



**THE GLOBAL
MECHANISM**
United Nations Convention
to Combat Desertification


mirova
Responsible Investing

LAND DEGRADATION NEUTRALITY FUND

An innovative fund project dedicated
to sustainable land use



At a glance

- * Promoted by the UN Convention to Combat Desertification (UNCCD) and Mirova, **the Land Degradation Neutrality (LDN) Fund will invest in profit-generating sustainable land management and land restoration projects** worldwide, to contribute to a land degradation neutral world, which is UN Sustainable Development Goal target 15.3.
- * Focused on direct investment into large-scale land restoration and land degradation avoidance programmes, that will integrate smallholders and local communities, and a dedicated window for small scale projects and SMEs.
- * Provides long-term financing (debt/equity) to projects that meet strict environmental and social standards.
- * Pooling resources from both public and private investors committed to the goal of stopping land degradation.





Mirova

Corporate presentation

Mirova is an affiliate of Natixis Global Asset Management dedicated to responsible investing. Addressing challenges of a sustainable economy sits at the very heart of our investment decisions.

Mirova's philosophy is based on the conviction that integrating sustainable development themes can generate solutions that create value for investors over the long term: not only through better assessment of risks, but also by identifying favorable investment opportunities in a changing world.

Leveraging a comprehensive and consistent approach to responsible investing, Mirova provides a wide range of investment products and services through 5 centers of expertise: equities, fixed income, infrastructure, impact investing, and proxy voting & engagement. With €8.2 billion of assets under management, Mirova brings together nearly 70 multidisciplinary professionals including thematic investing specialists, engineers, financial & ESG analysts, and project finance experts.

Mirova benefits from 15 years' experience in structuring and managing alternative asset funds (infrastructure, carbon, renewable energy) on behalf of prominent institutional investors, which combined with our partnership with impact investment manager and natural capital specialist Althelia Ecosphere should contribute to the success of the LDN Fund project.

Source: Mirova as of June 30, 2017



LAND DEGRADATION

Global Challenge

It is estimated that **two billion hectares of land is degraded worldwide**, and we continue to degrade another 12 million hectares of productive land every year. According to a study conducted in 2016 by the International Food Policy Research Institute (IFPRI), land degradation has already negatively affected 29% of global land area.

Land degradation is not a stand-alone issue, but **threatens the future sustainability of life on Earth**, with severe impacts on food security, livelihoods, climate change, biodiversity, and ecosystem services.

The land use sector represents almost 25% of total global greenhouse gas emissions, but these emissions can be reduced. As well as reducing deforestation there is also great potential for carbon sequestration through proven and effective practices such as low-emissions agriculture, agro-forestry and ecosystem restoration. These sustainable land management practices nearly always come with adaptation co-benefits.

Land degradation is connected to many factors that are directly or indirectly related to human activities, and occurs mainly because of over-exploitation of natural systems beyond their carrying capacity.



Land Degradation Neutrality (LDN) concept

Acknowledged by the international community since the United Nations Conference on Sustainable Development (Rio+20) in 2012, LDN is defined by the UNCCD as: “a state whereby the amount and quality of land resources necessary to support ecosystem functions and services and enhance food security remains stable or increases”.

LDN is the state the world needs to move towards if we are to prevent further losses in social, ecological and economic capital caused by land degradation, and it can be achieved through approaches such as land restoration and sustainable land management.

To date, 110 countries have committed to translate the global land degradation neutrality target into specific national targets and actions, creating an enabling environment for LDN investments.

A key SDG target

Achieving LDN is included in the Sustainable Development Goals as target 15.3. LDN is closely linked to the other SDGs, and so the LDN Fund project will serve as a catalyst for progress in many areas.



INTRODUCING THE LDN FUND PROJECT

Mission

Public and philanthropic funding alone is not sufficient to finance all the investments required to achieve LDN at global level. The participation of private capital and expertise is also needed.

“The mission of the LDN Fund project is to become a source of transformative capital bringing together public and private investors to fund triple bottom line projects that contribute to Land Degradation Neutrality.”

By tackling land degradation, the LDN Fund project is expected to have multiple benefits:



Socio-economic benefits

- Decent creation job
- Increase resilience of local communities
- Timber and non-timber forest byproducts
- Cultural/recreational benefits
- Better public health



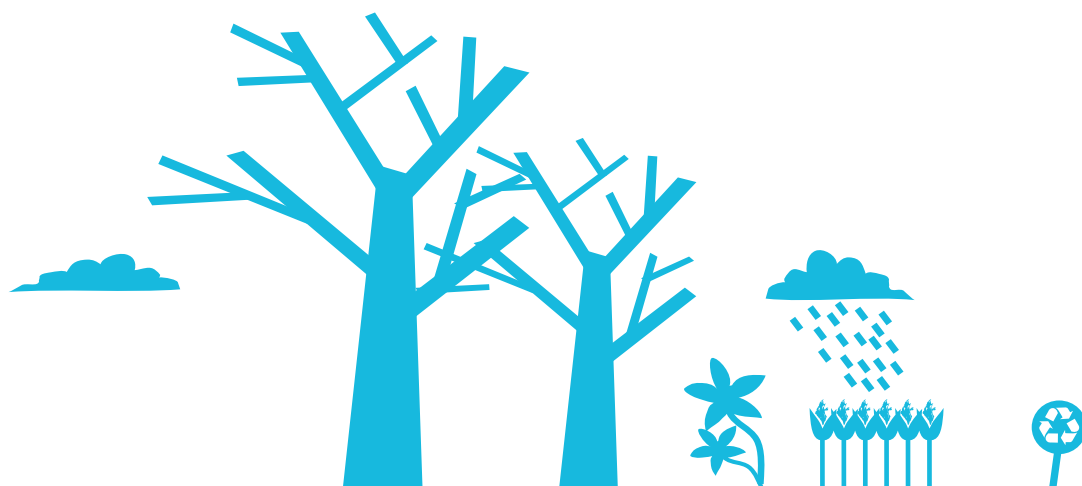
Environmental benefits

- Climate change mitigation and adaptation
- Restoration of degraded land/ecosystems
- Reduced deforestation
- Soil conservation
- Improved habitats and biodiversity

Expected beneficiaries

While investees of the Fund will be project entities, the beneficiaries are expected to be **smallholder farmers, and agriculture/forestry workers in developing countries**, who will benefit from the Fund's investments in sustainable land management projects that create outgrower schemes and new decent jobs.

Access to finance for smallholders and small businesses in most land use sectors is a big challenge, often preventing them from using sustainable land management practices that could raise their productivity and incomes. For them, the LDN Fund project will channel capital through local financial institutions and intermediaries who commit to promote the growth of SMEs and support small- and mid-sized responsible producers in several land use sectors.



Investment criteria

Geography and target sectors

The LDN Fund will invest worldwide, with a targeted capital allocation of at least 80% in developing countries, throughout the following key sectors:

- Sustainable agriculture;
- Sustainable forestry;
- Other LDN-related sectors, such as green infrastructure and ecotourism.

A threefold approach to investment

Financial returns

- The Fund will invest in profitable projects with the aim of delivering competitive returns for investors. Sustainable agriculture and forestry can potentially offer attractive investment opportunities due to the rising global demand. Using improved agronomic practices helps to increase productivity, product quality and generate better returns, while sustainable certifications (e.g. Fairtrade, Rainforest Alliance, FSC) drive prices up.

ELIGIBLE PROJECTS

Environmental and Social standards

- The Fund will only consider projects that can make a significant contribution to LDN while producing appropriate risk-adjusted returns and comply with robust Environmental & Social (E&S) standards.

Additionality

- The Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods, and more flexible repayment schedules.

Examples of investment opportunities:



Large reforestation program with sustainable rubber tree plantations.

Partnership with international conservation NGOs.

Impacts include increased productivity, job creation, reduced deforestation and conservation benefits.

HEVEA – SE ASIA



Climate resilient coffee landscape restoration and productivity enhancement program on degraded areas.

Increased sustainable production and income diversification through the adoption of agroforestry systems.

COFFEE – S. AMERICA



Reforestation of degraded forest land in accordance with the highest standards for sustainable forest management.

Project will create up to 1,000 new jobs, mostly for local people, with a benefit sharing system for local communities.

TEAK – WEST AFRICA

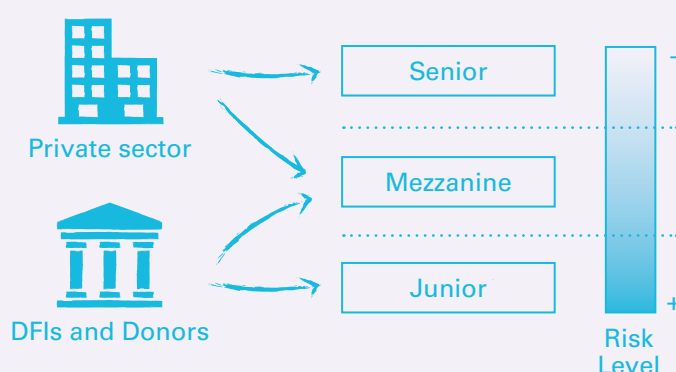
LDN FUND PROJECT CHARACTERISTICS*

Increasing private investment in sustainable development

The LDN Fund project will use a blended finance approach with a layered capital structure, to bring in private investors that may otherwise not have invested in sustainable land management projects.

Fund structure

- The LDN Fund will be structured as a layered fund with different classes of instruments (notes, shares).
- This capital structure can offer appropriate risk-return profiles for different investors
- The junior tranche de-risks more senior tranches, encouraging investment from private investors



Technical Assistance Facility

A technical assistance facility will support LDN project developers and facilitate project preparation. It will complement the LDN Fund in supporting the development of a large portfolio of attractive LDN projects.

Fund information

Fund manager	Mirova
Target fund size	First closing: \$100m, final closing: \$300m
Investors	Public, donors, development finance institutions, private investors
Sectors invested in	Sustainable agriculture, sustainable forestry, other sustainable land use
Geography	Global, with a primary focus on developing countries
Instruments	Junior debt, equity
Fund life	15 years (for the first Fund. It is intended that successive funds will be launched after the end of the investment period, continuously extending the life of the Fund)
Target first closing	H2 2017

* indicative terms

This commercial document is intended for Professional clients only in accordance with MIFID. If you receive this document in error, please destroy it and indicate this breach to MIROVA.

Under Mirova's social responsibility policy, and in accordance with the treaties signed by the French government, the funds directly managed by Mirova do not invest in any company that manufactures, sells or stocks anti-personnel mines and cluster bombs.

The fund project has not been authorized by any supervisory authority.

This Presentation in no way constitutes an offer or a sales promotion to a person regarding whom it would be illegal to make such an offer. This Presentation may not be used as an offer or a sales promotion in countries or in conditions where such offers or promotions have not been authorized by the competent authorities. Each investor must ensure he is authorized to invest in the Fund project.

Investments in the fund are mainly subject to loss of capital risk.

This presentation (the "Presentation") is being circulated as an information-only document and does not constitute an offer, a proposal, or a solicitation to investors to invest in the funds described in this document and managed by Mirova nor does it form the basis of, or constitute, any contract. These products and services do not take into account any particular investment objectives, financial situation nor specific need. Mirova will not be held liable for any financial loss or decision taken or not taken on the basis of the information disclosed in this document, nor for any use that a third party might make of this information. This Presentation in no way constitutes an advice service, in particular an investment advice. In any case, you are responsible for reading regulatory documents of the fund and collecting any legal, accounting, financial, or tax consultancy service you may consider necessary, in order to assess the adequacy of your constraints to investment and its merits and risks. This document is a non-contractual document and serves for information purpose only. This document is strictly confidential and it may not be used for any purpose other than that for which it was conceived and may not be copied, distributed or communicated to third parties, in part or in whole, without the prior written consent of Mirova. This Presentation may not be used in some jurisdictions where such offers or promotions have not been authorized by the competent authorities. Each investor must ensure he complies with these requirements and prohibitions. No information contained in this document may be interpreted as being contractual in any way. Information contained in this Presentation is based on present circumstances, intentions and beliefs and may require subsequent modifications. No responsibility or liability is accepted by Mirova towards any person for errors, misstatements or omissions in this Presentation or, concerning any other such information or materials, for the adequacy, accuracy, completeness or reasonableness of such information. While the information contained in this Presentation is believed to be accurate, Mirova expressly disclaims any and all liability for any representations, expressed or implied, with respect to this Presentation or any other written or oral communication to any interested party in the course of the preparation of information concerning the Fund. Prices, margins and fees are deemed to be indicative only and are subject to changes at any time depending on, inter alia, market conditions. Mirova reserves the right to modify any information contained in this document at any time without notice. More generally, Mirova, its parents, its subsidiaries, its reference shareholders, the funds MIROVA manages and its directors, its officers and partners, its employees, its representative, its agents or its relevant boards will not be held liable on the basis of the information disclosed in this document, nor for any use that a third party might make of this information. This document consists of a presentation created and prepared by Mirova based on sources it considers to be reliable. However, Mirova does not guarantee the accuracy, adequacy or completeness of information obtained from external sources included in this document.

Picture Credits: Georgina Smith / CIAT, Kate Evans / CIFOR

MIROVA

Regulated by AMF under n°GP 02-014

Limited liability company - Share capital € 7 461 327, 50

RCS Paris n°394 648 216

Registered Office: 21 quai d'Austerlitz – 75 013 Paris

Mirova is a subsidiary of Natixis Asset Management