

Natural Capital – LDN expertise: Summary of ESG Policy

January 2020

1. Introduction

Mirova's natural capital expertise is designed to pair the search for economic and financial performance with premium social and environmental outcomes, impacts and risk management. We bring innovative conservation finance to projects, organisations, and businesses that conserve the environment and improve peoples' livelihoods whilst also being commercially successful over the long term. Our focus is on financing activities that address the major global environmental challenges such as climate change, protection of landscapes, soil, and marine resources.

The natural capital expertise dedicated to Land Degradation Neutrality (LDN) invests worldwide in sustainable land use projects, mainly agriculture and forestry.

2. ESG Principles

- aim to be best-in-class in environmental and social performance.
- expect activities we finance to:
 - comply with internationally recognised performance standards and certifications as well as local laws and international conventions;
 - provide quality employment;
 - provide substantive, measurable, positive benefits to people and the environment;
 - conserve natural habitats and wild species;
 - apply high ethical standards and operate transparently.
- measure and report on our progress and our contribution to the UN Sustainable Development Goals.
- expect open and constructive engagement with the organizations we invest in.
- do not take finance from or finance projects or entities involved in the activities listed in our exclusions list.
- also apply these principles to the way we operate.

3. ESG Natural Capital – LDN expertise Policy

The standards of the ESG Natural Capital policy dedicated to LDN are the followings:

All activities must:

- Comply with national environmental, social and labour laws and legislation including ILO's Core Conventions and comply with any ESG requirements of investors in the fund.
- Meet the objectives of the IFC Social and Environmental Performance Standards (IFC PS) and follow relevant IFC EHS Guidelines.
- Commodity production should aim to be certified under internationally recognised schemes.
- Projects must implement an Environmental and Social Management System.

- Result in no net loss of income or livelihoods as a result of the project's use of land or resources.
- Have a comprehensive stakeholder engagement process and appropriate grievance mechanism.
- Have informed consent from landowners where land is brought into a project, and secure FPIC where relevant.
- Drive conservation of natural habitats and threatened species, and result in no net loss of biodiversity, no conversion or draining of native ecosystems.
- Provide employment that pays a living wage.

In addition, all investments will comply with the IFC Performance Standards. Projects also need to apply additional requirements in land tenure and impact reporting. These are summarized below.

Land Tenure

All projects of the natural capital expertise dedicated to LDN shall :

- Comply with the requirements of IFC PS5, the Voluntary Guidelines on the Governance of Tenure of Land Fisheries and Forests, and the UN Guiding Principles on Business and Human Rights.
- Identify all legitimate land tenure rights on project land, engage with all people affected by the project, and map their tenure rights.
- Gain free, prior and informed consent for any changes to people's tenure rights as a result of the project.
- Avoid forced evictions.
- Implement an effective and accessible grievance mechanism.
- Aim to improve gender equality with respect to land tenure.
- Conduct and document a land tenure assessment for all resources that are part of a project.

Impact Reporting

Projects must report on their contribution regarding land degradation neutrality which is part of the Sustainable Development Goals (SDGs). Achieving LDN by 2030 is namely the target 15.3 of the SDGs.

Contact

To access the complete ESG policy of the LDN initiative please contact ldn@mirova.com.

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Non-contractual document, issued in January 2020.

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