

The Green Climate Fund
Songdo Business District
175 Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Mexico City, September 18th, 2024

Re: Legal Due Diligence Mexico - Sustainable Communities for Climate Action in the Yucatan Peninsula (ACCIÓN)

On behalf of the Mexican Fund for the Conservation of Nature (Fondo Mexicano para la Conservación de la Naturaleza, A.C. or "FMCN"), as a direct access entity accredited by the GCF, I am pleased to confirm that the arrangements of the Sustainable Communities for Climate Action in the Yucatan Peninsula (ACCIÓN) Project proposal to the GCF for a US\$ 25,000,000 contribution by GCF comply with our due diligence procedures.

ACCIÓN aims to reduce vulnerability to the impacts of climate change, mainly by (i) strengthening the adaptive capacity of communities for coastal and marine ecosystem management and climate change resilience through local ecosystem-based adaptation (EbA) solutions, (ii) improving community-based enterprises to sustainably manage their natural capital, (iii) channeling private funds to support EbA solutions, and (iv) managing knowledge and promoting coordination with existing public policies.

a) Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project, the relevant issuing authority, and the date of issuance or expected date of issuance

ACCIÓN will work on the marine and coastal landscape of the Yucatan Peninsula in lands owned by landholders and local producers, including local communities, ejidos, small landowners, and community enterprises, willing to participate in project activities, and no additional permits are required. Furthermore, on August 23, 2024, the head of National Commission of Natural Protected Areas (CONANP), the federal agency responsible for managing protected areas in Mexico, issued a letter reaffirming their support and commitment to the project's implementation.

The participation of landholders and producers, including local communities, ejidos, small landowners, and community enterprises in the project activities related to the implementation of ACCIÓN is voluntary. FMCN carried out the socialization of the project to make its scope, characteristics, and benefits. Those interested and meeting the criteria established in the request for proposals (RFP) may apply to participate in the project. Therefore, it is confirmed that there are no additional permits that FMCN must obtain for the implementation and operation of ACCIÓN.

b) Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project:

The Direct Access Entity, FMCN, expects to provide grants to organizations with tax exempt status, thus these transfers are not subject to taxes. Procurement and services will cover sales and service taxes. Regarding currency exchange, FMCN would appreciate that GCF deposits in USD. FMCN will then transfer to Mexican pesos seizing opportunities for best exchange rate to cover expenses as flow of funds is required for optimal implementation.

c) Details of any insurance policies or requirements related to the project.

FMCN insures electronic equipment valued over \$1,000 during its first three years of useful life. The coverage includes direct damage, hydrometeorological risks, earthquakes, volcanic eruptions, strikes, civil unrest, robbery with violence, and protection for mobile and portable equipment. Similarly, within the budget of the Annual Operating Plans for the Protected Areas involved in the project, provisions will be made for insuring electronic equipment, motor vehicles, and other items requiring coverage. These insurances will comply with the requirements outlined in the Accreditation Master Agreement.

Additionally, I am pleased to confirm the capability of Fondo Mexicano para la Conservación de la Naturaleza, A.C. to enter to contracts in its own name and directly receive and reflow funds from/to GCF. GCF, per the Board Decision B.39/10, dated October 17th, 2024, with respect to the accreditation scope upgrade of FMCN, as contained in the "Consideration of accreditation proposals – Addendum IX: Upgrade assessment FMCN", document GCF/B.39/03/Add.09, Section II. Stage I institutional assessment and completeness check, article 2.1 Legal status, registration, permits and licenses, stated that *"FMCN provided documents on its establishment and licenses to operate, where relevant, as a part of the application. The applicant was created on 26 January 1994 as a civil association with a permit from the Mexican International Affairs Ministry (reference number 09037907). The AE provided its updated bylaws and confirmed that there had been no change in its legal status or licenses to operate since the original accreditation application."*

For the sake of completeness, FMCN is a private institution created on January 26th, 1994 as a Civil Association, whose articles of incorporation were filed under Ledger N° 505 Five hundred and fifty, Deed N° 32,750 thirty-two thousand seven hundred and fifty, permit from the Mexican Ministry of Foreign Affairs N°09037907. The organization operates under the legal name "Fondo Mexicano para la Conservación de la Naturaleza, A.C." According to Mexican Civil Law, FMCN has the legal personality and legal capacity to enter into contracts since the inscription of its articles of incorporation in the Public Registry of Property and Commerce of Mexico City, concluded on April 28th, 1994.

FMCN's corporate purpose, as stated in its original bylaws of 1994, was to protect nature and the quality of the environment, through research, conservation and education.



FONDO MEXICANO
PARA LA CONSERVACIÓN
DE LA NATURALEZA, A.C.
INSTITUCIÓN PRIVADA



The 2021 updated bylaws include the following new activities: (a) social development; (b) assistance (which covers support to indigenous and vulnerable groups due to age, gender or disability); (c) scholarships. The focus of permitted operations since 1994, such as conservation and protection of nature, as well as quality of the environment, were expanded to include mitigation and adaptation to climate change. Therefore, FMCN's corporate purpose can be described as follows:

- I. Performance of ecological activities,
- II. Scientific and/or technological research,
- III. Social development,
- IV. Assistance,
- V. Financial support to other authorized grantees and
- VI. Scholarships.

According to Chapter II, Article Six of its bylaws, to achieve its objectives, FMCN may "apply for and obtain material or economic resources from individuals, organizations, foundations, public and private organizations, both national and international, for the implementation of the Association's projects" and "obtain from individuals, non-governmental organizations or both official or private, national and/or international institutions, the technical and economic cooperation required for the development of the corporate purpose". Therefore, I can confirm that FMCN has the legal capacity to enter into legal agreements with international institutions, which includes signing the Accreditation Master Agreement with the GCF, and to directly receive and reflow funds from/to GCF.

Furthermore, I am pleased to confirm the capability of "Sureste Sostenible, A.C." or SSAC to (a) enter contracts in its own name and (b) directly receive and reflow funds from/to FMCN. SSAC is a private institution created on December 21, 2020, as a Civil Association, whose articles of incorporation were filed under Ledger N° 1144/2020 One thousand, one hundred forty-four, Deed N° 114,124 one hundred fourteen thousand, one hundred twenty-four. The organization operates under the legal name "Sureste Sostenible, A.C." According to Mexican Civil Law, SSAC has the legal personality and legal capacity to enter contracts since the inscription of its articles of incorporation in the Public Registry of Property and Commerce of the State of Quintana Roo, Mexico, concluded on February 02, 2021. SSAC's corporate purpose, according to said bylaws is:

- I. Performance of ecological and environmental activities
- II. Social development
- III. Assistance
- IV. Financial support to other authorized grantees and
- V. Scientific and/or technological research,
- VI. Scholarships

According to the last paragraph of Article Five of its bylaws, to fulfill its corporate purpose, SSAC may "apply for and obtain material or economic resources from individuals, organizations, foundations, public and private entities, for the implementation of the association's projects", and "obtain from individuals, non-governmental organizations, government and private institutions, either national or international, the technical and economic cooperation required for its activities, and enter into agreements with public and private, national and international entities". Therefore, I can confirm that SSAC has the legal capacity to enter into legal agreements and to directly receive and reflow funds from/to FMCN.

Sincerely,



Luis Francisco Rodríguez Lugo
Legal Coordinator