



18/11/2025

Environmental and Social Data Sheet

Overview

Project Name:	MEKONG EARTH REGENERATION FUND (MERF) LCFP
Project Number:	2024-0518
Country:	Vietnam, Cambodia, Laos
Project Description:	The operation concerns a junior investment in the Mekong Earth Regeneration Fund ("MERF" or the "Fund"), which invests in vertically integrated agri-businesses that source from sustainable land use practices in the Lower Mekong region. The investment is made under the Luxembourg-EIB Climate Finance Platform.
Project included in Carbon Footprint Exercise:	No

Environmental and Social Assessment

The Fund ("MERF") aims to invest in SMEs and vertically integrated businesses operating in sectors such as agriculture, aquaculture, forestry, and non-timber forest products. It focuses on enterprises that source from sustainable land use and are involved in the transformation and sale of value-added products. Additionally, the Fund will support businesses providing agricultural inputs and services that facilitate the transition to sustainable farming practices.

The Fund follows an impact-driven investment strategy, aiming to build a portfolio of 10 to 12 companies with strong environmental and social outcomes. Typical underlying investments supported by the Fund include the conversion of crop land to certified organic agriculture, the establishment of ASC-certified aquaculture and the transformation of conventional coffee plantations into agroforestry systems. The Fund also backs the expansion of agri-businesses involved in sustainable inputs, such as organic fertilizers, organic seeds, and biochar.

Environmental Assessment

The Fund Manager has developed an ESG Policy tailored to the Fund's investment strategy, that will be regularly updated. The Fund Manager has also prepared an Environmental and Social Management System (ESMS) following IFC's ESMS implementation guidelines, that defines the procedures, tools, and responsibilities for assessing, managing, and monitoring E&S risks and impacts of the Fund's investments. The ESMS is aligned with the objectives of EIB Environmental and Social Standards.

Projects categorized as High-risk (IFC Category A) according to the Fund's ESMS will not be considered for financing. Besides, some of the Fund's investments (IFC Category B) may require an Environmental and Social Impact Assessment (ESIA). The Fund's ESMS outlines requirements for ESIA preparation and disclosure, which will be fully aligned with EIB Environmental and Social Standards.

By promoting sustainable land use practices that are largely in compliance with internationally recognised certification standards (e.g. EU organic, Rainforest Alliance, FSC, ASC), the Fund will make a significant contribution to biodiversity conservation. Additionally, by supporting sustainable agriculture, organic farming, and agroforestry requiring less or even no external or synthetic inputs (such as fertilisers and pesticides), it will also contribute to improving ecosystem health.



The Fund has developed a dedicated Biodiversity and Sustainable Natural Resource Management Framework, aligned with IFC Standard. It commits to ensuring that investments at a minimum, do not result in a net loss of biodiversity and, where possible, deliver a net gain.

The implementation of sustainable land use and agricultural practices in the Lower Mekong Region (LMR) plays a critical role in climate change adaptation and resilience. As one of the most climate-vulnerable regions globally, and with economies heavily dependent on agriculture, the LMR faces increasing risks from extreme weather and ecosystem degradation. MERF's investments aim to address climate hazards and impacts related to extreme weather (floods, storms, drought), increased temperatures, and sea level rise, which contribute to reduced crop yields, forest and agricultural losses and damage. By promoting sustainable agriculture and agroforestry, the Fund is expected to contribute to reduced deforestation, land degradation, and greenhouse gas emissions, while strengthening the resilience of local communities and natural systems.

MERF has been positively assessed for Paris alignment, due to its alignment with national adaptation and mitigation priorities in all three countries as expressed in national adaptation plans, Nationally Determined Contributions (NDCs) under the Paris agreement and Reducing Emission from Deforestation and Degradation (REDD+) strategies as well as strong climate adaptation benefits. It is also aligned with the Climate Bank Roadmap, especially focus areas 7 (Protecting Nature) and 8 (Farm to Fork).

The Fund's portfolio companies are also expected to contribute to climate mitigation, by transforming annual to perennial cropland/agroforestry systems, improved cropland management (i.e. reduced tillage, higher organic input, no burning of crop residues), reduced irrigation of rice paddies, improved management of forest and non-timber plantations, protection and restoration of coastal wetlands (esp. mangroves) and producing biochar from agricultural residues. A preliminary ex-ante analysis of 12 portfolio companies using FAO's Ex-Ante Carbon-balance Tool (EX-ACT) indicates an average emission savings potential of up to 820 000 tonnes CO_{2eq} per year.

Social Assessment

The Fund seeks to attract foreign direct investment to support local sustainable businesses, generate employment, and add value to the regional economy. Investees targeted by the Fund are primarily sourcing their agricultural products from local farmers. The Fund's investments are expected to improve the livelihoods of farmers and rural communities—by expanding sales channels, increasing income, enhancing farmer knowledge, and promoting equal and inclusive opportunities for women farmers. The Fund has a goal of reaching 50,000 direct beneficiaries.

Labour risks in the LMR—related to informal employment, weak enforcement of legal requirements, limited worker protections, or child labour—are acknowledged by the Fund, which is committed to upholding national labour laws, ILO standards, and the UN Guiding Principles on Business and Human Rights.

The Fund's investments may require land transactions, the majority through concessions, as private land ownership is not permitted in Laos and Vietnam. The current pipeline includes lease or purchase of land-use rights from public or private owners. These land plots are mainly large-scale commercial plantations. No involuntary displacement of local farmers or negative impact on ethnic minorities is expected. Investments triggering significant physical or economic displacement or causing adverse impacts on Indigenous communities, will not be eligible for financing.

MERF targets that 50% of the investments are 2X Criteria-aligned. The Fund has already a large share of women-led enterprises in its pipeline.

As part of its due diligence process, the Fund's E&S staff will conduct a preliminary screening to identify potential gender-related risks, including non-compliance with gender policies, gender-based violence and harassment (GBVH), and sexual exploitation, abuse, and harassment (SEAH). This includes a basic assessment of GBVH/SEAH risks based on the



country context and the nature of the investment or company operations. Where relevant, further analysis and mitigation measures will be integrated into the Fund's E&S procedures.

Public Consultation and Stakeholder Engagement

The Stakeholder Engagement Policy establishes standards for engaging with stakeholders affected by the Fund's activities. The Fund has also a Stakeholder Engagement Plan (SEP), including an External Grievance and Communication Mechanism (EGCM), to ensure affected communities are informed and heard. For investments involving Indigenous Peoples, further assessments and consultations will be conducted, where required, in line with EIB Standards.

Other Environmental and Social Aspects

The Fund is committed to working towards responsible exits for the companies in which they invest. This exit process is designed to ensure that alongside financial and operational considerations, the buyer is aligned with the investee's vision, mission, and strategic goals. In particular, the buyer will be screened on its ability to continue realizing the positive impact.

The Fund will further assess whether buyers have clear, credible strategies to continue or enhance climate-related and social impacts, such as reducing GHG emissions, promoting climate-resilient practices, supporting regenerative land use, gender equality.

This is the Fund's first venture into a dedicated investment strategy in sustainable agriculture, forestry and land use. It has developed its own Environmental and Social Management System (ESMS) for this sector. Additionally, to enhance the Fund capacity in addressing environmental and social risks and impacts in the sector, the Fund Manager will strengthen the investment team with additional E&S staff and external experts as required.

Conclusions and Recommendations

Subject to the following conditions being satisfactorily fulfilled, the Fund is deemed acceptable for EIB financing in environmental and social terms.

Disbursement Conditions: Within 90 days from the date of the First Close of the Fund, and in any case prior to the first disbursement, the Fund Manager shall comply with the following condition:

- The Fund shall revise and align its Environmental and Social Management System (ESMS) and related documentation with the EIB environmental and social standards.

Undertakings

The Fund Manager and/or the General Partner shall:

- Consult with EIB prior to making any amendments to the Fund's impact KPIs and provide annual impact reports tracking progress against the ex-ante impact KPIs, including commentary.
- Ensure that Environmental & Social, sectoral and geographical expertise, are fully represented and maintained within the core Management Team and the Investment Committee throughout the Fund's life.
- Ensure that the Fund's ESG Policy, Environmental and Social Management System (ESMS), Stakeholder Engagement Plan (SE), Land Acquisition and Involuntary Resettlement (LAIR) Framework, Impact Measurement and Management Handbook, and Biodiversity Management Framework are regularly reviewed and updated, and that portfolio investments and/or investee companies are developing, updating and



implementing their specific ESMS in alignment with the Fund's ESMS and ESG requirements.

- Ensure that the use of EIB Group proceeds is consistent with relevant local, sectoral, regional and national climate adaptation plans and strategies.
- Ensure that the use of EIB Group proceeds does not lead to the conversion, fragmentation or unsustainable intensification of use of natural habitats, high conservation value areas or other areas of high-biodiversity value.
- Ensure that all portfolio investments and/or investee companies:
 - Operate in accordance with the national laws, and will be aligned with the principles and standards contained within relevant EU regulations, as well as the EIB environmental and Social Standards;
 - Implement internal grievance mechanisms and maintain active community engagement in areas of operation;
 - Conduct Environmental and Social Impact Assessments (ESIAs), where required, and ensure timely public disclosure of ESIA documents in line with the Fund's ESMS, and applicable local regulations;
 - Adopt and enforce appropriate labour (namely child and forced labour) as well as Occupational Health and Safety (OHS) standards;
 - Pursue Fair Trade certification or an equivalent where feasible.
- Ensure adherence to best practices in the Fund's target sectors, as evidenced by independent certification and/or adherence to the core principles of third-party certification standards incl. carbon credits certification (in case carbon revenues are part of the business plan).
- The Fund Manager shall ensure that all environmental and social documentation (incl. Livelihood Restoration Plan, any relevant ex-post remediation, corrective action plans, benefit sharing agreements) is properly retained for all Fund-invested projects and made available to the Bank.