantation affected by fire or other exogeneous factors - Ha of conservation areas affected by fire or other exogeneous factors - tCO ₂ e stored in commercial forests - tCO ₂ e stored in conservation areas	 

Management of proceeds

Manica I will establish an internal process to allocate funds to eligible activities and will track allocations matched to the Green Bond Instrument proceeds. Funds are deposited in a separate account. This means that accurate, and correct allocation and use can be audited. This process will be managed by a compliance committee. Pending allocation, net proceeds will be held or invested on a temporary basis, in cash or US dollar fixed income instruments issued by investment grade rated issuers. Issuers that violate democratic principles and/or do not promote and enforce overall social and environmental standards are excluded from an investment.

A compliance committee will be established which role is to monitor the development of the Tree Project against agreed metrics including those defined under this Framework. Also, the compliance committee will assess conditions precedent and eligibility criteria prior to approving the release of net proceeds towards eligible activities. With a majority of independent members, the compliance committee will include at least one independent forestry expert and one investor representative.

Exclusions

Proceeds from the issue of the Manica I Notes will not be applied towards financing and/or refinancing activities that are associated with serious and/or systematic violations of one or more of the ten core principles of the UN Global Compact. These include, but are not limited to, violations of human rights, labour rights, environmental legislation and/or environmental degradation, corruption and/or bribery.

Furthermore, the proceeds from the issue of the Manica I Notes may not be applied towards:

- financing ventures active in the fields of nuclear energy (whether up- or downstream), fossil fuels (whether up- or downstream), production and/or distribution of weapons and armaments, genetic engineering, carbon capture and storage, unsustainable logging, large dams and/or tobacco; and
- financing ventures promoted by local authorities that do not comply with political and social standards and/or environmental standards.

¹¹ Kilometer

Reporting

Although Manica I retains the responsibility to prepare and distribute reports to investors, the compliance committee will approve the reports for release and if appropriate recommend amendments prior to such reports being released. Manica I intends to provide an annual update on the activities related to its Green Bond Instrument issuance. In such updates it will seek to provide information on the allocation of the “Uses of proceeds” as well as relevant impact metrics. The information will be made available to investors and will include:

1. A breakdown of proceeds in accordance with the areas highlighted under Eligible Activities;
2. The amount of unallocated proceeds; and
3. A description of some of the activities financed for which quantifiable metrics may be of a lesser pertinence in assessing their impact.

These reports will be presented either in the form of a newsletter or as separate reports.

External review

Second party opinion

Manica I’s has appointed a Second Party Opinion provider for an external review (Second Party Opinion) of this Framework. This assessment will focus, among other issues but in particular on its alignment with the ICMA Green Bond Principles (2021). The second party opinion as well as the Green Bond Framework are available on the Issuer’s website at <https://investments.elaborx.com>.

Verification

Manica I intends to commission a “Compliance Review” within 1 year of issuance and annually thereafter until full allocation of Manica I Notes, with the intention of confirming that the net proceeds have been allocated in accordance with the “Uses of proceeds” specified in this Framework.