



althelia
ecosphere

Althelia Ecosphere
E. info@althelia.com
www.althelia.com

London & Luxembourg – 11th June 2013

Althelia Ecosphere completes first closing for Althelia Climate Fund with over EUR60 million (US\$80m) raised

A transformational public-private partnership designed to deliver competitive investments at scale that benefit the planet, its people and its wildlife

ANNOUNCEMENT

On 11th June 2013, Althelia Ecosphere announces the first round closing of its Althelia Climate Fund, a public-private partnership that will deliver multi-benefit greenhouse gas (GHG) reductions, with a focus on sustainable land use and payment for ecosystem services (including forest carbon, or REDD+ⁱ). The Fund is structured as a Luxembourg SICAV-SIF, and will be managed by its Luxembourg-based General Partner, Althelia Climate Fund GP s.ar.l, and advised by its London-based subsidiary, Ecosphere Capital LLP. First round subscriptions total in excess of EUR60 million (US\$80m) and include leading private and public sector institutions, such as the Church of Sweden, the European Investment Bank, Finnfund and FMO. Over the next twelve months, Althelia expects to raise additional capital, targeting an overall level of EUR150-200 million for the Fund.

The Althelia Ecosphere model focuses on addressing the drivers of deforestation and unsustainable land-use, and will benefit from technical, design and implementation support from Conservation International (www.conservation.org), a long-standing partner of the company.

The closed-end Fund will comprise a diversified portfolio of investments in Africa, Latin America and Asia that take the form of real assets (certified commodities and agricultural produce) and environmental services (verified emissions reductions and other ecosystem services), delivering cash dividends to investors over its 8-year life. *'The Fund's first close demonstrates investors' emerging confidence that financing a transition towards sustainable land use can deliver competitive financial returns alongside positive environmental and social impacts'* said Sylvain Goupille, Managing Partner and Chief Executive of the Fund's management company. *'This is good news for investors seeking new growth strategies, but also for governments now focussed on addressing dilemmas like food security, Natural Capitalⁱⁱ preservation and decarbonisation of the global economy'*, he said.

Christian del Valle, Managing Partner and Chief Investment Officer of the Fund's management company, explained that Althelia's commitment to 'value creation', as opposed to 'value capture', resonates well with many investors today. *'Althelia's portfolio of strong projects that deliver returns*

from mixed asset classes also delivers tangible local benefits, creating new pathways that align investor returns with sustainable development in forest countries'.

Dr Charlotte Streck, independent member of the Fund's investment committee stresses the importance of the closing of the Fund *'as it demonstrates that financial managers with long-term investment strategies are able to move towards valuing assets that are sustainable and environmentally robust. This carries a strong signal in times when carbon markets are weak, and climate change considerations often give way to short-term interests and benefits.'*

As an expression of its commitment to define excellence in environmental, social and governance standards and safeguards and portfolio performance, Althelia has worked with investors and NGO partners to design a proprietary Environmental, Social and Governance (ESG) policy and management system, incorporating the International Finance Corporation's Performance Standards on Environmental and Social Sustainability (2012) and the EIB Statement of Environmental and Social Principles and Standards (2009). Forest-based emissions reductions financed by the Fund will also be validated and verified to the Climate Community and Biodiversity (CCB) Standards, using the Gold Level of the Standards for projects delivering smallholder/community-led equitable benefits and exceptional biodiversity benefits, as appropriate.

Althelia investments will be tailored to meet the requirements of corporate partners seeking to address sustainability of their supply chains through the utilisation of agricultural produce and other natural resources that are certified to high ESG and as 'zero-deforestation'. Althelia will also employ the most rigorous carbon accounting standards, utilising the Verified Carbon Standard's protocols for Agriculture, Forestry and Other Land Use sectors (AFOLU)ⁱⁱⁱ, and will also work to ensure that its investments are developed in such a way as to be eligible for recognition within jurisdictional (subnational and national) REDD+ programmes that are under development, including VCS Jurisdictional and Nested REDD (JNR) as well as the REDD+ mechanism developing internationally under the UNFCCC process, and where appropriate, in regional frameworks such as California and other states and provinces participating in the Governors' Climate & Forest taskforce (GCF).

Selected Investor Perspectives

'The Church of Sweden has, through its international department, a long-standing commitment to development and poverty alleviation, and is advocating tougher goals and faster reductions of greenhouse gases. As an asset owner, we strive to be part of the solutions to the world's challenges through our investments', says Gunnela Hahn, Head of Responsible Investment at the Church of Sweden. *'We are therefore very happy to be a seed investor of Althelia Climate Fund, acknowledging their strong capacity to create best practice for the social and environmental elements of REDD+ as a way of mitigating climate change',* she adds.

Jonathan Taylor, European Investment Bank Vice-President in charge of Environment added: *'The EIB is pleased to support the Althelia Climate Fund. Innovative investments of this sort will help to tackle deforestation and promote sustainable land use. This is a good example of our support for projects that*

will also have a positive social impact. Applying good environmental and social standards remains central to our work in all areas'.

Jurgen Rigterink, FMO Chief Investment Officer stated, *'FMO is proud to be a cornerstone investor in this innovative fund, which is expected to generate a significant positive environmental and social impact. It offers a template for private-public sector cooperation in order to allow for better management of our ecosystems which is crucial to attain FMO's vision: A world in 2050 in which nine billion people live well and within the limits of the planet's resources.'*

Jaakko Kangasniemi, Finnfund's CEO says: *'Althelia Climate Fund operates in developing countries that have significant but threatened forest cover. It offers innovative structures and solutions that can provide sustainable ecological, economic and social development and growth. These are all well in-line with Finnfund's mandate and focus and Finnfund is pleased to be one of the seed investors in the fund.'*

About Althelia Ecosphere

Today, humanity uses the equivalent of one and a half planets to meet resource demand and absorb its waste— Quite simply, our societies make their living by drawing down the planet's Natural Capital foundation, rather than living off of the 'interest'. And rising populations and consumption patterns are placing increased pressures on terrestrial, marine and atmospheric systems that, if left unabated, will lead to further resource and supply chain challenges today and into the future.

Althelia Ecosphere is an asset management platform dedicated to finance transition towards sustainable land use and ecosystems conservation. Althelia is managing the Luxembourg-based Althelia Climate Fund, which is mission driven to demonstrate that competitive financial returns can be fully aligned with the preservation of natural capital and social development. With a special emphasis on sustainable land-use, biodiversity and ecosystem services, we leverage investment to simultaneously catalyse a range of impacts, including:

- Positively transformed land-use models delivering social, economic and environmental outcomes;
- Economic and livelihood benefits realised by a wide spectrum of local stakeholders;
- Reduced greenhouse gas emissions;
- Sustained or enhanced biodiversity and ecosystem function; and
- Improvements in the conservation status of threatened and endangered species.

To find out more about how Althelia is working to align the Earth's economy with its ecology, please visit us on the web (www.althelia.com)

ⁱ REDD+ is a policy mechanism under negotiation at the United Nations Framework Convention on Climate Change (UNFCCC) that proposes incentives to support the role of forests in climate abatement strategies. In parallel to the UNFCCC process, there are existing methodologies for achieving these aims operating at the project level in accordance with the Verified Carbon Standard (www.v-c-s.org).

ⁱⁱ Natural Capital comprises Earth's natural assets (soil, air, water, flora and fauna), and the ecosystem services resulting from them, which make human life possible. Ecosystem goods and services from Natural Capital are worth trillions of US dollars per year and constitute food, fibre, water, health, energy, climate security and other essential services for everyone. Neither these services, nor the stock of Natural Capital that provides them, are adequately valued compared to social and financial capital. Despite being fundamental to our wellbeing, their daily use remains almost undetected within our economic system. Althelia Ecosphere is a signatory to the Natural Capital Declaration. For more information, please see www.naturalcapitaldeclaration.org

ⁱⁱⁱ <http://www.v-c-s.org/develop-project/agriculture-forestry-projects>