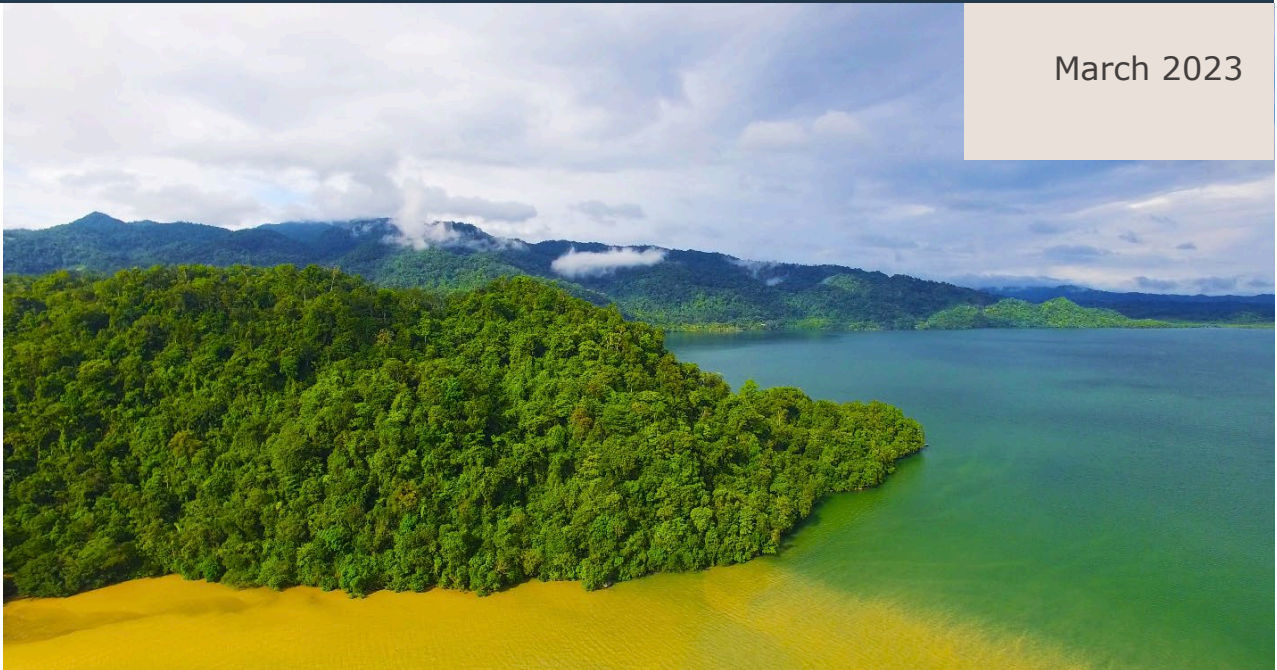


Disclosure Statement

Operating Principles for Impact Management

Mirova Natural Capital platform

March 2023



An affiliate of:

Introduction

Mirova (“we”) hereby affirms its (“our”) status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement applies to the strategies within the Mirova Natural Capital platform.

The Mirova Natural Capital platform has several strategies all relating to promoting the improved management of the world’s natural capital to support both the natural environment and the people who depend on it. As of 31 December 2022, these strategies are implemented through various fund, which represent €534m under management, or m570\$¹.

Principle 1

Define strategic impact objective(s), consistent with the investment strategy: *The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

Mirova is a conviction-based management company dedicated to sustainable investment. We develop innovative investment solutions for our clients, individual and institutional investors, aimed at accelerating the transformation of the economy towards a sustainable model.

The Mirova Natural Capital platform promotes sustainable and environmentally-positive growth through private sector investments in emerging and developed markets around the world. The Natural Capital platform has various

¹ Source Mirova and its affiliates as of 30th of December 2022.

strategies all relating to promoting improved management of the world’s natural capital to support both the natural environment and the people who depend on it through the development of nature-based solutions². Mirova has identified biodiversity preservation as a central issue for sustainable development and the completion of the UN Sustainable Development Goals (SDGs), and, through its Natural Capital platform targets more particularly SDGs 15 (life on land), 13 (climate action), 14 (life below water), with co-benefits on social SDGs, particularly 8 (decent work and economic growth), and 5 (gender equality).

Each fund has clear impact objectives outlined within its strategy. The impact objectives are a core part of the decision-making process for portfolio development.

The investment screening and due diligence processes involve in-depth assessments of the impact potential of the investment. The assessments are tailored to the impact strategies with a specific analysis conducted of how well the investment meets the fund’s impact objectives.

Principle 2

Manage strategic impact on a portfolio basis: *The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

The environmental and social performance of each portfolio is monitored through a structured yearly reporting and analysis of impact KPIs. In addition to this portfolio-level management, each project is subject to regular monitoring and analysis of its specific progress against its individual targets, to ensure it is on track, or to understand potential challenges arising, as portfolio-level impacts are mainly the sum of project-per-project situations and achievements.

² Nature-based Solutions (NbS) are defined by IUCN as “actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits”.



When launching a new strategy, the implementation of a financial incentive related to impact is considered. Such mechanism connecting performance fees with the achievement of impact targets has been implemented on several funds within the Mirova Natural Capital platform to date.



Principle 3

Establish the Manager’s contribution to the achievement of impact: *The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

Most natural capital activities targeted by Mirova Natural Capital platform face a gap in financing: the lack of private financial flows directed towards nature-based solutions is a challenge that can be addressed by working on many axes, yet it is still a major reason for conservation and conservation-related projects to remain insufficiently developed. Additionality is therefore at the core of the design of Mirova Natural Capital platform, built notably on the conviction that long term financing was needed for many impact-driven land-use projects, and that innovative financial solutions could be an enabler for the sector.

As well as additionality, scalability is another important element for some of Mirova Natural Capital strategies. This is hard to demonstrate or quantify but it is an important parameter to be considered for the platform, and one which contributes to further enhancement of the impacts that the investment can generate.

As impact-driven investors, we also thrive to ensure the additionality of our investment in the form of ESG engagement: we see our potential for impact when we invest in projects or companies that have clear potential for impact, but that we can support to go further. Where this is the case, we encourage developers to agree to an Environmental and Social Action Plan (“ESAP”). Through the ESAP, the developer commits to enhancing the management of targeted environmental and social issues, with clear actions identified that must be implemented within defined timelines, in order to get to compliance with our environmental and social standards. ESAPs are integrated in our contracts with project developers, and represent examples of the concrete impacts we can have as investors – by supporting developers to go further on environmental and social matters.

Lastly, we conduct annual monitoring of each project, in order to assess their impacts, to which we contribute

through our financing. Annual monitoring of quantitative impact related KPIs allows us to keep track of each project's progress towards its global impact targets.

Principle 4

Assess the expected impact of each investment, based on a systematic approach: For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts.

Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Mirova Natural Capital Platform assesses the impact of each individual investment thoroughly prior to investment.

Our assessment process considers the scale and recipient of the target project, assessing each investment both independently of the fund that is interested in the investment, as well as within the context of the specific fund's impact goals. This allows the impact potential of each project to be compared across the wider platform portfolio, as well as within each fund's own portfolio.

We determine the context in which each investment is operating in order to understand how the impact of the investment will contribute to addressing the wider challenges in the landscape.

Every investment has an agreed impact monitoring plan that details the KPIs to be monitored and reported by the investment, alongside to the extent relevant the

methodology, targets, and reporting frequency (annual unless stated otherwise). KPIs used draw from recognised databases such as IRIS+ or the work of sectorial initiatives like ESKEN. The impact monitoring plan is generally developed during due diligence or if this is not possible, during the first year of investment.

At each stage of assessment prior to investment, we consider areas where we may be able to increase the impacts. The opportunities are discussed with the investee and where agreed are integrated into the investment activities.

Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment: *For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

All investments made by funds within Mirova Natural Capital Platform are required to comply with our ESG policy. A Platform-level policy³ applies to all funds and is built around the International Finance Corporation’s Environmental and Social Performance Standards⁴ and covers 14 categories of risk management:

1	Business ethics	8	Community health, safety and security
2	Legal and regulatory compliance E&S	9	Biodiversity conservation

³ Our Platform-level policy is available at <https://www.mirova.com/sites/default/files/2020-08/MNC-ESG-Policy.pdf>

⁴https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards



3	Certifications and standards	10	Land tenure and land use change
4	E&S assessment and management	11	Indigenous peoples’ rights and interests
5	Human resources policies & procedures	12	Stakeholder engagement & grievance mgmt
6	Health and safety at work	13	Gender
7	Pollution control, energy and water use	14	Cultural heritage

In addition to the Platform-level policy, each fund has a specific ESG Policy annex which includes any additional requirements specific to that fund.

Every investment undergoes ESG due diligence led by the Platform’s ESG team. The ESG risks and the capacity of the investee to manage those risks are determined and where gaps are identified between current operations and our ESG policy, actions are clearly articulated in a time-bound Environmental and Social Action Plan (ESAP) that is agreed with the investee and forms part of the investment contract. We do not expect our investments to be fully compliant with our ESG policy prior to financing, we believe part of the impact we can have as a Platform is to support our investments to improve their ESG management through the ESAP process.

Investment progress against the ESAP is monitored, and where possible, financial disbursements are linked to key milestones within the ESAP.

Throughout an investment, the ESG team will monitor the investor’s ESG performance, and conduct specific assessments if activities should change. This monitoring can include site visits when relevant and possible. If new gaps in ESG management come to light, the ESG team can amend the investment’s ESAP to reflect this, with new actions and their timeframe agreed with the investee.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately: *The Manager shall use the results*



framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Impact progress data for each investment is monitored by Mirova Natural Capital platform on an annual basis (unless agreed otherwise for specific KPIs). An impact reporting spreadsheet is shared with each investment that includes their impact monitoring plan and the various elements of information of use such as baseline and targets. Our investment contracts include our requirement for annual impact monitoring. We measure impact on a calendar year basis and data are expected to be submitted to Mirova Natural Capital team during Q1 of the following year.

The impact monitoring plan is generally agreed with the investee prior to investment, however if required it can be developed during the first year after investment. If this is the case, completion of the impact monitoring plan forms part of the investment's ESAP (see alignment to Principle 5 for details of ESAPs).

We operate an investee data collection led approach, with investees primarily responsible for monitoring and reporting their impact data.

Mirova Natural Capital team assesses the impact data when it is reported and compares the achieved impacts to the targets. If a project is falling behind compared with its targets this triggers a discussion with the internal team working on the investment and with the investee. Generally, impact performance is linked to business performance: if business performance is below expectation then this will be identified during quarterly investment monitoring and therefore we are likely to expect impact performance to also be reduced. We will work with the investee to understand the underlying reason for the reduced performance and to determine whether this is a delay in performance and we can expect the project to

catch up in future, or whether we need to revise our expectations for the investment overall.

Principle 7

Conduct exits considering the effect on sustained impact: *When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

Most exits are predesigned through the investment structure of the deals – debt or others and do not include decision-making about factors such as timing.

In case of a planned exit, typically at the end of life of a fund, an assessment will be made of the overall impacts achieved by the project (successes, lessons learnt, etc.) as well as the current context of the project in view of our exit. Wherever possible, we will engage with the project team and any new investors, to review what has been achieved and explore ways of taking this forward.

In the cases of unplanned exits, such as bankruptcy of a project, Mirova strives to assess the most critical potential environmental and social risks related to the situation, and these considerations are included in the decision-making process. Questions around options to ensure all staff get fully paid, in such difficult crisis contexts, might be considered closely for example.



Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned: *The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

Mirova Natural Capital Platform produces and publishes impact reports for each fund under management on an annual basis. These reports detail the progress of the Fund’s portfolio against its core impact objectives as well as highlighting the individual achievement of a subset of investments. These are publicly available on Mirova’s website.

Once a fund has ended, we will conduct a review of the impact performance of the portfolio against the Fund’s impact objectives to understand the areas where we have performed well and the areas where lessons can be drawn. We shall also conduct a review of each investment’s ESG performance. These lessons learned shall then be applied to our processes for managing the platform.

Principle 9

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment: *The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

This Disclosure Statement re-affirms the alignment of Mirova Natural Capital Platform’s processes, procedures and systems with the Impact Principles, and will be updated annually. An independent verification was conducted in 2022, and shall be renewed every 3 years.



About this report

The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

This document is a non-contractual document for information purposes only.

This document does not constitute or form part of any offer, or solicitation, or recommendation to subscribe for, or buy, or concede any shares issued or to be issued by the funds managed by Mirova investment management company. The presented services do not take into account any investment objective, financial situation or specific need of a particular recipient. Mirova shall not be held liable for any financial loss or for any decision taken on the basis of the information contained in this document, and shall not provide any consulting service, notably in the area of investment services.

The information contained in this document is based on present circumstances, intentions and guidelines, and may require subsequent modifications. Although Mirova has taken all reasonable precautions to verify that the information contained in this document comes from reliable sources, a significant amount of this information comes from publicly available sources and/or has been provided or prepared by third parties. Mirova bears no responsibility for the descriptions and summaries contained in this document. No reliance may be placed for any purpose whatsoever on the validity, accuracy, durability or completeness of the information or opinion contained in this document, or any other information provided in relation to the fund. Recipients should also note that this document contains forward-looking information, issued on the date of this presentation. Mirova makes no commitment to update or revise any forward-looking information, whether due to new information, future events or any other reason. Mirova reserves the right to modify or remove this information at any time without notice.

The information contained in this document is the property of Mirova. The distribution, possession or delivery of this document in some jurisdictions may be limited or prohibited by law. Persons receiving this document are asked to learn about the existence of such limitations or prohibitions and to comply with them.

Mirova voting and engagement policy as well as transparency code are available on its website : www.mirova.com.

Non-contractual document, issued in March 2023.



Mirova

Portfolio management company - French Public Limited liability company
Regulated by AMF under n°GP 02-014
RCS Paris n°394 648 216
Registered Office: 59, Avenue Pierre Mendes France – 75013 – Paris
Mirova is an affiliate of Natixis Investment Managers.

Natixis Investment Managers

French Public Limited liability company
RCS Paris n°453 952 681
Registered Office: 43, Avenue Pierre Mendes France – 75013 – Paris
Natixis Investment Managers is a subsidiary of Natixis.

Mirova UK Limited

UK Private limited company
Company registration number: 7740692 – Authorised and Regulated by the Financial Conduct Authority ("FCA") under number 800963
Registered office: 18 St Swithins Lane, London, EC4A 8AD
The services of Mirova UK Limited are only available to professional clients and eligible counterparties. They are not available to retail clients. Mirova UK Limited is wholly owned by Mirova.