

## Land Degradation Neutrality Fund

# Impact Report 2023



This document is not a promotional communication. This document is an activity report which is not intended to promote the fund(s) mentioned. This document does not constitute an offer or any other kind of invitation to buy any share of the funds mentioned in any jurisdiction.



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## About this report

The Land Degradation Neutrality Fund Impact Report, produced during 2024 is based on project submission data from 2023 as well as projected data.



**GAUTIER QUÉRU**

Director, Land Degradation Neutrality Fund

## Letter from the manager

The 2023 year was another milestone year for natural capital, and Sustainable Land Use (SLU) in particular. In March 2023, the One Forest Summit resulted in the adoption of the "Libreville Plan," a comprehensive strategy aiming at placing natural capital at the forefront of the global economy. It is seeking to achieve international solidarity and environmental ambition, and to culminate in tangible commitments to advance the sustainable management of forests and land, and to preserve biodiversity.

The Land Degradation Neutrality (LDN) Fund<sup>(1)</sup>, promoted by the United Nations and independently managed by Mirova, has been instrumental in pioneering and advancing impactful investment solutions to address pressing global climate and environmental challenges. After five years of active operations, the Mirova team has announced over 2023 three new investments, completing the deployment of the LDN Fund. It has hence successfully built a diverse portfolio of 13 sustainable land management projects spanning Latin America, Africa, and Asia, across diversified sustainable agricultural and forestry value chains.

The Fund has now entered the portfolio management phase, focusing on successful and sustainable development of portfolio

companies and projects, value creation enhancement, and the generation of positive social and environmental impacts on the ground. While this report highlights the results in terms of impact indicators, the focus remains on the target impacts for more recent projects.

Leveraging on the experience of the LDN Fund management, Mirova has expanded of its natural capital platform in 2023 with the launch of the Mirova Sustainable Land Fund 2 (MSLF2)<sup>(2)</sup>, as announced in November at the 28<sup>th</sup> Conference of Parties (COP28). This new fund will continue the strategy of the LDN Fund, seeking to facilitate the transition and decarbonization of agricultural and forestry value chains, with the goal of generating financial returns and positive impact in terms of climate change adaptation and mitigation, biodiversity conservation, and social inclusion, particularly for women in emerging economies. The fund's focus sectors include agroforestry, regenerative agriculture and sustainable forestry, capitalizing on the LDN Fund lessons learned and successes.

The LDN Fund's portfolio now represents a unique set of impactful investments in the growing SLU market, and the team is pleased to present their respective 2023 progress.

Source: Mirova, data as of 31/03/2024. <sup>(1)</sup>LAND DEGRADATION NEUTRALITY FUND is a Luxembourg Special Limited Partnership (Société en Commandite Spéciale), closed to new subscription. Mirova is the management company. The supervisory authority approval is not required for this fund. <sup>(2)</sup>MIROVA SUSTAINABLE LAND FUND 2 SLP RAIF is a special limited partnership (société en commandite spéciale) qualifying as a reserved alternative investment fund (fonds d'investissement alternatif réservé). Mirova is the management company. The supervisory authority approval is not required for this fund. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

Fund profile

# Land Degradation Neutrality Fund

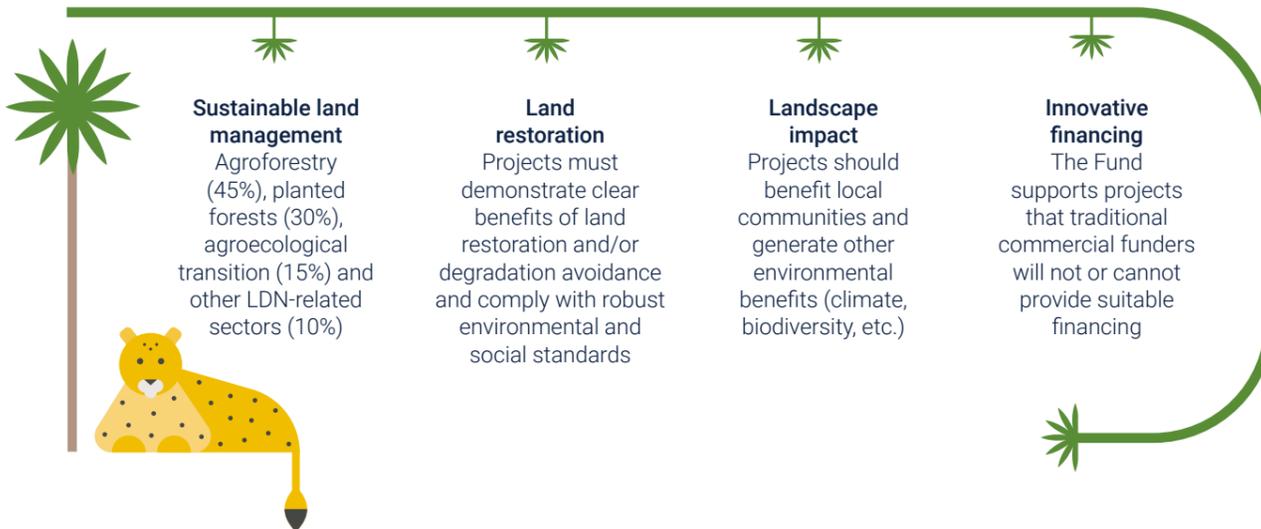
The challenge

Poor land management practices, often fuelled by exploitation for short-term economic gains instead of favouring long-term sustainability, have led to the loss of more than 25% of the world's arable land in the last two decades<sup>(1)</sup>. A total of two billion hectares of land are degraded worldwide and through exploitative production, human activities continue to degrade another 12 million hectares of productive land every year<sup>(2)</sup>.

Investment solution

As well as the direct economic value of using land and its resources sustainably, proper management of land-based ecosystems can increase food security, decrease biodiversity loss and help combat climate change, poverty, social instability and conflicts. The Land Degradation Neutrality (LDN) concept addresses this and is therefore included in the Sustainable Development Goals (SDGs) and other initiatives. More than 120 countries have committed to LDN-related initiatives enabling LDN investments. Co-promoted by Mirova and the United Nations Convention to Combat Desertification (UNCCD) the LDN Fund is a source of transformative capital bringing together public and private investors to fund triple bottom line projects that contribute to Land Degradation Neutrality.

Scope



**The fund**

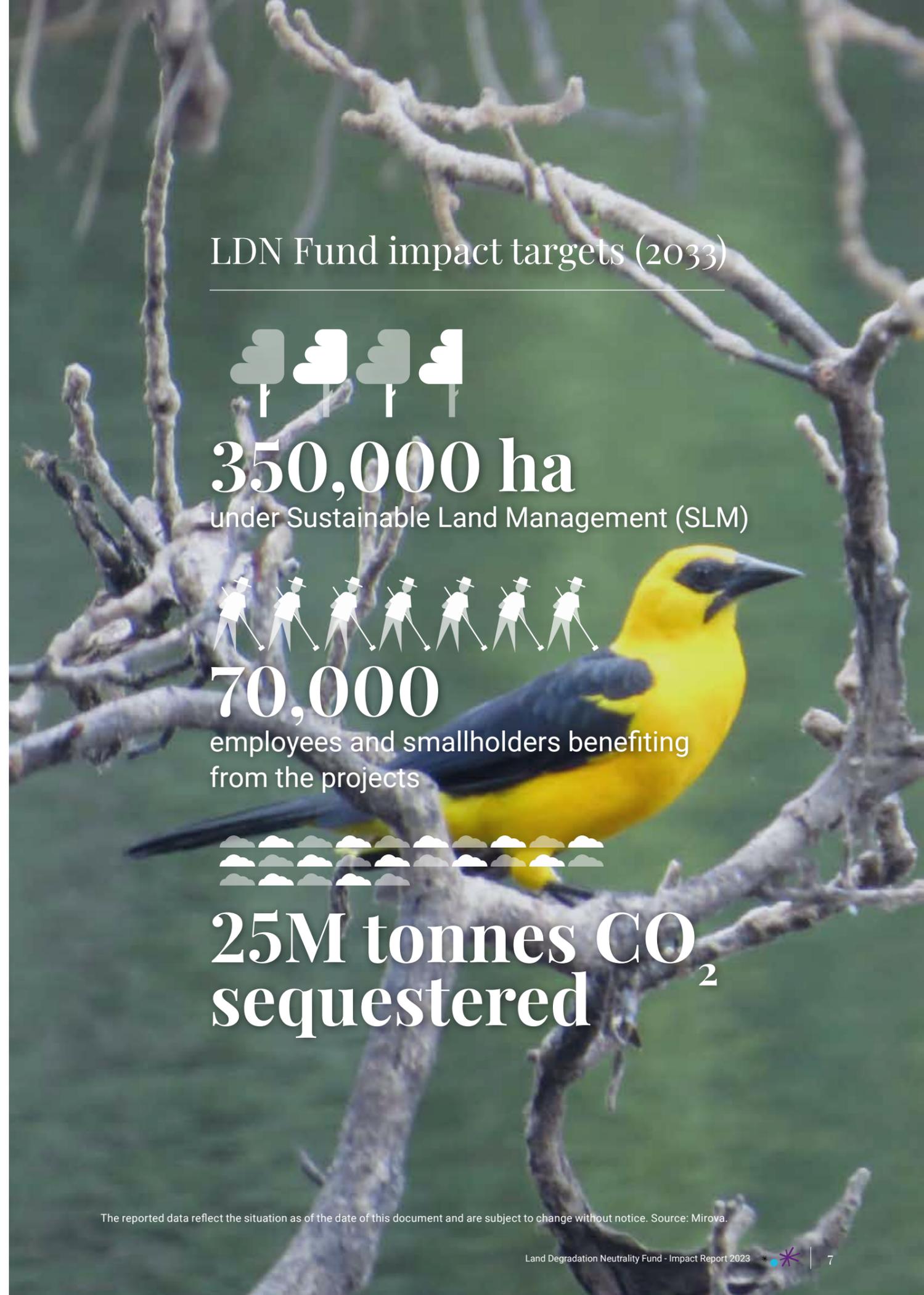
- Fund Size**  
\$208M
- Fund Life**  
First closing December 2018; Investment period 5 year; fund life 15 years
- Geographies**  
Primarily developing countries where capital mobilisation is crucial.
- SDGs**

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<sup>(1)</sup>United Nations.

<sup>(2)</sup>United Nations.

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LDN Fund impact targets (2033)

**350,000 ha**  
under Sustainable Land Management (SLM)

**70,000**  
employees and smallholders benefiting from the projects

**25M tonnes CO<sub>2</sub>**  
sequestered

The reported data reflect the situation as of the date of this document and are subject to change without notice. Source: Mirova.

# The Team<sup>(1)</sup>



**GAUTIER QUÉRU**  
FUND MANAGER

Gautier Quéru is the Director of the Land Degradation Neutrality Fund and Managing Director at Mirova. Since its inception, Gautier has overseen the business development and overall coordination of fund creation (market study, fund design, structuring, marketing to institutional investors) and team management. He also manages investment opportunities, sourcing and analysis and works with the United Nations and other stakeholders (NGOs, business associations, international organisations).

Gautier joined Natixis group in 2004 when the European Carbon Fund (ECF), a €140 million fund dedicated to projects to reduce CO2 emissions under the Kyoto Protocol, was launched. From 2004 to 2013, Gautier acted successively as investment manager, portfolio manager and fund director of ECF. Between 2013 and 2016, Gautier was the Investment Director within the renewable energy fund division of Mirova. He participated in Mirova-Eurofideme 3 development and fundraising and ran equity investments in renewable energy projects. Prior to joining Natixis group, Gautier was at the French Ministry of Economy, in the Energy and Climate division.

Gautier is an engineer in environment and energy from the National Polytechnic Institute of Toulouse and is a graduate of Sciences Po Paris.



**JOHANN FOURGEAUD**  
INVESTMENT DIRECTOR

Johann Fourgeaud joined the LDN Fund team as an investment director in 2019. Johann leads the LDN Fund's investment pipeline development and coordination. He has also directly led the investment process for several transactions in the portfolio.

Johann has more than 15 years' experience with investing in sustainable agribusinesses in developing countries. Prior to joining Natixis group, Johann deployed the Fair Trade Access Fund of Incofin IM in Latam, Africa and Mena regions. He executed trade finance loans and long-term debt transactions with 30 producer organizations and agro-SMEs involved in certified agriculture. Before that, Johann invested through equity in innovative SMEs (mainly agro-processing) in Western and Central Africa on behalf of FADEV, a social business in France, that built up the concept of equity fundraising for development. Johann started his career in South-East Asia at the French Development Agency. Johann is an engineer specialising in international agricultural development (ISTOM) and is also a graduate of Ms. Finance at Paris Panthéon Assas. Johann has been a member of the Society for Ecological Restoration since 2018.



**CAROLINE BOUQUET**  
INVESTMENT DIRECTOR

Caroline Bouquet is an investment director for the LDN Fund and sits on its investment committee. She joined Mirova seven years ago when the LDN Fund was established as a pioneer fund in natural capital. She has extensive experience in the sustainable resources sector with expertise in sustainable agroforestry and forestry.

Within the LDN Fund, she works on investment strategy, deal sourcing, due diligence and the structuring of new deals as well as portfolio management. Prior to joining Mirova, Caroline worked for the French Ministry of Environment and for the French Ministry of Finance.

Caroline holds a degree in Economics from the Ecole Normale Supérieure (ENS) and an Master of Science in Environmental Economics from the Paris School of Economics (PSE).



**OLIVIER LONGCHAMP**  
INVESTMENT DIRECTOR

Olivier Longchamp is an investment professional with 14 years of experience in emerging market investing, corporate finance and advisory, covering multiple industries like agribusiness, energy and healthcare. He joined the Sustainable Land Use team as an Investment Director in August 2023.

Prior to this, he spent 6 years in the private equity team of PROPARCO as an Investment Director, conducting appraisal of 40+ pipeline opportunities and securing commitments for 7 direct investments (straight and quasi-equity, mezzanine) for \$100m mostly in Africa, and fund investments.

As a board member, he was committed to create value and maximize environmental and social impacts.

He consequently joined the Agence Française de Développement (AFD) to diversify his professional background and to focus more on climate-related issues. He led the development of renewable energy projects in Serbia, Georgia and Uzbekistan, structured technical assistance program and contributed to elaborate public policies in line with Paris agreement goals. He simultaneously served as an investment committee member for the \$600m fund STOA on green infrastructures.

Olivier started his career in the financial advisory department of the audit firm Mazars, performing due diligences and building business plans of SMEs. He graduated from Sciences Po Bordeaux (Master's degree in International Affairs and Economy) and ESCP (Master in Finance).



**CECILIA CORDOVA**  
INVESTMENT DIRECTOR

Cecilia Cordova has over 15 years of work experience in various finance and investment roles. Cecilia currently serves as the Investment Director Latam at Mirova. Prior to that, they worked as a Fund Manager at Cataliser Fund. Cecilia also held positions such as Finance Director at Xoco Gourmet, Associate at Impact Investment Partners LLP, and Head of Finance at URBANOVA Real Estate - Breca Group. Additionally, they have experience in financial planning and analysis as a Financial Planning Specialist at Red de Energía del Perú and a Financial Analyst at Corporación Grupo Romero. Cecilia began their career as a Corporate Banking Assistant at Interbank and later worked as a Commercial Analyst at America Leasing.

Cecilia is graduated from the Universidad de Lima with a Master of Science in Finance degree with a focus on Accounting and Finance, and the University of Warwick - Warwick Business School, with a Master of Business Administration (MBA) degree with a specialization in Finance, General. Cecilia also obtained a certification in September 2016 through the IBL@Oxford Social Enterprise and Impact Investing Careers Program, offered by Impact Business Leaders. The program name and institution name are provided but no other details about the certification are available.



**ANTOINE RAES<sup>(2)</sup>**  
INVESTMENT DIRECTOR

Antoine is based in Singapore and is Investment Director across Natural Capital in the APAC region. He joined Mirova in September 2023 and brings 15+ years' experience in private equity and global emerging markets.

His deal track record consolidates more than 30 transactions since 2010 with a core expertise on Natural Capital themes with experience in marine subsectors such as sustainable aquaculture, aquatech and farming solutions, circular economy models for ocean decontamination, and sea water treatment and distribution, etc. Prior to Mirova, Antoine was a Senior Manager at Incofin IM, a global investment company specialized in emerging markets. He was based in Cambodia heading the equity team in East-Asia and led the Water Access Acceleration Fund for which he was in charge of growth equity investments across Asia, managed the fundraising and the initial set-up of the Fund. Before joining Incofin, he held various investment roles including, most recently, Senior Investment Officer (PROPARCO, Bluester Capital) and was Director in a venture fund (FADEV) dedicated to Western Francophone Africa.

Antoine started his career in Investment Banking in the large caps M&A execution team (SGCIB) and in Transaction Services covering German markets (PwC).



**CLÉMENT LEROY**  
INVESTMENT ASSOCIATE

Clément Leroy joined the LDN Fund team as an investment analyst in 2021. He is involved in every step of the investment process as well as the monitoring of portfolio companies. Prior to joining Mirova, Clément led sustainability consulting missions for microfinance institutions in Peru and Ecuador. In addition to this field experience, he has worked as an investment analyst for the microfinance team of BNP Paribas with a focus on the investments of the bank in Latin America and Asia.

Clément holds a bachelor's in economics and applied foreign language (English) from Université Paris Nanterre and graduated from the Grande École Programme of EDHEC Business School. He speaks French, English, Spanish and Portuguese.



**LOUIS MAC CLENIHAN**  
INVESTMENT ASSOCIATE

Louis Mac Clenihan joined the Sustainable Land Use team as an Investment Associate in October 2023. Prior to Mirova, Louis worked at Agri Impact, a first-of-its-kind impact investment fund launched by the Fondation Avril and managed by Citizen Capital Partenaires, which supports French farmers in their diversification projects on primary processing, short food channels or renewable energy production. As part of the investment team, he was also involved in the execution of 7 investments and was responsible of the impact monitoring.

Prior to Agri Impact, Louis worked as an Analyst at Early Metrics, a rating agency dedicated to startups. He conducted due diligences to assist medium and large corporates in their innovative strategies.

He graduated from Neoma Business School (Rouen) with a Master's degree in Management and a specialization in Corporate Finance.

<sup>(1)</sup>Mirova staff may change over time.

The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

<sup>(2)</sup>Currently employed by NIM Singapore and provide investment advice for Mirova pursuant to a convention between Mirova and NIM Singapore.

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# Key partners



LDN Fund is amongst the 12 commitments of the one planet summit

## Co-promoters



## Sourcing and impact



## Technical assistance



## Public investors



## Private investors



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# Selected highlights

## February 2023

Mirova contributed to the report 'Innovative Finance for Nature and People'.

## March 2023

Co-organised by President Emmanuel Macron and President Ali Bongo Ondimba, the sixth edition of the One Planet Summit was entirely dedicated to tropical forests and took place in Libreville, Gabon. It focused on finding concrete and actionable solutions to (i) Advancing knowledge and promoting scientific cooperation on forest ecosystems; (ii) Fostering sustainable value chains in the forestry sector; and (iii) Unlocking innovative sources of financing including market-based biodiversity conservation solutions. Mirova's CEO Philippe Zaouati acted as rapporteur for innovative financing mechanisms.

## April 2023

Mirova published the 3rd 'Mirova for Nature' report highlighting biodiversity achievements.

## June 2023

Mirova is a member of the OP2B (One Planet Business for Biodiversity), an international cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture. Gautier Quéru presented Mirova's role as a financier of sustainable land use projects with a focus on the LDN Fund. Discussions focused on what corporates need from investors to better develop investment in supply chain projects.

## June 2023

Mirova was present at the Summit for a New Global Financial Pact convened by Emmanuel Macron on 22nd and 23rd of June 2023. This event in Paris gathered public and private actors aiming to build a more responsive financial system to fight inequalities and to finance the climate transition. Mirova's Chief Executive Officer, Philippe Zaouati, participated in a working group on carbon and nature finance, alongside John Kerry and Mark Carney (former governor of the Bank of England).

## September 2023

The Climate Week reunites business leaders, political change makers and civil society representatives from all around the world in more than 600 events. Mirova spoke on several panels, including a panel composed of members of the Forest Investor Club to discuss ways to unlock investment opportunities in forests and nature.

## September 2023

The Climate and Nature Finance Mobilisation Forum at the National Museum of Natural History in Paris was an occasion for President Macron and His Majesty King Charles III to hear from leading companies on how they are supporting action on tackling climate change and nature loss in emerging and developing economies. Taking part in this long-standing collaboration between the UK and France on climate action, Anne-Laurence Roucher shared Mirova's extensive experience as an impact investor.

## October 2023

The Corporate Investments into Forestry & Biodiversity (CIFB) conference helps large scale corporations to develop strategies for investing in forestry and biodiversity in order to reach a net zero future. Mirova was represented by several Natural Capital Funds. This event in London focused on methodologies for natural climate solutions, nature-based solutions and carbon markets. LDN Fund's Investment Director, Olivier Longchamp, attended the conferences in London.

## October 2023

Clément Leroy and Johann Fourgeaud represented the Fund and Mirova at the Innovation Forum, furthering the team's understanding of the current trends in the sector and building links with some of the 250 representatives from leading companies in the Agriculture, Forestry and Other Land Use (AFOLU) sector.

## November 2023

LDN Fund's Director, Gautier Quéru, shared the experience of establishing and managing the LDN Fund, outlining how blended finance can help support sustainable land use at scale while generating positive impact for climate, biodiversity and local communities. Nature-based solutions, sustainable food systems and regenerative landscapes were central topics during the 28th Conference of the Parties (COP28) as ecosystems play a prominent role in climate mitigation, adaptation, and resilience.

## December 2023

Caroline Bouquet, LDN Fund's Investment Director, participated to the Workshop organised by IDH<sup>(1)</sup> and The Nature Conservancy in Brazil, sharing the Fund's role and experience unlocking private finance for sustainable land use in Latin America. The conference provided an opportunity to connect with new companies and partners.

<sup>(1)</sup>More information available on LDN's Technical Assistance Facility on: <https://www.idhsustainabletrade.com/about-idh/>. References to a ranking, award or label have no bearing on the future performance of any fund or manager.

# Impact approach

Farmers and rural communities are challenged by the interrelated impacts of ecosystem degradation, climate change, competition for scarce resources, poverty and food insecurity.

Land use must therefore be managed intelligently to stop land and forest degradation and provide opportunities for inclusive rural development.

## Our vision of sustainable land management:

- ▶ Improving the sustainability of productive land use reduces the pressure on and improves the state of ecosystems and biodiversity.
- ▶ Areas kept for restoration or conservation purposes represent an important complementary lever to preserve natural ecosystems and their unique richness.
- ▶ Sustainable land use practices are expected to generate climate-related benefits as well, by reducing greenhouse gas emissions, sequestering CO<sub>2</sub> and ensuring better resilience of production and livelihoods to climate impacts. Socio-economic benefits may include improved livelihoods through increased incomes, training and access to finance, but also opportunities to strengthen inclusion, notably on gender related issues.
- ▶ Key impact metrics that the LDN Fund is monitoring are presented here and will be detailed at project level in the following pages of this report.

## Key impact themes targeted by the LDN Fund<sup>(1)</sup>



	Reported progress (2023)	Current portfolio projections (2033)
<b>Hectares under sustainable land management</b>	138,445	222,307
<b>Employees and smallholders benefiting</b>	106,299	163,660
<b>Tonnes of CO<sub>2</sub> sequestered</b>	1.7M	19.6M

Source: Mirova. These figures represent the sum of indicators of all companies in the portfolio, without considering the level of investment of Mirova in each of them. Mirova's investment in projects within the LDNF's portfolio is typically between 10% and 80% of the total investment raised in individual projects.

<sup>(1)</sup>Please refer to page 60 for detailed ESG impact indicators



# Investments

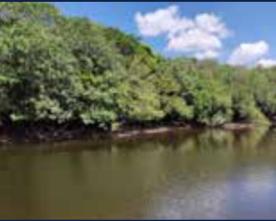


# Investments



**Cacao Oro**  
Nicaragua

- Investment theme: Agroforestry
- Main sector: Cocoa, coffee
- Duration: 10 years



**Terrasos**  
Colombia

- Investment theme: Agroforestry
- Main sector: Biodiversity credits
- Duration: 9 years



**Urapi SLU**  
Peru / Colombia / Honduras

- Investment theme: Agroforestry
- Main sector: Coffee, Cocoa, nuts
- Duration: 15 years



**Atlas Fruits Company**  
Morocco

- Investment theme: Agro-ecological Transition
- Main sector: Citrus
- Duration: 7 years



**Mountain Hazelnuts**  
Bhutan

- Investment theme: Agroforestry
- Main sector: Hazelnuts
- Duration: 10 years



**Burapha Agroforestry**  
Laos

- Investment theme: Planted Forests
- Main sector: Timber
- Duration: 7 years



**Kennemer**  
Philippines

- Investment theme: Agroforestry
- Main sector: Cocoa
- Duration: 9 years



**Aloe Agroflorestal (SLB)**  
Brazil

- Investment theme: Planted Forests
- Main sector: Timber
- Duration: 10 years



**Miro Forestry**  
Ghana / Sierra Leone

- Investment theme: Planted Forests
- Main sector: Timber
- Duration: 11 years



**Koa Impact**  
Ghana

- Investment theme: Agroecological transition
- Main sector: Cocoa Pulp & Juice
- Duration: 7 years



**Aqre Group**  
Madagascar

- Investment theme: Agroforestry
- Main sector: Natural ingredients for the pharmaceutical, cosmetic and F&B industry
- Duration: 8 years



**Pamoja**  
Kenya / Tanzania

- Investment theme: Agroforestry
- Main sector: Macadamia nuts
- Duration: 8 years



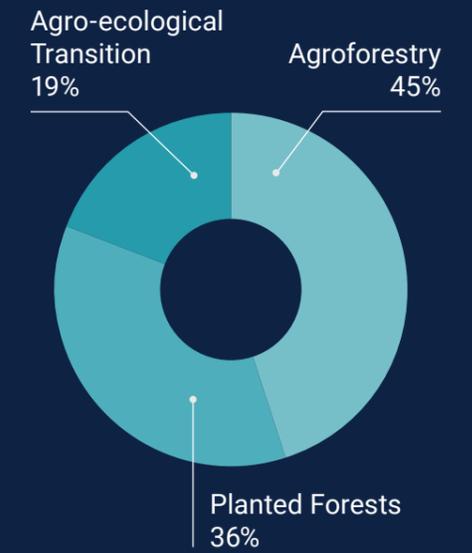
**Komaza**  
Kenya

- Investment theme: Planted Forests
- Main sector: Timber
- Duration: 8 years

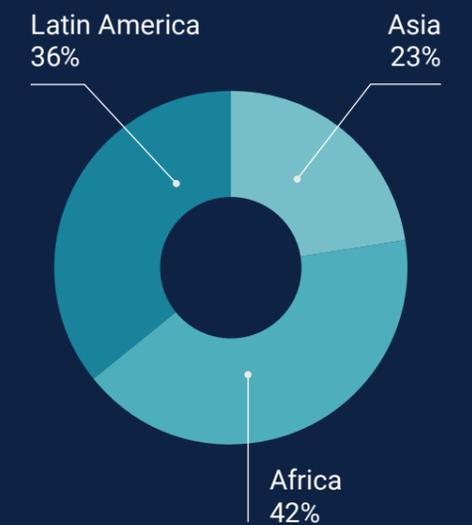
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## Portfolio geographic and sector diversification

### Current Portfolio - Investment Pillar Repartition (% by sector)



### Current Portfolio - Geographic Repartition (% by geography)



Source: Mirova. Data as per end December 2023.

# Koa

Founded in 2017, Koa is transforming the cocoa industry through its innovative upcycling of the cocoa fruit. Koa is the first company in West Africa to have unlocked a new value chain around the so far discarded cocoa pulp. Working closely with cocoa smallholders in Ghana, Koa reduces on-farm food waste, and generates additional farmer income while at the same time bringing unique new ingredients to the food and beverage industry.

## Context

The global chocolate industry generates more than \$150 billion annually. While West Africa supplies 70% of cocoa beans, most of the value of a chocolate bar is generated in Europe and North America<sup>(1)</sup>. Ghana is the second largest cocoa producer in the world after Côte d'Ivoire. Yet nearly 75% of smallholder cocoa farmers in Ghana and Ivory Coast are currently earning below a living income<sup>(2)</sup>.



## Solution

Founded in 2017, Koa works closely with cocoa smallholders as well as food and beverage industry players to create value out of cocoa pulp, which is usually discarded. Koa purchases unused cocoa pulp directly from farmers and processes it locally, creating tasty ingredients for the food & beverage industry and gastronomy to create tasty and natural sweeteners.

The company generates additional income for farmers in rural areas and provides them with training on sustainable land management practices, which allows to preserve their environment and livelihood in the long term.

Koa recently inaugurated a second cocoa fruit factory in Ghana, becoming the largest of its kinds in Africa. The company is now embarking on a new phase of development, with the objective to scale up their circular model in Ghana.



Ghana 



Date of investment  
2023

Duration  
7 years

Size of investment\*



Share of LDN within overall project  
72.1%



# Impacts



Hectares under sustainable land management  
**12,600**  
Target (2033)



Tonnes of CO<sub>2</sub> sequestered  
**200,000**  
Target (2033)



Employees and smallholders  
**13,300**  
Target (2033)

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Pamoja

Pamoja is a company specialised in the sourcing, production, and processing of macadamia nuts. The company is vertically integrated and currently has production, processing, and distribution operations. Pamoja intends to achieve full traceability from farm to fork, work towards the conversion of all the production to organic certification and become the leader in sustainable macadamia sourcing and production.

## Context

In Kenya and Tanzania, deforestation is occurring at a fast rate. It is driven by the expansion of agriculture into previously forested areas and the removal of non-productive trees from agricultural land to make room for increased planting. This is exacerbated by factors such as the growing population and declining productivity of subsistence farmers, a heavy reliance on biomass for energy (particularly charcoal) with a lack of alternative renewable energy sources, and the cutting down of trees and poles for construction and agricultural processing, sometimes for export.

Furthermore, agriculture has encroached into environmentally fragile areas, leading to serious soil erosion and loss of biodiversity due to poor practices and inadequate regulatory enforcement or conservation measures.

The decline in soil fertility has been identified as a major factor driving deforestation, biodiversity loss, and natural resource depletion in these countries. Traditional, low-input agricultural practices, including the use of unimproved seed varieties, minimal use of both inorganic and organic fertilizers, and other unsustainable cultural practices, have resulted in soil fertility loss, leading to decreased crop yields and overall low productivity. As a result, farmers have expanded their farms horizontally to meet their livelihood demands, putting fragile ecosystems at risk. The project aims to address soil health and protect biodiversity in response to these challenges.



## Solution

In Kenya, Pamoja already works with nearly 6,000 small-scale producers through its subsidiary TenSenses, with a constant focus on improving agricultural practices and access to international certifications. The processing plant based in Nairobi, as well as access to extensive distribution networks, help generate substantial additional income for these producers by providing them with access to international markets.

In Tanzania, through its subsidiary Macjaro, Pamoja is developing macadamia nut farms operated in accordance with agroforestry ecosystems. Macjaro aims to plant over 700 hectares of new coffee and macadamia nut farms in the coming years and seeks to expand its support program for small-scale producers to establish a sustainable value chain, similar to what has been implemented in Kenya.

Kenya   
Tanzania 



Date of investment  
2023

Duration  
8 years

Size of investment\*



Share of LDN within overall project  
56.7%



## Impacts



Hectares under sustainable land management

6,000  
Target (2033)



Smallholders supported and/or job created

14,700  
Target (2033)

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

Source: Mirova.

# Terrasos

Founded in 2013, Terrasos specialises in developing environmental projects. The main areas of focus include environmental investments, impact assessment, intervention strategy development, and data management. Terrasos focuses on environmental programmes through both mandatory and voluntary investments with the creation of Habitat Banks.

## Context

Colombia is recognized as a megadiverse country, home to a very diverse range of ecosystems as well as significant biodiversity and resources. It ranks second for species richness, first in birds and orchids, second in plants and amphibians and third in reptiles, among others. Preserving such ecosystems has proven difficult with around 1.5m hectares of natural ecosystems lost and transformed between 2005 and 2012 only. Extractive industries (oil and gas, mineral and metal extraction), livestock ranching, agriculture, urbanization and wildlife trafficking are heavily contributing to the deterioration of these ecosystems.<sup>(1)</sup>

## Solution

Habitat banks, authorized and regulated by the Colombian Ministry of Environment, offer a means for private sector contributions toward biodiversity preservation and regeneration through designated parcels of land. In these areas actions for the preservation, improvement or restoration of ecosystems are implemented to meet the objective of biodiversity net gains. In addition to protecting natural resources, these Habitat Banks will contribute to social and economic development in the rural areas where they are located.

Through Habitat banks, quantifiable gains in biodiversity are generated. This mechanism is oriented to generate a payment for environmental results, which makes it possible

to achieve increases in productivity, efficiency, and quality of environmental compensations.

Since 2017, Terrasos has spearheaded the development of Habitat banks in Colombia, as a disruptive alternative for environmental project implementation to traditional inefficient, low quality, dispersed, short-term interventions.

The solution provided by Terrasos encompasses several key aspects:

- ▶ Reduction and traceability of costs, as habitat banks are already registered by the authorities;
- ▶ Assurance of long-term results in compliance with the regulation's minimum permanence requirement of 20 years);
- ▶ Producing positive impact at scale, with a minimum size of over 600 hectares;
- ▶ Implementation of measurable actions through a monitoring, tracking, and reporting system to assess biodiversity conservation;
- ▶ Promotion of sustainable rural employment, prioritising the hiring of personnel from the respective Habitat Bank's area of influence for fieldwork activities.

Colombia 



Date of investment  
2023

Duration  
9 years

Size of investment\*



Share of LDN within overall project  
44.8%

\*Size of investments (in M US \$)



<sup>(1)</sup>Source: UNDP.

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

# Impacts



Hectares under sustainable land management

6,000  
Target (2033)



Employees

250  
Target (2033)



Woman founder and majority owner

40% women at board level

**2X Challenge** 57% women senior manager

Please refer to appendix for details on the 2X Challenge initiative and criteria.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Aqre Group

Aqre Group is a seasoned producer of natural ingredients. Founded in 2005 in Madagascar, the company specialises in the production and extraction of high-value natural ingredients (artemisinin and quinine), with a vertically integrated model from raw material production with smallholder farmers, using sustainable land use practices, to processing, value-added creation and distribution.

## Context

According to the Food & Agriculture Organization of the United Nations (FAO), around one third of the island's land resources are degraded. In 2010, 1.9 million people were living on degraded agricultural land, an increase of 27% in a decade<sup>(1)</sup>.

This brought the share of rural residents who inhabit degraded agricultural land up to 14% of the total rural population<sup>(1)</sup>. Land degradation in Madagascar manifests as soil erosion and the loss of soil nutrients. Water erosion is the main soil erosion type in Madagascar with 30M hectares affected<sup>(1)</sup>. Most of the land is currently in a state of very high degradation.

## Solution

Aqre Group BV ("Aqre") started its operations in 2005 through two entities; Bionexx for Artemisinin and Qimpexx for Quinine. Today, Aqre is a renown producer of natural ingredients for the pharmaceutical, cosmetic and the food and beverage industry. It supports smallholder farmers to reduce pressure on ecosystems, compared to large-scale models, guaranteeing higher biodiversity levels and improved livelihoods for stakeholders. Planting takes place in areas that have been degraded by intensive farming and slash and burn agriculture. Aqre also has a strong commitment to biodiversity and contributes to the protection of the Ranomafana National Park with its unique biodiversity.

Bionexx works with more than 15,000 smallholder farmers on 5,000 hectares of land dedicated to the sustainable production of Artemisia Annua. Artemisinin is extracted from artemisia and sold

as a pharmaceutical ingredient to WHO (World Health Organization) approved pharmaceutical companies to produce artemisinin based combined therapy used to treat malaria.

Qimpexx produces and sources cinchona bark from which quinine derivatives are extracted and used by the pharmaceutical and beverage industry (tonic water). The company is planning to develop a nucleus plantation of 1,500 to 2,000 hectares of sustainable cinchona trees supplemented by a 4,000 smallholders agroforestry system next to the Ranomafana National Park.

Over the project's eight year life, Aqre aims at increasing its environmental and social footprints in the region by expanding activities into degraded areas and supporting impoverished farmers. The objective is to significantly contribute to a sustainably managed and climate-resilient cropping system and improve the lives of more than 32,000 farmers in Madagascar.

The LDN Fund supports the Environmental and Social Action Plan (ESAP) that has been agreed with Aqre. Such support strengthens ESG management to meet local compliance and international best practice on wastewater treatment, occupational health and safety, safeguarding, and wild plant sourcing.

## 2023 Update

In 2023, Aqre pursued its growth trajectory by diversifying into new commodities' cultivation and extraction – such as Centella Asiatica or Spilanthes Acmella, enabling the company to reduce its dependence on the erratic artemisinin market.

Madagascar 



Date of investment  
2022

Duration  
8 Years

Size of investment  


Share of LDN within overall project  
24.5%

\*Size of investments  
(in M US \$)



<sup>(1)</sup>Source: UNCCD

<sup>(2)</sup>ESAP may be designed to identify ESG performance gaps or improve the project's ESG risk management. The ESAP is always agreed on with the company's management, and is included in the investment contract.

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

# Impacts



Hectares under sustainable land management

2,155  
2023

13,000  
Target (2033)



Employees and smallholders

39,752  
2023

32,000  
Target (2033)



50% women at board level

60% women senior manager meets 2X criteria

2X Challenge

Please refer to appendix for details on the 2X Challenge initiative and criteria.



Member of UBET (Union for Ethical Biotrade)

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Kennemer

Kennemer is a Philippine agroforestry platform specialising in sustainable farming, sourcing, and trading high-quality crops such as cocoa beans, bananas, and abaca. It has recently been recognised that through these activities Kennemer is also providing ecosystem services. The company has been operating since 2010.

## Context

In Mindanao, the second largest island in the Philippines, the development of nature-based solutions is vital to reduce the threat to ecosystems and generate sustainable livelihoods for the local population.

## Solution

Kennemer started as a cocoa bean exporter in Mindanao, before launching a contract growing model in 2012 which integrates smallholder communities into the supply chain while tackling the problem of lack of available good supply. Farmers are provided with planting materials and inputs, training, post-harvest assistance and offtake for cocoa.

Kennemer progressively developed other parts of the value chain, setting up an agri-finance arm in 2017 to bridge the financing gap to the smallholders and SMEs they are partnering with, implementing managed farms of cocoa, banana and abaca. Additionally, Kennemer is starting an ambitious carbon program to leverage their reforestation activities and develop a REDD+ program<sup>(1)</sup>.

Through its holistic approach, Kennemer helps break the cycle of poverty that affects many smallholders by providing technical assistance, quality solutions, and access to finance and the secondary market. Working in partnership with a network of 19,000 smallholders, Kennemer has become the leading exporter of cocoa beans in the Philippines.

The LDN Fund supports their growth plan to implement farming initiatives that aim to regenerate areas degraded by unsustainable

sugarcane farming practices that have had a negative effect on biodiversity.

The Environmental and Social Action Plan agreed between the LDN Fund and Kennemer comprises numerous items including the establishment of a management system in line with international standards, conducting environmental and social impact assessments for its new developments achieving Rainforest Alliance certification<sup>(2)</sup> and developing a Gender Action Plan (GAP).

## 2023 update

Over 2023, Kennemer continued the implementation of its banana managed farms, with the plantation of more than 140 hectares of cavendish bananas in Don Carlos (Mindanao Island, Philippines). It has developed a forest conservation program spread over 140,000 hectares in Mindanao Island.



Philippines



Date of investment  
2022

Duration  
9 Years

Size of investment\*



Share of LDN within overall project  
45%

\*Size of investments  
(in M US \$)



<sup>(1)</sup>“REDD” stands for “Reducing emissions from deforestation and forest degradation in developing countries”. The “+” stands for additional forest-related activities that protect the climate, namely sustainable management of forests and the conservation and enhancement of forest carbon stock.

<sup>(2)</sup>More information on: <https://www.rainforest-alliance.org/fr/>

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager. The information provided reflects Mirova’s opinion / the situation as of the date of this document and is subject to change without notice.

# Impacts



Hectares under sustainable land management

14,931  
2023

26,000  
Target (2033)



Tonnes of CO<sub>2</sub> sequestered

16,738  
2023

4m  
Target (2033)



Employees and smallholders

9,084  
2023

25,000  
Target (2033)



>43%

women managers and senior executives meets 2X criteria

2X Challenge

Please refer to appendix for details on the 2X Challenge initiative and criteria.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Burapha Agroforestry

Burapha AgroForestry Company, established in 1993, is a sustainable land management project operated by a Lao Swedish forestry plantation and wood products manufacturing company based in Laos.

## Context

Historically, the Luang Prabang montane rainforest ecoregion was covered by rainforests. However, more than 70% of the montane habitat has been converted to shrubland, scrub and degraded forests<sup>(1)</sup>. Deforestation is mainly driven by the expansion of agriculture and clearing for hydropower projects, mining sites and other infrastructure development. Local market forces have also driven unsustainable timber extraction, shifting cultivation, and harvesting of non-timber forest products (NTFP), which have all caused forest degradation. Illegal logging and cross-border trade were widespread until recently and contributed to both deforestation and degradation.

## Solution

Since its creation, Burapha has developed a unique concession model with agro-forestry practices on over 6,000 hectares. Almost all of Burapha's plantations are Forest Stewardship Council (FSC) certified and focus on using only degraded land and fallow swidden. The company's plantations are shifting unsustainable cultivation, illegal logging and degrading agricultural practices to long term sustainable management. The agroforestry model promotes intercropping during the first years, thus increasing the soil organic content and best international management practices to avoid soil depletion.

Special Management Areas (25% of total land holdings) are excluded from plantation production for the preservation and enhancement of watercourses, water quality, soil fertility, biodiversity, natural forest and cultural heritage. Additionally, High Conservation Value areas are omitted from plantation activities.

The project is expected to sequester approximately two million tonnes (on average 15 tonnes per hectare per year) of carbon over the project's lifetime and to create around 2,000 full-time jobs with a strong focus on gender equality.

The LDN Fund supports the scaling-up and expansion of Burapha's activities by 20,000 hectares in new Production Forest Areas concessions that have been granted by the government, largely based on the company's sustainability credentials and demonstrated environmental and social impact.

## 2023 update

Burapha faced operational and financial challenges that hindered its forestry activities. However, despite this difficult situation, the company successfully planted or replanted over 850 hectares.

Laos 



Date of investment 2021

Duration 7 years

Size of investment\*



Share of LDN within overall project 24%



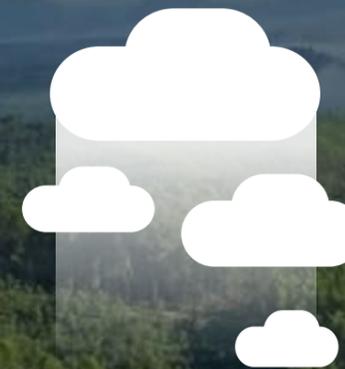
## Impacts



Hectares under sustainable land management

7,703  
2023

25,000  
Target (2033)



Tonnes of CO<sub>2</sub> sequestered

290,977  
2023

1.9m  
Target (2033)



Employees

75  
2023

2,000  
Target (2033)

<sup>(1)</sup>Advanced Phenology, and Land Cover and Land Use Change Studies", 2021.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manage. Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

Source: Mirova.

# Atlas Fruits

Atlas Fruits Company is a platform for sustainable citrus production in Morocco. Its objective is to foster the adoption of sustainable land management and water efficiency practices in the citrus sector throughout the country and to ensure adaptation to climate change.

The shareholders have been operating citrus orchards in the Marrakech region since 2008, with a strong focus on sustainable agricultural practices.

## Context

Land degradation and soil erosion are major issues in Morocco. The government has set targets and introduced a national action plan to tackle the issue. Additionally, in arid and semi-arid regions agriculture puts groundwater under pressure. Therefore, implementing sustainable agricultural practices and proper irrigation is crucial to cope with the overexploitation of water resources and land degradation.

## Solution

The LDN Fund investment allows Atlas Fruits to expand its best practices to new brownfield citrus orchards with pilot cutting-edge water-saving innovations, conduct precision agriculture and implement agroecological and organic practices and renewable energy production.

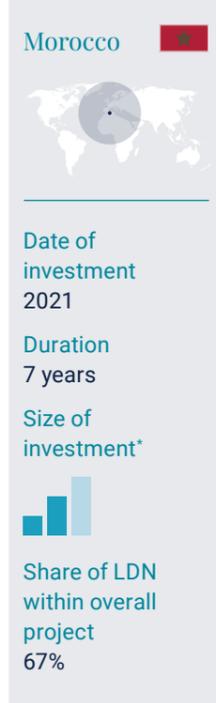
The company's management will capitalise on its experience, the farming expertise of INRA Morocco and the LDN Fund's network to scale-up the successful practices to over 1,000 hectares in Morocco. The investment from the LDN Fund will help to scale the platform activities and develop a best-in-class citrus production model, to become part of the AAA Initiative.

Mirova has developed a robust Environmental and Social Action Plan to develop and maximise the positive impacts of the project. The project's positive impacts could be scaled up with the targeted implementation of an

'outgrower' program based on the project's regenerative, water-efficient and organic farming methods as well as expanding existing technical assistance to other farmers. A gender component has also been agreed upon in the ESAP.

## 2023 update

Atlas Fruits Company continued its development with the acquisition of two new orchards in 2023. As part of the Environmental and Social Action Plan implemented by AFC, several pilot projects were initiated in 2023 to reduce water consumption and carbon footprint at farm level. In addition to these initiatives, Atlas Fruits Company framed and started to implement a Gender Action Plan.



Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager. Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

## Impacts



Hectares under sustainable land management

280  
2023

1,000  
Target (2023)



Tonnes of CO<sub>2</sub> sequestered

100,000  
Target (2023)



Employees

156  
2023

1,000  
Target (2023)



>50%

women senior managers and senior executives meets 2X criteria

2X Challenge

Please refer to appendix for details on the 2X Challenge initiative and criteria.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Aloe Agroflorestal

Aloe Agroflorestal, started in Brazil in 2008 by the SLB group, is a forestry program located in the state of Paraná. It establishes commercial forestry plantations to restore degraded land on relatively small parcels, creating a mosaic of forestry and conservation areas and favouring organic inputs and ecological management principles.

## Context

Brazil's degraded land surface amounts to 140 million hectares and deforestation is expected to continue increasing at a considerable rate<sup>(1)</sup>. Intensive agriculture is a major driver of degradation as the total grain cultivation surface increased by 80% between 1996 and 2006<sup>(2)</sup>, resulting in soil degradation, loss of forest cover and loss of biodiversity. The result has been lower yields, biodiversity loss, degraded soil, impoverished hydric capital and a local population that struggles to earn a decent living on degraded land.

## Solution

Aloe Agroflorestal is a unique forestry program implemented by the SLB Group, a company that has already developed 3,800 hectares of successful FSC-certified plantations in Brazil. The goal is to create thriving plantations that restore soil properties while supplying international markets with high quality, sustainably sourced wood.

SLB's model combines economic returns with ecological sustainability through the establishment of small and well spread, low density plantations that reduce pressure on ecosystems ensuring greater biodiversity. SLB focuses on highly degraded land and their plantations have an average of 40% of managed land dedicated to the conservation and regeneration of native habitats.

SLB have developed and patented Terra Fertilis, an organic biochar-based fertilizer that significantly reduces the use of agrochemicals while supporting tree growth, soil health and

soil organic carbon levels. SLB's research and development in this supports EMBRAPA's efforts to promote the use of biochar on a wider scale in the forestry sector in Brazil and globally. In the coming years, SLB aims to expand its model and restore up to 20,000 hectares of degraded land making a significant contribution to sustainability in Brazil's forestry sector, but also engage in even more active conservation and restoration.

The LDN Fund supports SLB's effort to cascade its good practices to its contractors and partners. The fund's support strengthens SLB's Environmental and Social Management, supports the piloting of active conservation techniques, soil impact monitoring, the Gender Action Plan and women's empowerment.

## 2023 update

Aloe Agroflorestal's forests are continuing their normal growth rate. In 2023, Aloe Agroflorestal has put in place monitoring of soil analyses in the farms and operations of biodiversity inventory in order to better protect it. Fauna monitoring has shown great environmental gains by registering large animals in the conservation units belonging to the company. Aloe Agroflorestal is currently working toward the obtention of the carbon certification.

**Brazil** 



**Date of investment**  
2021

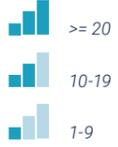
**Duration**  
10 years

**Size of investment\***



**Share of LDN within overall project**  
76%

**\*Size of investments (in M US \$)**



- >= 20
- 10-19
- 1-9

<sup>(1)</sup> GDP: Gross Domestic Product. Source: Department of Forestry of Brazilian Ministry of Environment

<sup>(2)</sup> Source: World Association of Soil and Water Conservation (WASWAC).

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager. Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

## Impacts



**Hectares under sustainable land management**

**1,340**  
2023

**1,400**  
Target (2033)

**36% of native forest preserved**



**Tonnes of CO<sub>2</sub> sequestered**

**95,979**  
2023

**190,000**  
Target (2033)



**Workers for SLB operations**

**39**  
2023

**310**  
Target (2033)



**50% women at board level meets 2X criteria**

**2X Challenge**



**FSC Certification**

Please refer to appendix for details on the 2X Challenge initiative and criteria.

Forest Stewardship Council certification ensures that the production of wood or a wood-based product complies with procedures guaranteeing sustainable forest management.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Miro Forestry & Timber Products

Miro Forestry operates commercial FSC®-certified forestry projects in Ghana and Sierra Leone where activities comprise the planting, harvesting, and processing of timber for local and international markets and CO<sub>2</sub> sequestration with various tree species. The company replants and restores degraded lands and offers income opportunities to the communities living in these landscapes.

## Context

West Africa experiences large-scale deforestation often as a result of illegal logging, unsustainable agricultural practices, mining and poor land governance. Ghana saw a net forest loss of 1,250,000 hectares per year between 1990 and 2010. The annual cost of land degradation in Ghana is estimated to be \$1.4 billion, or 6% of its GDP<sup>(1)</sup>. In Sierra Leone, once a much-forested country, only 5% of intact forest remains<sup>(2)</sup>.

## Solution

Miro's goal is to sustainably manage 24,000 hectares (today it's at c. 20,000) of forest and perennial plantations with FSC and IFC Performance Standards<sup>(3)</sup> by 2030.

In Ghana, these operations are in the Ashanti region (five districts), and in Sierra Leone in the Northern Province, Tonkolili District (three chiefdoms) where local agricultural production tends to be largely at the subsistence level with minimal infrastructure and limited formal employment opportunities.

Miro develops plantations on degraded forests and scrubland with approximately 12% (Sierra Leone) and 55% (Ghana) of the area consisting of conservation areas and wildlife corridors designed to protect biodiversity.

The company aims to be West Africa's leading forestry and timber product platform, operating high quality plantations while preserving

ecological environments and supporting community development.

Smallholder and community inclusion is built into the business model. In Sierra Leone revenue from land leases provides a valuable income to communities. Through a public-private partnership agreement, ground rents are paid to the government and the traditional authorities in Ghana. A benefit-sharing system will also be in place when the company begins to make profits (20% of standing tree value to be paid out in Ghana). These ensure benefits contribute to landscape community income.

The LDN Fund investment in Miro Forestry allows for an expansion of plantation sites in Sierra Leone and Ghana on degraded land.

## 2023 update

2023 has been another year of very significant growth for Miro Forestry, particularly for their plywood manufacturing operations. Miro has doubled its production capacity with the finalisation and commissioning of its new Sierra Leone plymill, coupled with the increased capacity of its Ghana plymill. In addition, the company has also continued to grow its customer base through the distribution of its products in multiple regions, including Europe and the United States. This growth is particularly notable in the context of a challenging environment for the construction market in 2023. Miro has become the largest vertically integrated plywood manufacturer on the African continent, outside of South Africa.

**Ghana**

**Sierra Leone**

**Date of investment**  
2020

**Duration**  
11 years

**Size of investment\***

**Share of LDN within overall project**  
11%



<sup>(1)</sup>Source: UNCCD  
<sup>(2)</sup>Source: Food & Agriculture Organization.  
<sup>(3)</sup> More information available on : <https://www.ifc.org/en/home>

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager. Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

## Impacts



FSC Certification

Forest Stewardship Council certification ensures that the production of wood or a wood-based product complies with procedures guaranteeing sustainable forest management.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Komaza

Komaza is an innovative social enterprise supporting local communities in Kenya. It brings planting material and knowledge to existing landowners (mainly farmers) to grow trees on their land. Komaza then buys wood at fair prices and manages the harvesting, processing, and trading.

## Context

Africa is currently the world's largest consumer of wood. With population increases, this demand is expected to rise even further over the coming decades. 75% of Africa's primary energy comes from fuel wood, of which 93% originates from natural forests<sup>(1)</sup>. In addition, it is expected that without investments in local production, 75% of the demand for industrial wood will need to be met by imports<sup>(2)</sup>. To meet these growing demands in a sustainable manner alternative solutions to traditional plantation forestry are needed allowing for positive social and environmental impacts.

## Solution

Komaza supports local farmers by providing seedlings, inputs, technical expertise, and training to grow trees on the Kenyan coast, in addition to supporting existing agriculture. It then manages the harvest, industrial processing and wood product sales. Farmers are paid above-market price at harvest generating significant income for the farmer. Planting drought-resistant trees provides climate-proof income for farmers. With the long-term income the trees bring, farmers can plan for the future, they can buy land, build houses, educate their children, and start businesses.

The project uses micro-forestry, planting trees on degraded land within smallholder farms, on the coastal region of Kenya. The project is expanding the supply chain into central Kenya with the establishment of a modern sawmill primarily for domestic markets.

<sup>(1)</sup>Source: FAO.

<sup>(2)</sup>Source: UN Environment Programme.

In 2020, the LDN Fund invested in Komaza to scale-up its operations and impacts.

## 2023 update

In 2023, Komaza faced operational and financial challenges. Despite this situation, the company successfully planted or replanted over 2,200 ha with smallholder farmers in Kenya.



## Impacts



Source: Mirova.

# Cacao Oro

The Cacao Oro project is a unique large-scale cocoa program located in Nicaragua's Region Autonoma del Caribe Norte. It was established as an agroforestry plantation and works with farms and indigenous people to plant cocoa and coffee trees on degraded areas, restoring land.

## Context

The North Caribbean Coast Autonomous Region (RACCN) is one of two autonomous regions in Nicaragua. 76% of RACCN consists of indigenous territories with communal lands. It is geographically isolated and so has a unique history and culture. The area was originally densely forested but has experienced severe land degradation caused by cattle ranching, timber harvesting by private companies and illegal loggers, and extreme weather events. Land conflict, which often takes place between indigenous communities and Mestizo 'colonists' who occupy and clear lands within the community's territory, further drives degradation.

## Solution

Cacao Oro de Nicaragua was founded in early 2014 to produce sustainable and certified agroforestry-grown cocoa and coffee across three areas of degraded land. The cocoa-farming operation was developed under an agroforestry model to help the restoration of the landscape and promote the diversity of the region's flora and fauna. With 2,000 hectares planted and approximately 1,000 hectares of the farm considered natural reserve and protection zones for waterways that will not be developed, Cacao Oro started to explore expansion options in the region.

Through an investment by the LDN Fund, the company aims to consolidate its current operations as well as expand its current production area.

## 2023 update

2023 has been a challenging campaign for Cacao Oro whose production has been impacted by el Nino phenomenon causing both lack of rainfall and colder temperatures. However, the company is likely to benefit from the positive outlooks of the cocoa market already perceptible by the end of the year.



Nicaragua 



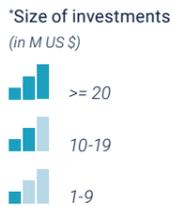
Date of investment  
2020

Duration  
10 years

Size of investment\*



Share of LDN within overall project  
45%



<sup>(1)</sup>Source: IUCN.

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

## Impacts



Hectares under sustainable land management

2,843  
2023

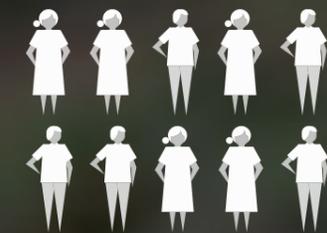
3,049  
Target (2033)



Tonnes of CO<sub>2</sub> sequestered

9,029  
2023

510,000  
Target (2033)



Employees and smallholders

551  
2023

1,000  
Target (2033)



50% women senior managers meets 2X criteria

2X Challenge

Please refer to appendix for details on the 2X Challenge initiative and criteria.



The Rainforest Alliance Certification Program

The Rainforest Alliance Certification Program. The seal means that the certified product or ingredient was produced using methods that support the three pillars of sustainability: social, economic, and environmental.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Mountain Hazelnuts

Mountain Hazelnuts was founded in 2009 to create a profitable business that provides long-term income for vulnerable communities in Bhutan by planting 10 million hazelnut trees to restore degraded mountain slopes.

## Context

Agriculture, forestry, tourism and the sale of hydroelectric power to India form a significant share of Bhutan's economy. 70% of its population lives in rural areas and the majority of people are dependent on subsistence agriculture.

Constraints faced by smallholder farmers include the small size of their landholdings, limited access to technologies and inputs (including on-farm labour), changing weather patterns due to climate change, and limited access to markets in part due to poorly developed infrastructure. The typical rural household in Bhutan has a relatively low cash income, and with an increased flux of migrants from rural to urban areas, it is increasingly difficult to find farm labour due to competing livelihood opportunities in cities.

## Solution

The company works with Himalayan smallholder families and community groups to provide additional income-generating opportunities that also help to restore the nation's fallow and degraded land. As agreed with the government of Bhutan, Mountain Hazelnuts buys all harvested nuts according to a guaranteed price structure that removes market risk for the growers and ensures a profitable crop. The company inspects every site to consider the ecological impact before an orchard is designed and planted. Approval is only given for those sites that meet the agreed principle. At a national level, links between Mountain Hazelnuts' activities and the country's LDN target-setting programme have been established.



<sup>(1)</sup>Global Agriculture & Food Security Program.

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

**Bhutan** 



**Date of investment**  
2020

**Duration**  
10 years

**Size of investment\***



**Share of LDN within overall project**  
26%



## Impacts



**Hectares under sustainable land management**

**1,738**  
2023

**5,000**  
Target (2033)



**Tonnes of CO<sub>2</sub> sequestered**

**3,403**  
2023

**600,000**  
Target (2033)



**Employees and smallholders**

**7,995**  
2023

**8,000**  
Target (2033)



**>30%**  
**women managers and senior executives meets 2X criteria**  
**2X Challenge**

Please refer to appendix for details on the 2X Challenge initiative and criteria.

Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.

# Urapi Sustainable Land Use

The Urapi programme, designed and operated by Ecotierra, supports the development of mid-size cooperatives through the restoration of degraded land, the implementation of agroforestry systems, the construction of processing units to increase value creation potential and the generation of carbon credits.

## Context

Coffee cooperatives in the project area face significant barriers to continuing their growth and transferring value to smallholder producers. Cooperatives have limited resources available to reach appropriate markets and to invest in processing infrastructure that ensures quality and traceability. This causes producers to receive lower prices.

Coffee plantations are often old and unproductive and poorly protected against climate change, leading to declining yields and low income for producers. They have little or no access to affordable long-term credit to renovate, expand or improve processes or infrastructure on their farms and a lack of knowledge and poor management practices to adapt to climate change. This all leads producers into a vicious circle of migratory agriculture, deforestation, soil erosion and a preventable loss of income.

## Solution

At the end of 2018, the LDN Fund made its first investment in Urapi Sustainable Land Use, an innovative agroforestry programme in Latin America. To date, there are four sub-projects: the Café Selva Norte (CSN) project in Peru, the Sierra Nevada (SN) project in Colombia, the Valle Verde (VV) project in southern Peru and Aroma Café y Miel in Honduras (HN).

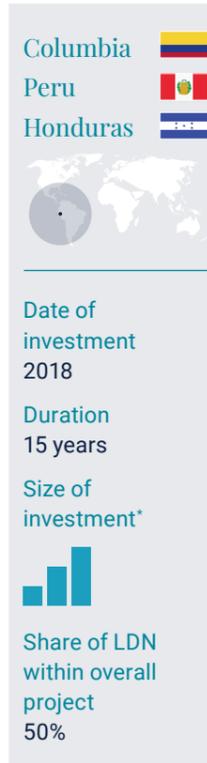
## 2023 update

The first projects invested by Urapi Sustainable Land Use kept on developing in 2023 and accomplished significant operational and commercial achievements. New projects were invested throughout the year, including Valle Verde project in southern Peru and Aroma Café y Miel in Honduras.

- ▶ Valle Verde project is organized around an alliance between Urapi and the Cocola Cooperative. The project will finance the renovation and installation of agroforestry systems on Cocola producers' farms, in addition to the technical package.

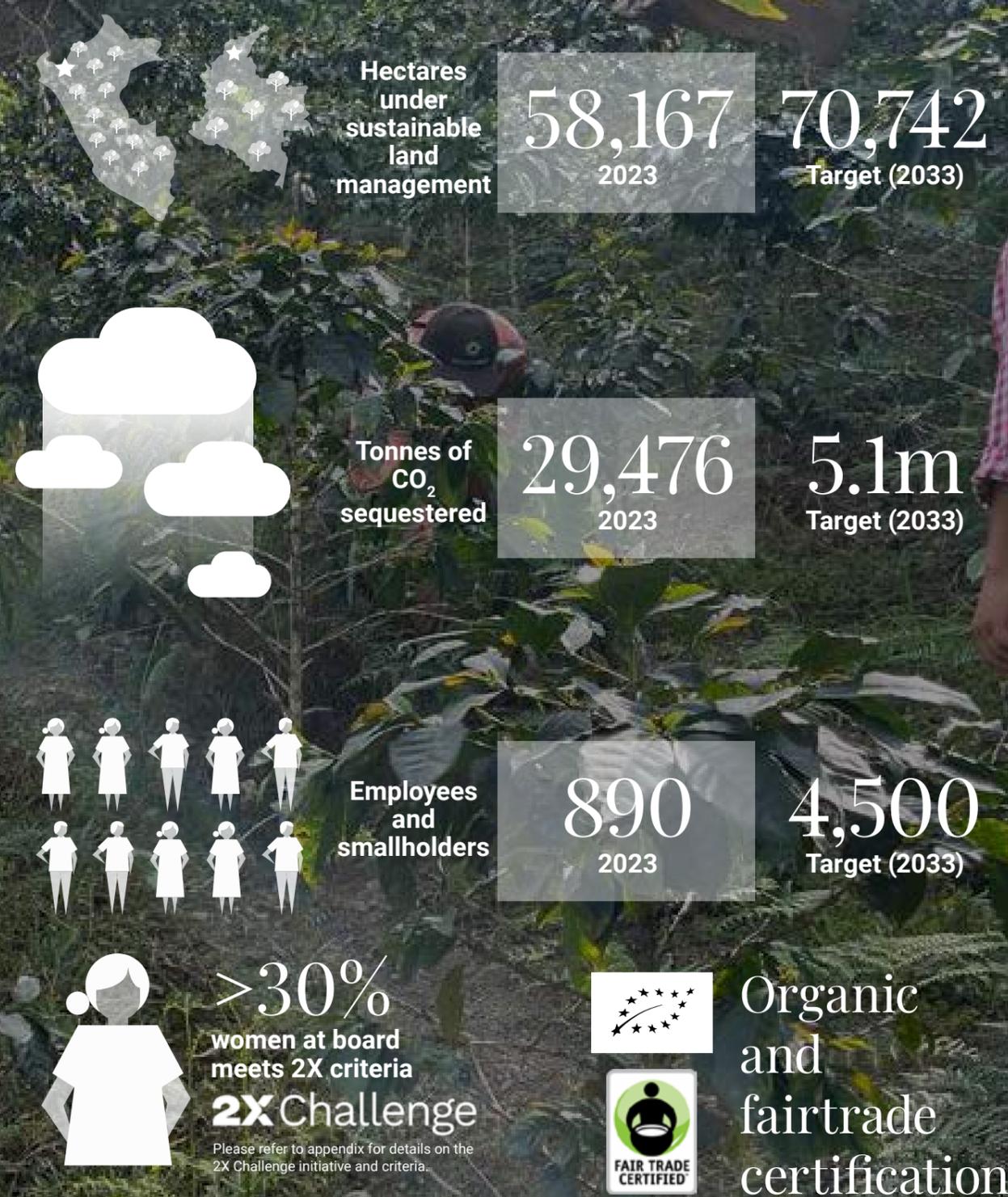
- ▶ Aroma Café y Miel project is organized around an alliance between Urapi and 12 cooperatives supported by Socodevi (Canadian non governmental organization). The overall objective is to reinforce the sustainable development of the coffee and honey value chains by financing agroforestry, better processing capacities and direct access to markets.

Despite disruptions in the planting operations, the company has planted 411 hectares of coffee and forest massif since 2019.



Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

## Impacts



Source: Mirova. References to a ranking, prize or label do not anticipate the future results of the latter, or of the fund, or of the manager.



# Impact and ESG Engagement



# Impact investor actions

Acting as a responsible impact investor implies directing investments towards companies and projects that contribute to sustainable development goals, but also demonstrate an advanced understanding and management of environmental, social and governance (ESG) risks.

Beyond that, Mirova works in multiple ways to strengthen its impact and contribute to the transition to a more sustainable economy.

- 1 Maintaining regular individual engagement with each project or company we support, in order to **support the continuous improvement of practices**
- 2 **Advancing knowledge and expertise on sustainable development issues**, both internally and collectively, notably through support for academic and applied research
- 3 **Promoting the development of sustainable finance**, through participation in market forums and advocacy actions
- 4 **Supporting impact initiatives on issues that are not accessible through our current investment strategies**, through philanthropic actions

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

# ESG excellence and continuous improvement

The LDN Fund investments are driven by positive social and environmental impacts, but excellence in the management of environmental, social and governance (ESG) risks in the companies that the fund supports is also a crucial component of the investment journey.

These aspects are taken into consideration throughout the life of the investment, from the initial screening of an investment opportunity to the end of Mirova's engagement.

The ESG risk management approach in the investment process ensures that activities are established on robust and systematic assessment and management of environmental and social risks, as well as underpinned by sound, accountable governance.

## ESG standards

The LDN Fund assesses each potential investment project against applicable exclusion lists as well as ESG risk and minimum performance criteria. These ESG assessments of projects are based on the Mirova Natural Capital (MNC) ESG Policy as well as on the LDN Fund ESG Annex that state the Platform's and Fund's commitments and expectations in terms of ESG performance.

At the core of these ESG policies is a commitment to ensure that all projects in which the LDN Fund invests achieve material compliance with the IFC Performance Standards (and associated sector-specific EHS guidelines) and that they achieve E&S certifications when relevant. Considering LDN Fund's scope, compliance with the Rainforest Alliance, with the Forest Stewardship Council (FSC), or with the Union for Ethical BioTrade (UEBT) amongst others, is sometimes relevant to consider.

<sup>(1)</sup>International Finance Corporation.

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# Assessing ESG performance in practice: On-site work

Although onsite assessments and monitoring visits are key to properly identifying the local context and the associated ESG risks Covid travel restrictions postponed some visits.

Post-Covid, we are resuming and catching up on these much-needed visits and in-person meetings, trying to combine several projects at once.

If it is not possible to send our internal ESG specialists, ESG consultants are sent out to perform the ESG due diligence. Then as soon as possible, a post-investment monitoring visit will be organised to follow-up on the ESAP progress.

In 2023, our ESG senior specialists visited the following operations, often jointly with the investment team or external technical experts:

- ▶ Pamoja in February
- ▶ Koa in May
- ▶ Kennemer in July
- ▶ Miro in September

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# Supporting projects over the long term

Our ambition is to support the improvement of ESG practices in the projects and companies we support. This involves active monitoring, regular engagement and a presence with developers.

Following pre-investment due diligence, an Environmental and Social Action Plan (ESAP) is designed to:

- ▶ close the key ESG performance gaps identified;
- ▶ ensure compliance to local regulations and international standards;
- ▶ improve the overall project's ESG risk management;
- ▶ maximize the projects positive impacts.

The ESAP is always agreed with the project sponsors and included in the investment contract.

Defining the implementation of the action plans prior to the investment is an important part of the work. This ensures effective environmental and social risk management reinforcement. A quarterly follow-up on the progress of these action plans is systematically set up to monitor progress.

Alongside these quarterly reporting requirements, we carry out a comprehensive annual review of individual project performance with a focus on its key ESG topics. Field visits may be included in the fund's monitoring to complement the assessment on an *ad hoc* basis, and to ensure we remain in close contact with local operations.

## Engagement in practice: An ESAP development for Pamoja

**The internal ESG due diligence and site visit undertaken prior to the Pamoja investment in Kenya and Tanzania led to the design of a detailed ESAP to meet local compliance, international good practices and foster further positive impacts.**

Pamoja operations in Kenya involve sourcing organic macadamia nuts from growers and processing for domestic and export markets. In Tanzania, operations currently focus on organic production through their own farms, with an early stage, yet expanding grower programme.

The extensive ESAP was elaborated to guide the company over a two-year period to build a more structured approach to ESG management and to align with international standards.

The first set of actions covers the overall governance and management with the reinforcement of the ESG capacity and management system, as well as upgrading Environmental and Social Impact Assessment (ESIAs), developing Human Resources and Occupational Health and Safety (OHS) policies and procedures, and conducting external audits on labour and working conditions.

Several specific risks were addressed such as deforestation, water resources, safeguarding and child labour to make sure these are well managed and progress is made.

Finally, to maximize the positive co-benefits, a Gender Action Plan (GAP) will be developed, as well as a living wage and living income gap analysis and progress plan.



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# Knowledge: Supporting internal and collective expertise

## Internally maintaining and deepening our expertise

Mirova's Sustainability Research team is one of the most developed in the industry with over 20 dedicated sector analysts per asset class. Four senior impact and ESG analysts are dedicated to natural capital strategies and contributing to I&ESG issues.

## Externally contribute to the development of knowledge and best practices

Because the financial sector is still in the process of taking environmental and social issues into account, and because ecosystem issues have not yet been mastered, particularly those relating to biodiversity, it is essential to contribute to the development of scientific knowledge and to help advance the practices of the impact finance sector. This is achieved through participation in various initiatives and partnerships. These include sector working groups where impact finance actors can exchange best practices and innovate to better integrate conservation and restoration of nature into their strategies and operations. As an example, Mirova has been supporting initiatives aimed at developing a mechanism for biodiversity certificates. Indeed, with nature-positive objectives being developed in the wake of net-zero commitments, we anticipate growing interest in such mechanisms which could lead to innovative funding channels for nature. This is the reason we have chosen to be a founding member of the Organization for Biodiversity Certificates (OBC) as well as a member of the Advisory Group of Verra's Nature Framework Development Group (NFDG).



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Head of sustainability research, private markets



**XAVIER COLLET**  
Sustainable land use and agriculture



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Conservation and carbon strategy



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Impact & ESG analyst, Natural Capital

<sup>(1)</sup>Within Mirova UK.

Source: Mirova. The information provided reflects Mirova's opinion / the situation as of the date of this document and is subject to change without notice.

# Engagement in practice: LDN Investee Knowledge Exchange

In 2022, the LDN investment fund, the Mirova Sustainability Research and the IDH Technical Assistance team joined forces to launch a new experience-sharing initiative for the LDN fund investees.

LDN fund Investee Knowledge Exchange is an informal series of virtual meetings focused on learning, sharing successes and challenges and exchanging best practices on specific topics. It is an opportunity for the LDN fund Investees to share best practices with other investees, ask questions and address practical matters that arise in their business.

The meetings are held bi-annually, bringing together senior and ESG managers from all companies LDN fund invested in as well as external experts if needed.

The topics of interest raised to date include:

- ▶ Carbon finance
- ▶ LDN impact metrics
- ▶ Gender assessment and action plan
- ▶ EU Regulation on Deforestation free products (EUDR)

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# Advocacy:

## Supporting the development of sustainable finance

### Climate and biodiversity

Mirova is actively engaged through its research and advocacy activities in contributing to the development of sustainable finance.

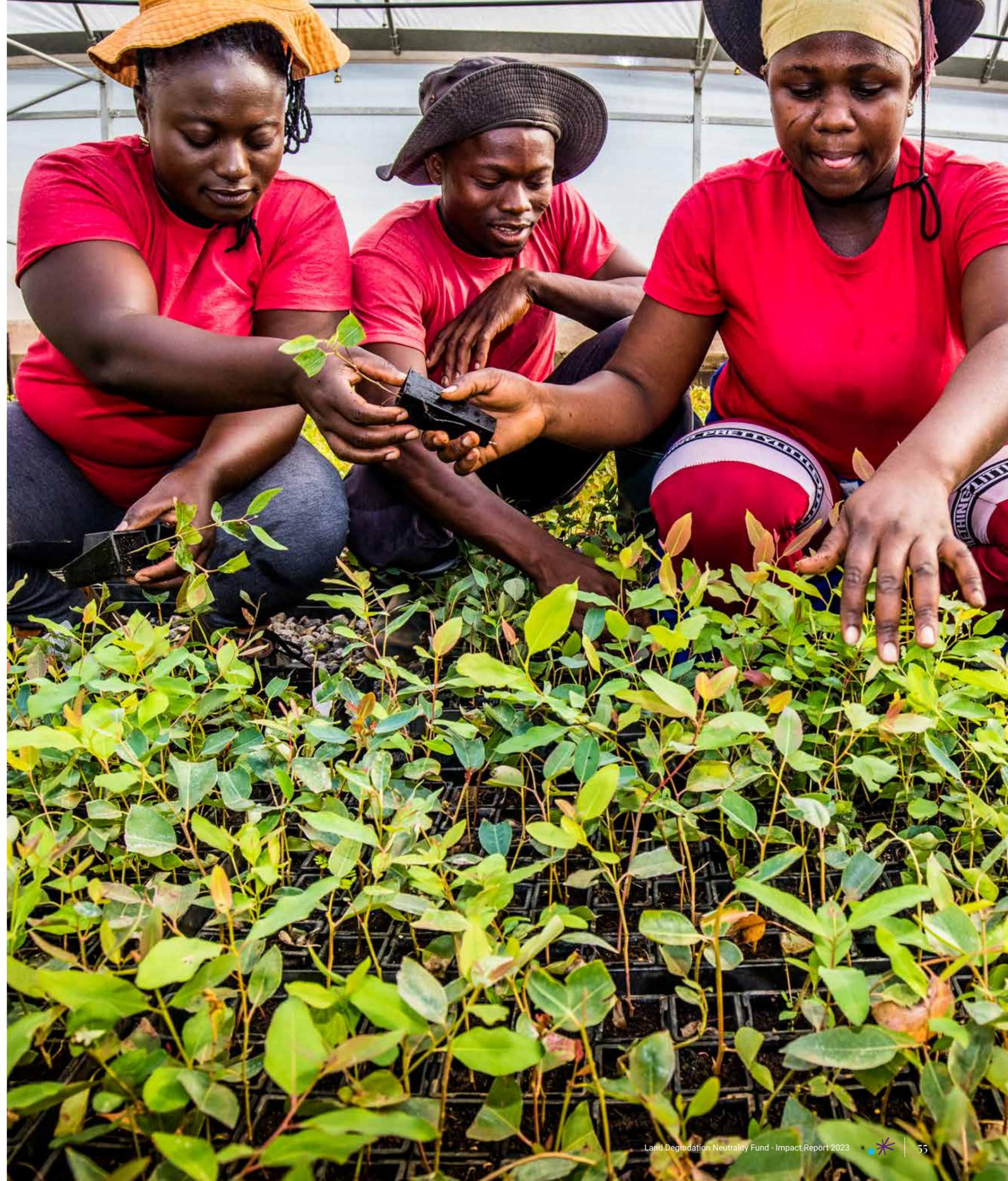
Our advocacy activity consists of exchanging views with regulators and stakeholders based on our daily experience as a committed investor and taking a position to promote regulatory and market provisions that are favourable to the financing of the ecological and social transition.

Over the past five years, Mirova has been particularly active at the European and French government level supporting European regulators in the development and deployment of a sustainable finance action plan. Mirova has contributed to various working groups such as the High-Level Expert Group on sustainable finance, which initiated this European strategic reflection, and the Technical Expert Group (TEG). By responding to various public consultations, exchanging views with regulators and peers, and supporting - and sometimes criticising - the regulatory and political work in progress, we are helping to ensure the implementation of ambitious and realistic tools for sustainable development. At the heart of our actions is transparency and reporting for both companies and investors, tools such as the European environmental and social taxonomy, labels for sustainable finance products, and consultation of investors and especially savers' preferences in terms of sustainability.

In connection with its natural capital activities, particularly on the subjects of carbon sinks and agro-ecological transition, Mirova is involved in several initiatives such as the Taskforce on Nature-related Financial Disclosure (TNFD) and the Finance for Biodiversity Pledge (the Pledge). The TNFD aims to publish recommendations on biodiversity reporting for both companies and investors, starting with the first elements in 2022. The Pledge, issued in September 2021, is intended to be the voice of an ambitious financial sector for biodiversity initiatives and a call to set specific targets for mobilising investments in the post-2020 Biodiversity Framework. Mirova also joined the Natural Capital Investment Alliance, created by His Majesty the King, when Prince of Wales, which aims to unite ambitious fund managers to promote natural capital as a leading investment theme in portfolio allocations.

All of our advocacy efforts are reported in Mirova's engagement report and all our responses to regulators' questions are public.

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# Our gender approach

## LDN Fund engagement for gender equality

Achieving gender equality is widely acknowledged as critical to the Sustainable Development Goals (SDGs). This includes SDG 15.3 which aims to combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strives to achieve a land degradation-neutral world.

Women play crucial roles in global, regional and local supply chains, in the farms and processing facilities that supply the world with goods and services. Although women contribute significantly to these sectors, they often remain invisible and receive little to no pay. Women contend with additional barriers such as discriminatory cultural practices and social norms, which restrict their access to opportunities, resources, and decision-making power. Gender gaps are also significant in access to productive resources such as land, inputs, markets, technology, education, and financial services. Although women make up around 60% of the labour force in agriculture, they only make up to 30% of cooperative memberships (even less in leadership positions).<sup>(1)</sup>

The LDN Fund addresses the agriculture and forestry sectors which are a significant source of employment for women working in rural areas.

Recognising that gender equality and women's empowerment is essential to addressing land degradation, the Fund is committed to addressing these challenges by mainstreaming gender across the LDN projects and programs it supports, using a project-specific contextual analysis based on the needs and priorities of women and men.

The LDN Fund's approach to gender aspects is aligned with the objectives and principles of the [UNCCD's 2018 Gender Action Plan](#), which outlines the four priority areas to incorporate in LDN implementation. The gender approach also considers the [UNCCD manual](#) that provides guidance for mainstreaming gender in LDN projects and programs with the aim of addressing gender-related issues in the land-use sector. Our gender ambition has been further reinforced by the commitment from Global Affairs Canada in the Fund and the integration of specific gender equality objectives and milestones in the Fund's theory of change.

In this context, in 2021, Mirova and IDH, the manager of the LDN Technical Assistance Facility issued a Request for Proposals targeted at [gender responsive projects](#).

## 2X Challenge initiative



The [2X Global](#) is a leading industry body for gender lens investing, launched at the Generation Equality Forum 2021 in partnership with GenderSmart and the Investor Leadership Network (ILN). It builds on the [2X Challenge](#) which has invested and mobilised more than US\$ 16 billion under the [2X investment criteria](#) since its launch at the G7 Summit 2018, benefitting 473 businesses across Asia, Africa, Central and Eastern Europe, Latin America and the Caribbean.

This brings the total investments under the 2X Challenge since 2018 to US\$ 27.7 Billion.

In September 2022, Mirova became a member of

the 2X Global with the objective of leveraging this unique global network to engage in peer learning and knowledge exchange on practical insights and good practice, and benefit from co-investing and co-financing opportunities.

All LDN Fund's portfolio projects are intended to generate positive impact in terms of gender equality.

**Seven projects in the LDN Fund portfolio (Urapi, Cacao Oro, Atlas Fruits, Kennemer, Aloe Forestal, Aqre and Terrasos) are meeting the 2X criteria on leadership, qualifying the LDN Fund for the initiative's 5th criterion.**

**To qualify for the 2X Challenge an investment must already meet – or have an explicit commitment to meet – at least one of the following criteria:**

	Criteria	Threshold
1	1A. Share of women ownership	51%
	OR	
	1B. Business founded by a woman	Yes/No
	OR	
2	2A. Share of women in senior management <sup>1</sup>	20-30% <sup>2</sup>
	OR	
	2B. Share of women on the Board or IC <sup>1</sup>	30%
	OR	
3	3A. Share of women in the workforce <sup>1</sup>	30-50% <sup>2</sup>
	AND	
	3B. One "quality" indicator beyond compliance	Yes/No
	OR	
4	4. Product or service specifically or disproportionately benefit women	Yes/No
	OR	
5	On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria <sup>1</sup>	30%
	Funds: Percent of portfolio companies that meet the direct criteria <sup>1</sup>	30%

### Sector-Specific Thresholds

2.A Women in Senior Management*		
Grp.	Sector	%
Low	Infrastructure, Power, Telecoms	20%
Mid	Financial Services, Manufacturing	25%
	Agribusiness & Food, Professional Services, Consumer Services	
High	Healthcare, Education	30%
3.A Women in the Workforce*		
Grp.	Sector	%
Low	Infrastructure, Power, Telecoms	30%
Mid	Financial Services, Manufacturing – Heavy, Agribusiness & Food, Professional Services	40%
High	Healthcare, Education, Consumer Services, Manufacturing – Light <sup>3</sup>	50%

\*Room for judgement: Investees in unique sectors or geographies may require case-by-case consideration.

1) Commitments to achieve targets in these categories also make investments eligible, including new commitments by existing investees.  
 2) These thresholds vary depending on the sector of the investment. See sector-specific thresholds.  
 3) Investments through financial intermediaries may also be eligible if the financial intermediary meets any of the direct criteria. For funds, this requires either that the fund manager itself meeting one of the categories, or if the fund itself has a clear investment thesis to invest in women.

<sup>(1)</sup>Source: Food & Agriculture Organization.

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# Technical Assistance Facility

## The LDN TAF

The Land Degradation Neutrality Technical Assistance Facility (LDN TAF) is the grant-making arm of the LDN Fund and is managed by [IDH the sustainable trade Initiative](#).

The LDN TAF can provide grants and repayable grants to (potential) LDN investment projects. The aim is to improve technical quality and strengthen environmental and social impacts, strengthen project design and enable the investment project to meet the LDN Fund investment criteria.

The TAF also supports projects post investment to reduce project risks and increase positive social and environmental impacts, as well as to better monitor their impact and practice adaptive management more effectively.

By the end of 2021 the LDN TAF had contracted TA projects with 16 partners, and five new projects had been approved. Through the LDN TAF, IDH also supports LDN Fund and its investees to monitor and report on LDN impact and to share lessons and case studies with other stakeholders.

## LDN Insights

Would you like to learn more how LDN Fund and TAF work together? We invite you to dive into our [updated LDN Insight website](#).

## IDH, the sustainable trade initiative

IDH convenes companies, civil society organisations, governments and others in public-private partnerships worldwide around sustainability challenges in agriculture and supply chains.



25

commodities from coffee and cacao to timber and artemisia



26

project partners around the world



18

countries across Latin America, Africa, Asia

Source: IDH

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## Highlights from LDN's projects



### Mountain Hazelnuts

Protecting land from degradation and improving rural livelihoods through hazelnut production in Bhutan



### Cacao Oro

Rehabilitating land and partnering with indigenous communities through cacao and coffee agroforestry in Nicaragua



### Miro Forestry

Sustainable forestry landscapes in Ghana and Sierra Leone

The LDN TAF have partnerships with project partners in Latin America, Africa, and Asia



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# Detailed positive impact indicators

ESG KPIs
<b>ENVIRONMENT</b>
<b>SUSTAINABLE LAND USE</b>
Total area of land under sustainable management (productive and conservation)
Sustainable Land Use certifications achieved
Area of land under sustainable production (forest plantation, agroforestry or agriculture)
<b>CLIMATE</b>
CO <sub>2</sub> removed and sequestered emissions ( CO <sub>2</sub> e)
Greenh ouse gas sequestered verified by tradable carbon units ( CO <sub>2</sub> e)
<b>BIODIVERSITY</b>
Area of land under conservation or restoration
Area classified as High Conservation Value (HCV)
<b>SOCIAL</b>
<b>LIVELIHOODS</b>
Number of employees (total, permanent, temporary) in Full Time Equivalent (FTE)
Number of employees who belong to vulnerable, minority or excluded/under-represented groups
Number of employees aged 25 and under
People benefit ing directly from the project (excluding employees)
<b>GENDER</b>
Share of women ownership (or business founded or co-founded by a woman)
Number of senior managers and/or board members – women and total
Number of women employees (total, permanent, temporary) in Full Time Equivalent (FTE)
Employment benefits specific to women and above regulatory requirements
Women benefit ing directly from the project (excluding employees)
<b>INCLUSION</b>
Number of beneficiaries who belong to vulnerable, minority or excluded/under-represented groups
Number of women employees who belong to vulnerable, minority or excluded/under-represented groups
Women beneficiaries who belong to vulnerable, minority or excluded/under-represented groups
<b>RISK MANAGEMENT</b>
Number of fatalities / lost-time injuries / gender-based violence incidents (disaggregated by sex)
Suspension or revocation of certification
Number of internal / external grievances received (disaggregated by sex)
Number of other serious ESG incidents, such as environmental spills, community security issue, legal action, retrenchment, labour strikes, national negative press, etc..

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Mirova is a global asset management company dedicated to sustainable investing and an affiliate of Natixis Investment Managers. At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact. Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific. Mirova and its affiliates had €30.9 billion in assets under management as of March 31, 2024. Mirova is a mission-driven company, labeled B Corp\*.

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