

# FINDEV CANADA TRANSACTION SUMMARY<sup>1</sup>

## Miro Forestry Developments Limited

*This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.*



FORESTRY & TIMBER PRODUCTS

### Transaction Description

Miro Forestry Developments Limited ("Miro") is a West African integrated forestry and timber enterprise. Miro operates over 20,700 hectares of sustainable plantations in Ghana and Sierra Leone, planting a mix of fast-growing trees, and processing the wood flow into products including plywood, utility poles, and edge glue boards from fast-growing, high-yield, FSC-certified trees, for both local, regional and international markets.

### Transaction Details

<b>COUNTERPARTY</b>	Miro Forestry Developments Limited ("Miro", "The Company")
<b>DOMICILE</b>	United Kingdom
<b>COUNTRIES OF OPERATIONS</b>	Ghana and Sierra Leone
<b>TERM OF FINANCING</b>	N/A
<b>SECTOR</b>	Agribusiness
<b>IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY</b>	Category B
<b>FINANCING PRODUCT</b>	Equity
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	USD 6 million
<b>DATE OF TRANSACTION DISCLOSURE</b>	1 September 2022
<b>DATE OF TRANSACTION SIGNING</b>	7 October 2022
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	31 March 2023
<b>2X CHALLENGE QUALIFYING</b>	Yes, under employment criterion

<sup>1</sup>This document follows key requirements spelt out in the Interim Disclosure Policy, effective on Jan. 22, 2018: [https://www.findevcanada.ca/sites/default/files/2018-02/disclosure\\_interimpolicy\\_11dec2017\\_final.pdf](https://www.findevcanada.ca/sites/default/files/2018-02/disclosure_interimpolicy_11dec2017_final.pdf)

## Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to create and maintain local quality jobs in remote areas of Ghana and Sierra Leone, with targets to improve women's integration in the workforce, while mitigating climate change through carbon sequestration. FinDev Canada's financing will support Miro's growth, both in terms of planted hectares of sustainable forests and expansion of industrial timber production as wood-flows from the company's plantations continue to mature and increase.

Miro's integrated operations, combining plantation and industrial manufacturing, are expected to generate value added production from a sustainably managed Forest Stewardship Council (FSC®)-certified natural resource. The Company works closely with local communities towards shared stewardship of the forest resource and surrounding natural areas and sells processed wood products into international and local markets.

### Barriers:

- Sierra Leone is an LDC with no active commercial sawmill.
- The forestry sector in remote areas of Ghana and Sierra Leone is male-dominated. Women tend to stand at low-paid positions and have a lesser decision-making power.
- Illegal logging has affected the Ghanaian forestry sector for the past 25 years.





## MARKET DEVELOPMENT

- **Increasing local employment:** Miro is one of the principal job providers in the remote regions where it operates, with more than 2,000 employees, including 96% local staff. The company is building value-added wood processing facilities in Ghana and Sierra Leone, which will help maintain and create up to 5,000 skilled jobs.
- **Local economy value-add:** The transaction is expected to contribute to the local economies through taxes and salary payments. Miro estimates that over 15,000 people are indirectly supported by its operations and that it contributes more than USD 5 million annually in salaries and the procurement of goods, services, and infrastructure to the communities around its plantations.



## WOMEN'S ECONOMIC EMPOWERMENT

- **Supporting decent women's employment:** The company developed a gender action plan to improve the recruitment of women and retention in the workforce, reduce absenteeism, and boost productivity.
- **Creating jobs for women:** Miro signed a 2X Challenge commitment based on their target to increase the proportion of women in their workforce to 40% over the next two years in Ghana and Sierra Leone, which is an ambitious goal for a forestry company operating in remote areas of West Africa.



## CLIMATE ACTION

- **Increasing carbon sequestration:** This investment will allow for greater climate change mitigation through carbon sequestration in both plantation and conservation areas. Miro has already planted more than 20 million trees on over 20,000 hectares of degraded land in Ghana and Sierra Leone. In 2021, these forests had cumulatively sequestered over 1 million tons of CO<sub>2</sub>. With expanded operations, the number of trees under cultivation will increase and the company expects to sequester an additional one and a half million tons of CO<sub>2</sub> by 2030.
- **Deriving value from biomass:** In addition to carbon sequestration, Miro is also contributing to the reduction of GHG emissions by deriving value from wood waste (e.g., branches, offcuts, sawdust), which represent approximately 50% of total timber from its plantations. The company is selling a portion of this biomass as a fuel source to bioenergy consumers, displacing coal and heavy fuels, as well as charcoal made from remaining indigenous forest.

## Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social (E&S) Policy. As a plantation forestry company operating in remote locations in Ghana and Sierra Leone, the primary impacts of Miro's operations are: 1) occupational health and safety (OHS) and community-level safety impacts associated with a) road transport and b) forest fire; 2) land acquisition and land use leading to economic displacement; and 3) management of living natural resources. These E&S impacts are site-specific, largely reversible, and readily addressed and managed through mitigation measures.

FinDev Canada conducted a review of the E&S management framework of Miro, which involved an extensive review of documentation, including the company's Environmental and Social Management System (ESMS), relevant policies, and internal capacity. Further, FinDev Canada also undertook a site visit to both the Boumfoum and Yoni Plantations in Ghana and Sierra Leone as part of a development finance institution (DFI) Environmental and Social Due Diligence visit in September 2019. During the 2022 review of the transaction, FinDev Canada took into account the progress made by Miro in the implementation of the actions defined in the Environmental and Social Action Plan (ESAP) defined in 2020, and the continuous engagement with the client through the quarterly ESG Committees.

Miro has established a robust ESMS based on international best practice and covering key impact areas noted above. The Company actively works to resolve the root cause of emerging issues, for example investigating road safety incidents and engaging proactively with all stakeholders to manage negative impacts to plantations and to ensure the protection of community land rights, cultural heritage sites and safety. Further, Miro has been accredited by the FSC Chain of Custody certification, and demonstrates commitment to conservation. As the company expands new sites are certified on an annual basis.

The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada assessment in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 2: Labor and Working Conditions
- IFC Performance Standard 3: Resource Efficiency and Pollution Prevention
- IFC Performance Standard 4: Community Health, Safety, and Security
- IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement
- IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- IFC Performance Standard 8: Cultural Heritage