ABOUT THIS REPORT
This version of the Althelia Impact Report, produced during Q2 2016, is based upon project submission data from project start date until end of 2015. Where appropriate, Althelia will update data with verified and validated information as it becomes available. This will be done periodically and available via the Althelia website using the investor login.
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>SELECTED HIGHLIGHTS</strong></td>
<td>8</td>
</tr>
<tr>
<td><strong>IMPACT THEMES</strong></td>
<td>10</td>
</tr>
<tr>
<td>Climate</td>
<td>12</td>
</tr>
<tr>
<td>Ecosystems</td>
<td>14</td>
</tr>
<tr>
<td>Species</td>
<td>16</td>
</tr>
<tr>
<td>Livelihoods</td>
<td>18</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>20</td>
</tr>
<tr>
<td>Sustainable Enterprises</td>
<td>22</td>
</tr>
<tr>
<td>Fair Economic Return</td>
<td>24</td>
</tr>
<tr>
<td><strong>OUR APPROACH</strong></td>
<td>26</td>
</tr>
<tr>
<td><strong>CASE STUDIES</strong></td>
<td>28</td>
</tr>
<tr>
<td>Taiga Hills Conservation and Sustainable Land Use Project</td>
<td>30</td>
</tr>
<tr>
<td>Tambopata-Bahuaja REDD+ and Agroforestry Project</td>
<td>32</td>
</tr>
<tr>
<td>Cordillera Azul National Park REDD+ Project</td>
<td>34</td>
</tr>
<tr>
<td>Guatemalan Caribbean</td>
<td>36</td>
</tr>
<tr>
<td>Novo Campo Programme for Sustainable Cattle ranching in the Amazon</td>
<td>38</td>
</tr>
<tr>
<td><strong>KPIs</strong></td>
<td>40</td>
</tr>
<tr>
<td><strong>ALTHELIA ECOSPHERE AND THE ALTHELIA CLIMATE FUND</strong></td>
<td>44</td>
</tr>
</tbody>
</table>
DEAR FRIENDS,

Welcome to the launch of Althelia Ecosphere’s first impact report, covering the impacts of the Althelia Climate Fund — both those already achieved, and those targeted for achievement within the 8-year life of the Fund.

Althelia Ecosphere is an asset management business designed to pair economic and financial performance with premium social and environmental outcomes, impacts and risk management. Our first fund, the Luxembourg-based Althelia Climate Fund was established in June of 2013 to do just that. We wanted to clearly demonstrate that competitive financial returns could be fully aligned with the preservation of natural capital and social development. Using a model that profitably directs finance to activities that generate income from sustainable agriculture (e.g. cocoa and coffee certified to Fairtrade and organic standards) and environmental services (e.g. carbon, biodiversity) we have, as of today, invested over one half of the EUR 101 million committed to the fund by leading private and public investors.

Why is this important to us? At Althelia, we believe that successfully combining financial performance and social and environmental impact is central to addressing at scale the interrelated challenges arising from climate change, resource depletion and the burgeoning demands of a growing human population. Whilst donor and philanthropic models have made important strides in the areas of sustainable development and conservation, our view is that in order to deliver these impacts at the necessary scale to address today’s challenges, ‘business-as-usual’ must be redefined to align our economic development soundly within the parameters of our ecological reality.

Today we are doing this by focussing on opportunities that combine rigorous environmental stewardship and governance, provide a fair and sustainable living to rural communities and producing new assets like certified, deforestation-free agroforestry produce and verified emissions reductions units. At the same time, this allows us to ‘de-risk’ investments and concentrate on delivering superior returns to investors. Althelia are pioneering a new model of investment that has the potential to drive long-term positive outcomes in these areas that can be sustained well in to the future. Over the life of the Althelia Climate Fund (ACF) we will continue to test our theory of change, as well that of our underlying projects and to invest the resulting learning into a process of continuous improvement.

We thank you for your support and interest in our work, and invite you to enjoy this first annual impact report from the Althelia Climate Fund.

Yours Sincerely,

Sylvain Goupille & Christian del Valle
Founders and Fund Managers
**January 2014**
Inaugural investment into African grassland and forest conversation in the Taita Hills area of the Kasigau Corridor, Kenya. The project is poised to generate 5.2 million tonnes of avoided emissions, protect 120,000 hectares of primary ecosystem, and support two herds of endangered elephants, rhinos, lions, leopards, and hippos, as well as 150 local jobs over the next twenty years.

**November 2014**
Althelia Climate Fund reaches the close of its fund raising period, with subscriptions from leading private and public investors exceeding €100 million.

**MAY 2014**
Publish the first version of our Environmental, Social and Governance Standards pioneering a model to build robust, sustainable and long-lasting projects that will benefit communities and the environment beyond the life of Althelia’s investment.

**June 2014**
First ‘dual strategy’ investment to conserve 570,000 hectares of pristine natural forest of the National Reserve of Tambopata and restore 4,000 hectares of degraded lands situated in its buffer zone in order to produce certified ‘deforestation-free’ fine aromatic cocoa and improving the livelihoods of 1,100 small farmers and their families.

**November 2014**
First Public-Private Partnership structured with the Peruvian State and CIMA Cordillera Azul to conserve more than 1.3 million hectares of pristine rainforest, protect around 6,000 plant species, more than 80 large and medium size mammals, around 180 species of fishes, and over 600 species of birds. The project will avoid more than 15 million tonnes of CO₂ emissions over the next 6 years, equivalent to the emissions from all the flights passing through London’s Heathrow Airport over the same period.

**MAY 2014**
US Agency for International Developments’ announce partnership with Althelia for $133.8 million in shared-loss financing for the Climate Fund, paving the way for greater private-side investment into impactful land use projects.

**September 2015**
First investment into the Brazilian Amazon via PECSA to finance the restoration and improve the management of at least 10,000 hectares of degraded pastures and manage 35,000 head of cattle.

**October 2015**
Awarded the prestigious UNFCCC Momentum for Change Award. Recognising our novel Tambopata project that protects 570,000 ha of rainforest and produces deforestation-free cocoa in Madre de Dios, Peru.

**January 2015**
First-of-kind Nature Conservation Notes launched in partnership with Credit Suisse with €15m of subscriptions providing a new avenue for investors to finance conservation and bringing much needed investment into the conservation sector.

**April 2015**
Awarded the Environmental Finance Award for Sustainable Forestry Deal of the Year, recognising the “Nature Conservation Notes”, launched jointly by Althelia and Credit Suisse in recognition of Althelia’s innovative approach utilizing both public and private finance to develop strong conservation programmes.

**MAY 2015**
€10.2 million investment programme in Caribbean Coast of Guatemala to finance the long-term conservation of up to 110,000 hectares of natural forest aiming to avoid over 8 million tonnes of CO₂ emissions and enabling the restoration of over 1,000 hectares of degraded lands producing forest crops and timber, and benefitting 65 communities.

**DECEMBER 2014**
Althelia Climate Fund reaches the close of its fund raising period, with subscriptions from leading private and public investors exceeding €100 million.

**JANUARY 2015**
First-of-kind Nature Conservation Notes launched in partnership with Credit Suisse with €15m of subscriptions providing a new avenue for investors to finance conservation and bringing much needed investment into the conservation sector.

**May 2015**
First investment into the Brazilian Amazon via PECSA to finance the restoration and improve the management of at least 10,000 hectares of degraded pastures and manage 35,000 head of cattle.

**April 2015**
Awarded the Environmental Finance Award for Sustainable Forestry Deal of the Year, recognising the “Nature Conservation Notes”, launched jointly by Althelia and Credit Suisse in recognition of Althelia’s innovative approach utilizing both public and private finance to develop strong conservation programmes.

**December 2014**
Althelia Climate Fund reaches the close of its fund raising period, with subscriptions from leading private and public investors exceeding €100 million.

**September 2015**
First investment into the Brazilian Amazon via PECSA to finance the restoration and improve the management of at least 10,000 hectares of degraded pastures and manage 35,000 head of cattle.

**October 2015**
Awarded the prestigious UNFCCC Momentum for Change Award. Recognising our novel Tambopata project that protects 570,000 ha of rainforest and produces deforestation-free cocoa in Madre de Dios, Peru.
TARGET OUTCOME AREAS

Althelia identify projects with the potential to have a net-positive outcome for affected communities, ecosystems and society at large across seven thematic areas:

**Climate**
Projects have the potential to reduce greenhouse gas emissions, and enhance climate change mitigation and increase the resilience and adaptation of their immediate vicinity.

**Species**
Projects improve the conservation status of threatened and endangered species.

**Ecosystems**
Projects protect or enhance ecosystem functioning, ecological processes and ecosystem services.

**Livelihoods**
Projects provide dignified livings and sustained family incomes.

**Inclusivity**
Projects empower and protect rights to participate in decision making and economic opportunities.

**Sustainable Enterprises**
Projects enable project developers to build resilience and the ability to respond to social and environmental complexity at their project.

**Fair Economic Returns**
Projects achieve balanced returns for project stakeholders including investors and local stakeholders.
IMPACT THEME 1
Climate

CHALLENGE
It is estimated that deforestation and land use change account for up to one-fifth of all greenhouse gas emissions globally, second only to the energy sector. When unsustainable agriculture practices are also added, the total rises to one-third. In short, no pathway to a secure climate exists without solutions that address territorial emissions. Sustainable investments are greatly needed into tropical and sub-tropical landscapes where long-term trends of deforestation and degradation are resulting in land use change and significant greenhouse gas emissions due to the loss of carbon stored in trees, vegetation and the soil to the atmosphere and loss of sequestration.

HOW ALTHELIA IS RESPONDING
Over the past eighteen months Althelia has built working relationships with NGOs, government agencies and the private sector to implement conservation measures in and around natural forests, and to help address risks such as mining expansion, slash-and-burn agriculture and illegal logging. Across its existing portfolio Althelia has financed the direct protection of 2.2 million ha of forested land in five biodiversity ‘hotspots’. Althelia also recognises that conserving these areas effectively means also investing into better livelihoods for those people whose activities might otherwise be leading to forest degradation and conversion. Since starting to deploy capital in 2013, Althelia has financed the improved management of over 30,000 ha of land in critical forest ‘buffer zones’. Althelia’s view is that it is vitally important that economic development is enabled to occur, and succeed in the ‘right’ areas; taking pressure off of carbon-rich natural landscapes. For example in Peru around the Tambopata reserve, previously degraded and unproductive lands are now in the process of rehabilitation and will soon produce valuable deforestation-free commodities, supporting several hundred livelihoods and helping to forge a new category of commodity globally.

Althelia is committed to look beyond the local to how we can create systemic change at scale. In Mato Grosso, Althelia’s investment into Novo Campo is pioneering a new sustainable ranching model intended to have impact at the jurisdictional level [amazon biome level]. By increasing rancher productivity by up to 3.5 times on 10,000ha of previously degraded land, Althelia’s investment is avoiding the need for those ranchers to migrate into the forest elsewhere, saving up to 40,000ha of primary rainforest from deforestation.

To date we estimate that our investment portfolio has been pivotal in avoiding 14mt of CO2 emissions. By 2021 the existing portfolio of projects will have avoided in excess of 42m tonnes CO2, the equivalent to nearly three times the emissions from all departing flights from London’s Heathrow Airport in a year.

HOW ALTHELIA IS RESPONDING

<table>
<thead>
<tr>
<th>Project</th>
<th>Est. Emissions Reductions to date</th>
<th>Baseline Emissions (tonnes)</th>
<th>Emissions Reductions to date</th>
<th>Emission Reductions to date</th>
<th>Reductions Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delta Hills Conservation &amp; Sustainable Land Use</td>
<td>5,709,970</td>
<td>1,563,436</td>
<td>12,644,859</td>
<td>10,200,000</td>
<td>10,200,000**</td>
</tr>
<tr>
<td>Tambopata Azul Redd+ and Agroforestry Project</td>
<td>5,138,304</td>
<td>1,982,427</td>
<td>15,752,684</td>
<td>8,717,687</td>
<td>8,717,687</td>
</tr>
<tr>
<td>Cordillera Azul National Park Redd+ Project</td>
<td>28,970,971</td>
<td>-</td>
<td>16,095,338</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guatemalan Caribbean Redd+</td>
<td>5,173,480</td>
<td>-</td>
<td>12,644,859</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Novo Campo Programme for Sustainable Cattle Ranching in the Amazon*</td>
<td>1,563,436</td>
<td>-</td>
<td>12,644,859</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

HOUGHTON - TAMBOPATA REDD+ PROJECT

Potential avoided deforestation: 170,000 ha

NOTES
Althelia’s portfolio of projects are at different stages of their development meaning that some are still under feasibility study and some are already including verified emissions reductions. We therefore expect that in the future, a significant proportion of VCUs will be allocated to projects that are already producing verified emissions reductions. In addition, verified emissions reductions achieved can be used as non-permanence buffer deductions and therefore VCUs can be issued. Therefore, projects are tracked both as the best estimate of future emissions reductions and the actual reductions achieved. Either from PDD or feasibility study.

Althelia tracks the emissions reductions that projects have achieved during their lifetime, and may be validation against an agreed baseline. However, in every case the net emissions avoided are based on the sum of all emissions avoided in the absence of the project as per baseline emissions.

Althelia’s portfolio of projects are at different stages of their development meaning that some are still under feasibility study and some are already including verified emissions reductions. We therefore expect that in the future, a significant proportion of VCUs will be allocated to projects that are already producing verified emissions reductions. In addition, verified emissions reductions achieved can be used as non-permanence buffer deductions and therefore VCUs can be issued. Therefore, projects are tracked both as the best estimate of future emissions reductions and the actual reductions achieved. Either from PDD or feasibility study.

2. Hotspots: areas ecosystems that are both biologically rich and deeply threatened.

For more information, please see: http://www.conservation.org/How/Pages/Hotspots.aspx

For more information, please see: http://www.conservation.org/How/Pages/Hotspots.aspx

170,000 ha of avoided deforestation
IMPACT THEME 2

Ecosystems

CHALLENGE
The loss of forests and grassland areas to degradation and land use conversion isn’t just a climate challenge. Our project areas include some of the richest and most biologically diverse ecosystems in the world, providing both the planet and humankind with a plethora of goods and services, as well as containing immense intrinsic values in their own right. Their loss is already having an acute impact on local communities, and globally. Take a forest’s role in ensuring rainfall as an example. In the Amazon, as forest trees are lost, so the biome’s ability to create and regulate rainfall disappears. This has dramatic impacts, not just across the forest biome but elsewhere too. The phenomenon known as ‘rivers in the sky,’ means massive flows of water through the atmosphere relate to rainfall around the South American continent, which currently underpin the agricultural economies of multiple nation states.

HOW ALTHELIA IS RESPONDING
Across five projects already in our portfolio, Althelia has made specific investments into protecting and enhancing landscapes so they retain critical ecosystem functionality and continue to support both people and the planet. To date, Althelia’s portfolio has supported the legal protection of 2 million ha of critical ecosystems, recognised by IUCN and Conservation International as having High Conservation Value (HCV). We have also financed the creation or maintenance of over 30,000 ha of buffer zones around key forest areas, where a shift to sustainable land use practices is helping to mitigate the risk of land use conversion, as well reducing pressure on the frontier of protected areas.

Through our Environmental and Social Monitoring System, as well as via investment into the research and monitoring capacity of the project teams, Althelia has supported an early warning system to identify and address critical risks to project ecosystems. These include breaches of protection and pollution events from economic activities either within the project or adjacent to it.

Two ecosystem themes are emerging as critical to all Althelia’s projects. The first is ecosystem connectivity. By conserving corridors and hotspots, Althelia’s projects are helping to avoid, or in some cases, undo, the fragmentation of critical ecosystems and have a portfolio impact much greater than the sum of its parts. In Kenya, the protection of 120,000 ha in the Kasigau Corridor is linking up and helping to maintain an overall protected ecosystem of over 2 million ha across the Tsavo East and Tsavo West National Parks. Likewise, in Guatemala, Fundaceco’s REDD+ project will facilitate the connectivity of several protected areas by both establishing agroforestry plots in degraded parts of their buffer zones and including more pristine buffer zone forest in the project itself.

The second is water provisioning and regulating services. In Mato Grosso, Brazil, Althelia’s partners at PECSA are undertaking restoration of 720 ha of riparian forests as part of the Novo Campo Programme. These have two major ecological functions: one is to protect river banks from erosion processes, thus contributing to guarantee water quantity and quality, the other is to promote landscape connectivity since almost all forest fragments link to rivers.
CHALLENGE
Scientific evidence now confirms that we are currently in the midst of a Sixth Mass Extinction of plants and animals. Compared to earlier mass extinction events, this extinction is largely man-made (and as such it is within mankind’s power, and many would say, his responsibility, to curtail further species loss). As the population of our planet grows, more pressure is put on the populations and habitats of those species with which we share the planet. In addition to a compelling moral obligation for their conservation, many of these species support humanity’s food security, medicinal care, health, well being, and provide other essential services.

Althelia’s projects are located in some of the most biologically diverse ecosystems in the world, and contain a plethora of species that are facing survival challenges from loss of habitat, poaching, bush meat hunting, trophy hunting, conflict with people, disease and climate change.

HOW ALTHELIA IS RESPONDING
By investing into remote sensing, rangers and patrols, Althelia’s projects maintain records of wildlife and hunting activities. In Tambopata, for example, Althelia knows that at least 528 hunters legally entered the park during 2015. Over the same period there was a significant reduction in wildlife sightings. This enabled AIDER, a local development NGO and Althelia’s implementation partner, to tighten control posts and reduce the number of hunters allowed to enter the park for the remainder of the year.

In Kenya, Wildlife Works continues to develop its strategy to deter poaching within the Kasigau Corridor with the aim of reducing and eventually eliminating elephant poaching and associated armed conflicts. Wildlife Works are developing a state-pressure-response model whereby the status of iconic threatened species such as African elephant, lion, cheetah, African wild dog, as well as other important flora and fauna are continuously monitored against the backdrop of the project, undertaking actions to improve the wildlife habitat (responses) or reduce the threats they face (pressure).

In both Cordillera Azul and Tambopata, CIMA and AIDER have structured strategies to promote long-term research in species and biodiversity status. AIDER has recently launched research projects focusing on wild chestnuts, Giant Otters and Cacaw Clay Lick in Tambopata. In Mato Grosso, ranchers have contractually agreed to implement a new husbandry-based approach to livestock management that avoids any lethal measures taken against jaguars and other predators.

In aggregate, Althelia’s project areas help protect habitats for 2.2 million hectares of habitat, containing at least 111 unique species that are recognised globally as being either endangered or vulnerable according to the IUCN red list. Our projects are also in the ranges of 4 EDGE species, the Amazonian manatee, dark-winged trumpeter, secretary bird and Egyptian vulture.

3 For context on the so-called Sixth Extinction, please see: http://www.theguardian.com/environment/2015/jun/21/mass-extinction-science-warning, and http://advances.sciencemag.org/content/1/5/ e1400253
Livelihoods

**CHALLENGE**
As well as being in some of the most biologically diverse and unique areas in the world, Althelia’s projects are typically in remote rural, mountainous and coastal locations with challenging topography and little in the way of paved roads or other modern infrastructure and municipal services. Historically, a lack of physical connectivity and few job options has led to people forging a living from low-value and often unsustainable forms of agriculture, as well as illegal mining, charcoal production and logging, and wildlife poaching, which offer little prospect to support prosperous livelihoods and long-term social development.

**HOW ALTHELIA IS RESPONDING**
Althelia, through its projects, supports productive activities that offer real and sustainable alternatives to deforestation and landscape degradation. By investing in sustainable and high-value commodity production Althelia directly supports jobs and livelihoods for producers and also those businesses that both serve and rely on them up and down the supply chain. In turn, projects reinvest into critical social assets to increase access to education and healthcare and raise livelihood standards.

In Tambopata, investment into 165ha of cocoa production is already supporting 188 farming jobs. By the end of the project in 2021, over 4,000ha will be under production. In Cordillera Azul, CIMA are currently working with 31 communities to develop Quality of Life plans for customised economic activities in order to support jobs and increase incomes. In Guatemala, efforts to increase the value of agroforestry activities in the Caribbean coast region will help to double local incomes from around US$1,500 annually to over US$3,000 by 2021, reducing local poverty levels from in excess of 50% today to below 30% in the process. Similarly in Kenya, Wildlife Works are supporting access to education and essential infrastructure, whilst creating jobs (including at their iconic clothing ‘Eco-Factory’), and are aiming to reduce the poverty level from 57% to below 50% over the course of the project.

In total, the current portfolio will directly support in excess of 1,200 jobs by 2021, as well as many more in associated industries and local economies. The project also generate significant revenues for carbon right holders and project beneficiaries.

1279

Jobs for producers (farmers, smallholders etc) created and supported by our project

**IMPACT THEME 4**

**Taita Hills Conservation & Sustainable Land Use project** 108

**Tambopata Bahuaja Redd+ and Agroforestry Project** Under development

**Cordillera Azul National Park Redd+ Project** 400

**Guatemalan Caribbean** 716

**Novo Campo Programme for Sustainable Cattle Ranching in the Amazon** 55

*Jobs created = new roles available and filled as a result of the project.
Jobs supported = producers benefitting from greater economic sustainability as a result of participation in the project e.g. cooperative members
Inclusivity

CHALLENGE
Too often, landscape activities, such as industrial farming and mining projects marginalise local communities and leave little in the way of tangible long-term benefit for those people most physically affected or economically displaced by them. For Althelia, it is not only important that projects do what is environmentally sustainable and socially beneficial but that they do it in a transparent way, engaging project affected people at every step of the way.

RESPONSE & IMPACT
Althelia’s projects support the use of community engagement organisations to help plan project activities and channel benefits into areas chosen by project affected communities. In Cordillera Azul for example, one of the initial activities that CIMA carries out with communities is a participatory decision making process. CIMA is currently working with 31 communities (indigenous and non-indigenous communities) and has developed a total of 18 Quality of Life Plans (34 will be developed by 2021). CIMA has worked with communities to establish 14 associations for producer, tourism and handicraft enterprises, as well as 23 Action Plans. The absolute aim is for their work to be led by the needs and preferences of local communities, and to build local capacity within each community. In Tambopata, Aider have engaged three indigenous peoples groups and in Guatemala, Fundaecc have established women’s health groups to improve access of indigenous women to modern healthcare.

Similarly in Taita Hills, Wildlife Works are currently undertaking a comprehensive community engagement program with prospective project affected communities as part of outreach consultations. In Guatemalan Caribbean, FUNDAECO are in the process of engaging 87 communities to support land use zoning and planning in order to develop agroforestry activities that are both economically optimal and culturally acceptable. Their women’s health programme has been key to maintaining health throughout pregnancy in remote villages, with all information translated into local indigenous languages.

In total, 44 new community based organisations have been created across the portfolio.

<table>
<thead>
<tr>
<th>IMPACT THEME 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusivity</td>
</tr>
</tbody>
</table>

Note: Portfolio data: weighted average of Cordillera Azul, Guatemalan Caribbean and Novo Campo.

<table>
<thead>
<tr>
<th>Project/Programme</th>
<th>Number of Jobs Created and Supported by Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taita Hills Conservation &amp; Sustainable Land Use Project</td>
<td>25%</td>
</tr>
<tr>
<td>Tambopata Bahuaja Biodiversity and Agroforestry Project</td>
<td>15%</td>
</tr>
<tr>
<td>Cordillera Azul National Park Redd+ Project</td>
<td>30%</td>
</tr>
<tr>
<td>Guatemalan Caribbean Programme for Sustainable Cattle Ranching in the Amazon</td>
<td>30%</td>
</tr>
<tr>
<td>Novo Campo</td>
<td>16%</td>
</tr>
</tbody>
</table>
Sustainable Enterprises

Challenge
Many rural enterprises lack sufficient capacity or market linkages to operate without long-term support from either philanthropy or the public sectors. Producer cooperatives and associations can lack the know-how to structure their finances to meet international or regional requirements, or the scale required to participate in high-value markets globally. This often translates into significant opportunity cost for their members and associated stakeholders, and can lock them into a low-value economic cycle that can lead to significant environmental damage and negative social outcomes. Until robust enterprises are established that can accept investment, landscape solutions will be confined to isolated case examples and fall short of reaching the scale required to meet pressing environmental and social challenges.

How Althelia is responding
Althelia’s portfolio is supporting a total of 51 productive enterprises, including ranches, cocoa trading cooperatives, agroforestry associations and several supply-chain service providers. By providing financial structuring and technical assistance, Althelia is working to ensure that these enterprises are profitable, solvent, have secure trading relationships, access to finance and competent management teams, placing them in a strong position to thrive long after Althelia’s project involvement has ended. This can lead to increases in productivity, quality and efficiency, all of which can translate into improved local benefit and conservation performance. Althelia is also striving for its project enterprises to be verified as meeting the highest possible certification standards, such as Fairtrade, Rainforest Alliance, CCB and IFC performance standards.

In Tambopata, Althelia has supported the creation and strengthening of a new cocoa-trading cooperative with over 180 members. With the support of the specialist agro-forestry consultant ECOTIERRA we have increased the value of the product that the cooperative produces – to fine and aromatic cocoa – created a new blend identity (“zero deforestation cocoa”) and are now supporting the cooperative to reach high-value end markets globally. At full capacity the cooperative will produce over 3,300 tonnes of cocoa worth well over €10 million in revenues annually.

Similarly in the Guatemalan Caribbean our investee Fundaeo is working with producer associations to increase both the productivity and quality of a range of high value agroforestry commodities. In turn, Fundaeo are establishing a new mark of origin – The Conservation Coast and engaging the specialist consultant AgExport to support enterprises to access higher-value and premium markets with their produce.

Impact Theme 6
51 new enterprises created or supported by the projects
CHALLENGE

Many large-scale landscape investments generate few tangible benefits for local stakeholders. Industrial plantations, farms and extractive industries such as mining operations can be highly mechanised and employ few, highly skilled migrant workers. The risk is that they create little in the way of local employment benefits and that the economic value that is created by the project, typically in the form of a commodity is exported with the majority of benefits accruing to multinational corporations or national governments located at great distances from a project area. Ecosystems are unfairly exploited and economic inequalities are exacerbated.

RESPONSE & IMPACT

The Althelia Climate Fund focuses on building, rather than extracting shared economic value. For every investment that we make, we enter into a benefit share arrangement where we agree the value from a project that will directly benefit local stakeholders. Broadly speaking this accrues in three areas. The first is the project spend that Althelia finances up front and that is used to support livelihood activities within the project area. The second in the portion of carbon revenues from a project that go to local stakeholders, either directly or in-kind through project re-investment into livelihood activities and community assets such as schools and clinics. The third area is the revenues generated for local producers and enterprises that result from project investment into productive activities.

By 2021, the Althelia Climate Fund will directly finance in excess of €25 million of productive livelihood activities across the current portfolio of projects. This spend will create more than €57 million of revenues for local stakeholders from productive activities. This is in addition to significant supply chain spend that will accrue in local economies. In Mato Grosso for example, PECSA will invest over €28m in the local economy by 2022 through capital and operational expenditures and project reinvestment.

Carbon revenues will also benefit local project stakeholders directly. We estimate that, at a sale price of US$5 per VCU, the current portfolio of projects will deliver in excess of €20m of revenues for local project stakeholders in addition to the livelihood investments that Althelia are already making. In combination we estimate that Althelia investment will generate in excess of €120m benefits to the local economies of the current project areas by 2021.
Our Approach

At Althelia, we believe that an impact-driven approach to investment is central to addressing the interrelated challenges arising from climate change, resource depletion and the burgeoning demands of a growing global population.

Focusing on opportunities that combine sound environmental stewardship, provide a fair and sustainable living to rural communities and have good governance, helps us to de-risk investments and concentrate on delivering superior returns to investors.

Althelia are pioneering a new model of investment. Over the life of the Althelia Climate Fund (ACF) we are aiming to test our theory of change, as well that of our underlying projects and to invest the resulting learning into a process of continuous improvement.

TARGET OUTCOME AREAS

Althelia identify projects with the potential to have a net-positive outcome for affected communities, ecosystems and society at large across seven thematic areas:

- **Climate** - projects have the potential to reduce greenhouse gas emissions, and enhance climate change mitigation and increase the resilience and adaptation of their immediate vicinity.
- **Species** - projects are net-positive for biodiversity and act to improve the conservation status of threatened and endangered species.
- **Ecosystems** - projects protect or enhance ecosystem functioning, ecological processes and ecosystem services.
- **Livelihoods** - projects provide dignified livings and sustained family incomes.
- **Inclusiveness** - projects empower and protect rights to participate in decision making and economic opportunities.
- **Sustainable enterprises** - projects enable project developers to build resilience and the ability to respond to social and environmental complexity at their projects.
- **Fair Economic Return** - projects achieve balanced returns for project stakeholders, including investors and local stakeholders.

DEFINING THE CHALLENGE AND THE RESPONSE

For every potential investment we look at the specific challenges faced by our projects and work with their management teams to identify the appropriate response and opportunity to create positive social and environmental outcomes.

First we identify the current economic, environmental and social situation of the project area, as well as the pressing challenges that it faces. From this background analysis, we can plot a Theory of Change: the series of theoretical stages necessary to address the challenge. At a high level this sets out the rationale for making the project investment.

To understand how an investment will convert that theory into action, we ask investees to set out their specific strategy to deliver each stage of the Theory of Change using a logic model.

Pre-investment, this helps inform our due diligence to help us understand ESG risks and impact that we wish projects to both avoid and to create. Post investment, it acts as a portfolio management tool and enables us to work with projects to ensure that the project strategy is aligned to ongoing impact creation. We are aiming to use this as living document and expect it to be updated on an ongoing basis, typically annually.

OUR COMMITMENT

1. To manage non-financial risks and related compliance liabilities and reputational damage, by ensuring appropriate standards and practices are embedded at projects;

   Result - Strengthening of the ‘social license to operate’ and facilitation of smooth operations. This is further detailed via our ESG policy and implementation guide.

2. To create and capture value for our investments by identifying opportunities for development impact and engaging management to manage and report on performance.

   This will result accessing market premia for environmental assets and sustainable commodities and improved social outcomes in the societies in which Althelia operate.
Case Studies

TAITA HILLS CONSERVATION & SUSTAINABLE LAND USE PROJECT
Taita Hills, South East Kenya

CORDILLERA AZUL NATIONAL PARK REDD+ PROJECT
Cordillera National Park, Peru

TAMBOPATA-BAHUJA REDD+ AND AGROFORESTRY PROJECT
Madre de Dios, Peru

TAMBOPATA-BAHUJA REDD+ AND AGROFORESTRY PROJECT
Madre de Dios, Peru

NOVO CAMPO PROGRAMME FOR SUSTAINABLE CATTLE RANCHING IN THE AMAZON
Alta Forest, Brazil

GUATEMALAN CARIBBEAN
Izabal, Guatemalan Caribbean

GUATEMALAN CARIBBEAN
Izabal, Guatemalan Caribbean
The Tambopata National Reserve – Bahuaja Sonene National Park in Peru is considered one of the most important global biodiversity hotspots and is home to near-unparalleled rare and precious wildlife including endangered species such as giant otters, giant armadillos, and blue macaws.

The remote nature of the region means that the Park has limited access public services and local communities are largely excluded from the formal economy, so turn to activities such as illegal mining, logging and slash-and-burn agriculture to forge a livelihood. Every year, 10,000 hectares of pristine forest is cut along the Inter-Oceanic Road linking Brazil and Peru, and in the areas surrounding the Park. Without finding more sustainable livelihood opportunities for locals and enhancing forest protection, Tambopata and its rich biodiversity would soon be lost.

RESPONSE
Althelia are financing AIDER to conserve both protected areas through ranger patrols and control posts throughout the park and reserve, as well as creating sustainable livelihood opportunities for locals through an integrated landscape approach. At the core of this is the restoration of 4,000 hectares of degraded lands for the cultivation of native, fine and aromatic cocoa working with over 1,100 farmers. The project has engaged Ecotierra (a Canadian-Peruvian NGO) to support the creation of a cocoa producers cooperative, a farmer-driven association that provides technical assistance, infrastructure for post-harvest management, quality control and a route to market for the cocoa.

The project will also protect that critical habitat of 21 threatened and 12 critically endangered species listed on the IUCN Red List and habitats for 35% of all Peru’s reptiles, including 40% of the country’s frogs, toads, salamanders and other amphibians.

As a landscape approach project, the impacts of the project are interconnected between the protection and production components, integrating the management of the protected areas with the overall productive landscape and surrounding communities.

IMPACT
At full scale, the project will produce at least 3,200 tonnes of certified zero-deforestation, organic and Fairtrade cocoa a year, supporting over 1,100 farmers and their families. It is conservatively estimated that the project will protect 570,000ha of virgin forest and avoid the deforestation of 11,980 hectares, equating to 4,000,000 tons of avoided CO2 emissions by 2021.

The project will also protect that critical habitat of 21 threatened and 12 critically endangered species listed on the IUCN Red List and habitats for 35% of all Peru’s reptiles, including 40% of the country’s frogs, toads, salamanders and other amphibians.

As a landscape approach project, the impacts of the project are interconnected between the protection and production components, integrating the management of the protected areas with the overall productive landscape and surrounding communities.

PROJECT TIMELINE
- OCT 2011: REDD project verified and validated with VCS for 2010-2011
- JUNE 2014: Cooperative Agraria de Servicios Múltiples created
- MAY 2015: Project verified with VCS for 2011-2013 period and validated and verified with CCB
- JUNE 2015: Project verified with VCS and CCB for 2013-2014 period
- NOV 2015: Cooperativa Agraria de Servicios Múltiples created
- OCT 2011: REDD project verified and validated with VCS for 2010-2011
- JUNE 2014: Cooperative Agraria de Servicios Múltiples created
- MAY 2015: Project verified with VCS for 2011-2013 period and validated and verified with CCB
- JUNE 2015: Project verified with VCS and CCB for 2013-2014 period

Unless otherwise stated, data is targets for end of project.

PROJECT TIMELINE
- OCT 2011: REDD project verified and validated with VCS for 2010-2011
- JUNE 2014: Cooperative Agraria de Servicios Múltiples created
- MAY 2015: Project verified with VCS for 2011-2013 period and validated and verified with CCB
- JUNE 2015: Project verified with VCS and CCB for 2013-2014 period

Unless otherwise stated, data is targets for end of project.
Cordillera Azul National Park REDD+ Project

Project Partner:
Centro de Investigación y Manejo de Áreas Naturales (CIMA)

CHALLENGE
At 1.35 million hectares, The Cordillera Azul National Park is considered the jewel of the Peruvian Amazon thanks to its unique mountain geography, biodiversity, climate, and multicultural population living in the Park’s buffer zone. However, despite its protected status, the Park faces several threats including rapid deforestation through slash-and-burn agriculture, illicit agriculture (coca plantations), and infrastructural development that combine to endanger its integrity and long-term existence.

Approximately 180,000 people in more than 230 communities live in the buffer zone of the Park, which covers more than 2.5 million hectares. They rely on the Park for the provision of water but are causing rapid deforestation through slash-and-burn agriculture, driving soil degradation, and further weakening their social condition.

IMPACT
The project is already securing the long-term protection of more than 1.35 million hectares of pristine forest. In 2015 the project avoided over 6,000ha of deforestation against long-term trends and accounting for the over-performance from 2008 to 2014, the project is estimated to avoid 18.6 Mt CO2. At the end of 2015 the project had worked with communities to place 4,138 hectares in the Park’s buffer zone under a conservation management plan with a target of nearly 10,000 hectares, supporting more than 5,000 families by the end of the project. These incomes can be used for improvements in health, education and housing. This is part of a wider community-driven programme that supports communities to develop and implement Quality of Life plans, helping them to access to basic services such as sanitation and establish sustainable livelihoods. The project also continues to protect the habitat of 28 IUCN Red list species including 8 endangered or critically endangered species.

IMPACT

PROJECT TIMELINE

2002
CIMA began work in Cordillera Azul

2008
MOU with CIMA and the Cordillera Azul National Park

MARCH 2014
Althelia enters into 20-year management agreement for Cordillera Azul National Park

NOV 2014
CIMA enters into MOU with CIMA and the Cordillera Azul project

OCT 2015
24 communities with Quality of Life Plans approved or under development

JAN 2016
REDD+ project verified with VCS and CCB for 2012-2014 period with 108% performance

2012-2014
Implementation 24 communities with Quality of Life Plans to improve livelihoods.

2015
34 communities engaged to develop tailored economic development plans to improve livelihoods.

18 developed so far by the project

Sustainability
CIMA work with communities to strengthen them, build their capacity and develop community-driven plans to improve livelihoods.

2016
PROJECT CURRENTLY 361 jobs, with a target of 400 by 2021.

Inclusivity
CIMA work with or develops up to 24 enterprises as a result of their outreach and engagement process via Quality of Life plans.

Target 15.8 Mt CO2 to be avoided

Althelia Impact Report 2016 • P32
**Guatemalan Caribbean**

**Project Partner:** Fundaeco

**CHALLENGE**

The Caribbean forests of Guatemala are a vital link in the Mesoamerican Biological Corridor and the Caribbean migratory Flyway of Central America and harbour almost 50% of the total country’s biodiversity, including 56% of amphibians, 48% of reptiles, and 67% of bird species. The region is also an important centre of endemism for plants, salamanders, frogs, and beetles, and an important migratory flyway for over 120 species of birds.

This region is also inhabited by some of the poorest communities in the country. Approximately 50% of the population is Maya Q’eqchi, and 5% are Garífunas, a unique African-American culture that developed in coastal villages around the Gulf of Honduras. Over 70% of inhabitants are poor or extremely poor, and social indicators among rural Q’eqchi are sometimes as low as those in Least Developed Countries of Sub-Saharan Africa. Over 50% of rural children suffer from chronic malnutrition and maternal mortality rates are higher than anywhere in the country.

Over the past decades, over 65% of the original forest cover has been lost, under the pressures of extensive cattle ranching, banana and oil palm plantations and subsistence agriculture. Deforestation rates are estimated at 2.7-4.2% annually. As a result of these trends, many communities are caught in a vicious circle of poverty, deforestation and environmental degradation, which in turn increases food insecurity and poverty.

**RESPONSE**

Althelia are financing a programme of activities managed by its long-time NGO partner Fundaeco that aims to reduce deforestation and improve livelihoods across the region of Izabal by building on and expanding the conservation and development strategies they have developed over the last 20 years. Fundaeco’s interventions are truly landscape in scale comprising of, a grouped REDD+ project that aggregates government, private, community and NGO forest parcels for protection; technical assistance, inputs and route to market support for 1,071 ha of agroforestry systems such as xate, rambutan and lychee; and investment in eco-tourism infrastructure and marketing, all under the brand ‘The Conservation Coast.’

**IMPACT**

At full scale its expected that the project will abate over 8.7m tonnes CO2 by avoiding deforestation. The project is protecting the habitat of more than 30 IUCN red list species, including endemic species for Guatemala. The project will establish both a new agroforestry route to market commercial vehicle and a tourism operator to commercialise the efforts of producers and tourism sites. 108 communities will be directly or indirectly affected by the project’s activities, or 3,250 families; of these, 65 communities will be direct beneficiaries of the project.

**PROJECT TIMELINE**

**MAY 2015**
- Althelia invests in Fundaeco

**WINTER 2015**
- Project kicks off with super el niño

**JAN 2016**
- Workshop and socialisation reaches over 1,000 people

**FEB 2016**
- 22% of agroforestry established

**SUMMER 2016**
- VCS & CCB validation and verification of REDD+ project

**Unless otherwise stated, data is targets for end of project.**
Novo Campo Programme for Sustainable Cattle Ranching in the Amazon

**Project Partner:**
Pecuária Sustentável da Amazônia (ICV – PECSA)

**CHALLENGE**
Expansion of cattle ranching continues to play a significant role in the destruction and degradation of the Amazon. Degraded pastures and soil means ranch productivity is low and the output is falling short of the market’s expectations. Large swaths of the Amazon are therefore caught in a low investment, low technology and poor performance trap. The result has been rolling forest clearance and associated loss of biodiversity and ecosystems that underpin rural economies, as well as significant emissions of greenhouse gases.

The Brazilian cattle sector is now facing converging pressures. On the one hand industry is responding to meet increasing demand for beef (largely fuelled by export markets in Asia and elsewhere). On the other, there is pressure from large clients and civil society is pressing the cattle industry to improve their practices, but lack the incentives, management capacity or access to adequate financing to adopt better agricultural practices.

The Novo Campo program intends to establish a proof of concept for Good Agricultural Practices (GAP-Protocol) in small to medium-size ranches. Empowered by Althelia’s investment, PECSA has been set up to provide ranchers with access to capital and technical expertise at reasonable costs in exchange for a profit sharing (results-based payment). PECSA’s approach is to restore degraded lands with improved pastures, increase productivity through sustainable intensification (no feedlots), improve product quality through better nutrition and health, and aggregate sales to feed the market with fully traceable zero-deforestation beef, considerably increasing the economic, social and environmental performance of farms, and contributing to the State sustainability goals embedded within the REDD+ Jurisdictional Programme, to which Althelia has been designated by the Government as a strategic partner.

**IMPACT**
Althelia has provided sufficient finance to reform 10,000ha of pastures and increase stocking capacity from an average of 17 heads per ha to 3.4 heads per hectare (1700 heads per property). The model also reduces the duration of the fattening process from 26 months to 12 months and increases the average productivity from 70 to 350 kg of carcass weight/ha/year. For ranchers this boosts profitability significantly. Crucially, in terms of environmental impact, reforming 10,000ha avoids indirect deforestation of up to 40,000 hectares of remaining standing Amazon forest within cattle ranchers properties and over the northern Mato Grosso State. Our investment is also supporting the restoration of ~700ha of riparian forest and produces high quality, sustainable beef, to be directly sold to meatpackers such as JBS obtaining better prices through premiums and other mechanisms.

The partnership between Althelia and PECSA is aimed at being catalytic. Our goal is to scale up this business throughout the Alta Floresta cattle ranching hub to over 100,000ha by 2020.

**PROJECT TIMELINE**

- 2014: ICV and partners launch Novo Campo sustainable cattle ranching programme
- JUNE 2015: PECSA incorporated
- SEPT 2015: Althelia invests in PECSA
- DEC 2015: First 3 contracts signed with ranchers, bringing 1865 hectares into the project

**TODAY**

- 21 businesses with a long-term sustainable business model
- R$5.5m: local supply chain spend over the course of the project
- SR120m: estimated business model investment

**TARGET:**

- 60 skilled jobs supported for over six years
- 13 endangered species targeted for conservation by the project
- 47-60: local teams targeted for conservation by the project

**ENVIRONMENTAL IMPACT:**

<table>
<thead>
<tr>
<th>Species</th>
<th>Number of species targeted for conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endangered, 9 vulnerable and 1 near threatened species (IUCN red list)</td>
<td>13</td>
</tr>
</tbody>
</table>

**Climates:**

- 9,095 tonnes of avoided CO2 emissions from avoided deforestation and 1,207,877 tonnes from improved pasture management

**Ecosystems:**

- Higher productivity from pasture reduces pressure on the Amazon rainforest, preventing further deforestation

**Livelihoods:**

- Additional revenue generated for the local economy through local purchase of project inputs (not including salaries)

**Sustainable Enterprise:**

- New local value chain for meatpackers, and for habitat restoration of riparian areas

**Inclusivity:**

- New local value chain for meatpackers, and for habitat restoration of riparian areas

**By end of project**

- up to 9.1m tonnes CO2 to be avoided
- 60 skilled jobs supported for over six years
- 13 endangered species targeted for conservation by the project

**Unless otherwise stated; data is targets for end of project.**
**Taita Hills Conservation and Sustainable Land Use Project**

**Project Partner:**
Wildlife Works Carbon LLC

**CHALLENGE**
The Tsavo Conservation Area (TCA), is comprised of three important national parks (Tsavo East, Tsavo West and Chyulu Hills) and extends into Tanzania. Within this corridor are the Taita Hills, a 1,000 sq km area, where the increasing population is mounting pressure on natural forests and the resources they provide. Land suitable for agricultural expansion is scarce, and people have few alternative livelihood options. Residents have resorted to unsustainable charcoal burning and shifting agriculture, quickly depleting the landscape of wildlife, causing desertification, and exacerbated by erratic weather patterns associated with a changing climate.

Sixty-one per cent of people live below the poverty line, and powerful cartels involved in the illegal charcoal trade, take advantage of and enforce the cycle of poverty. In the absence of intervention, economic alternatives to this model are few. With increased pressure from volatile commodity prices, and a devolved system of governance relying on counties to fund their own operations, residents are faced with few options for survival.

**RESPONSE**
Working in close partnership with local landowners and community organisations, Althelia are financing Wildlife Works to expand their activities across an additional 120,000 hectares connecting remaining natural forest and grasslands within TCA.

Wildlife Works are partnering with landowners to enhance security on their ranches and patrol the wider area, and implement alternative livelihood activities including ecologically certified charcoal, community woodlots and micro-industry. Importantly, in 2015 Wildlife Works expanded their eco-charcoal facility to design viable models that Charcoal Producer Associations in the region can use immediately as an alternative to illegal and unsustainable production.

Wildlife Works are working with NGOs and research institutions to safeguard indigenous forest remnants in Taita Hills that are vital for the survival of the endemic and critically endangered (Taita apalis).

**IMPACT**
Over the course of the investment it is expected that the Taita Hills project will protect over 120,000 hectares of forest and grassland ecosystem linking up a total of over two million hectares throughout TCA. The project will avoid 5.2 million tonnes CO2 emissions and protect the habitat of ten species recognised by the IUCN as high conservation value, including the African Elephant (Loxodonta africana) highly threatened by ivory poaching.

The project expects to generate over US$ 10 million for the local economy, much of which will be invested into community assets such as healthcare and education improving the economic and livelihood outlook for local people.

The project will allow widespread dispersal and migration of large mammals throughout the Tsavo Conservation area, and bring a much-needed return on natural capital to the rural communities in the region.

**PROJECT TIMELINE**

**FEB 2014**
Althelia make their inaugural investment into African grassland and forest conservation

**SEPT 2015**
Wildlife Works and Althelia agree a first list of land units for REDD+ project

Wildlife Works are finding ways to reduce elephant poaching, including using innovative technologies such as drones, thermal cameras, and sound sensors.

**Wildlife Works**
Species
- 4 new LCC’s (Local Carbon Committees) of which
  - 40% of members are women
- 1 endangered species and 5 vulnerable species
- Taita Hills protects 4 critically endangered species, 1 endangered species and 5 vulnerable species (IUCN red list).

**Taita Apalis**
Species
- 1 endangered species
- Taita Hills is home to 5 social enterprises to be established. Eco charcoal is efficient and benefits the community

**Climate**
- Up to 5,234,551 tonnes of CO2 emissions avoided
- Ecosystems
  - Wildlife Works will be monitoring species use of the wildlife corridor using proxy measurements such as poo density

**Species**
- Target: 5,234,551 tonnes of CO2 avoided

**Inclusivity**
- 5 new LCC’s (Local Carbon Committees)
- 40% of members are women
- 1 endangered species

**Sustainable Enterprise**
- Eco-charcoal ventures will allow producers to sustainable manage land to produce charcoal in a more efficient, non-polluting way

**Up to USD$13m**
- Jobs created over project life for local communities from the sale of carbon products
**KPIs**

**KEY PERFORMANCE INDICATORS**

Based on the seven thematic areas outlined above, Althelia has developed a suite of Key Performance Indicators that we are asking all projects to report performance against. These are metrics that Althelia believe are common to all underlying projects in the portfolio. At this early stage in the life of the Climate Fund not all projects are yet collecting data across all of the KPIs. It is expected that the portfolio will report more information as project ramp up capacity and activities.

<table>
<thead>
<tr>
<th>Target outcome</th>
<th>ACF Key Performance Indicators (KPIs)</th>
<th>Notes on indicator rationale and supporting detail required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate:</strong> Net positive impact on climate change</td>
<td>CO₂ reduction</td>
<td>Net positive climate impacts in reporting period (tons CO₂ equivalent) Reduction in forest carbon emissions achieved through avoided deforestation and/or carbon sequestered by afforestation/ reforestation activities. Measured as number of verified carbon units (VCUs) registered during the reporting period.</td>
</tr>
<tr>
<td>Landscape conservation</td>
<td>Estimated # hectares indirectly conserved due to project activities (ha)</td>
<td>Includes land area under improved management for conservation as a direct intervention of the project. Please footnote the land protection mechanism(s) in place; whether there has been any change in the legal protection status of all/part of the area as a result of the project; and the type of entity that owns the land.</td>
</tr>
<tr>
<td>Landscape conservation</td>
<td>Project specific indicator for integrity of ecosystem function</td>
<td>This indicator particularly applies to projects in which the ToC includes a focus on changes in land management in one area with the objective of reducing pressure on another area e.g. through sustainable intensification of productive land-use, the need for slash and burn of remaining natural forest is abated. Assumptions used in the estimation and justification of causal linkage with project activities should be included in footnote.</td>
</tr>
<tr>
<td>Ecological functioning</td>
<td></td>
<td>This KPI is intended to provide a measure of whether the project is maintaining or enhancing ecosystem functions e.g. water supply or pollination. The most appropriate and practical indicator of ecosystem function will depend on the ecosystem in question. An appropriate indicator should be selected for the project, to be agreed by Althelia and the investee. (Note, for impact aggregation at Fund level, can report % of projects demonstrating maintenance / improvement of ecosystem function.)</td>
</tr>
</tbody>
</table>

| **Species Protection: Improving the conservation status of threatened and endangered species** | Targeting important species (global) # globally recognised important species targeted for conservation by the project Includes species have been included and their threat status (IUCN Red List) |
| Conservation of important species | Performance of project against species conservation plan Progress with the measures needed and taken to maintain or enhance the population status of HCV species in the project area, and to reduce threats to them. The measures are based on the project Roadmap, which identifies threats to HCV species and activities to address them. The target is to be on track with agreed species conservation plan. |
| Habitat protection | Area of critical habitat for HCV species conserved or protected (ha) Please footnote how critical habitat has been defined and the mechanism of protection / conservation employed |
| Improved species status | Change in the abundance of priority HCV species (%) selected for monitoring; and/or change in incidence of threats to these species Please footnote chosen species (e.g. IUCN Red List classification / KPA ‘trigger species’) and method for measurement. It may not be possible (or cost effective) to monitor and detect annual changes, therefore KPIs 6 and 7 important as interim indicators. Note - this indicator adapted based on CCBA Exceptional Biodiversity Benefits indicator 4. |

| **Livelihoods & Wellbeing:** Provide dignified living and sustained family income | Economic empowerment | Average household income of project target group(s) Project target groups might include cocoa/coffee farmers; beef ranchers; or community carbon rights holders, for example. Please explain in a footnote which group(s) have been included, why, and details of how they were sampled. |
| Reduced poverty | % project stakeholders (local communities) classified as poor or very poor (supplier to project; project employees) This should be measured against internationally and nationally recognised benchmarks. |
| Community wellbeing | Perceived change in community wellbeing attributed to project funded activities and community benefit share. Some projects will include elements that create benefits for communities that cannot be quantified through changes in household income, for example, carbon revenue share invested at community rather than individual level. This indicator assesses perceptions of community wellbeing that the community itself attributes to the project. This is a subjective measure, which should evaluated annually through an agreed and repeatable participatory method, against a baseline established (again through a participatory process) at the project start. |
### Inclusivity: Empower and protect rights to participate in decision making and economic opportunities

<table>
<thead>
<tr>
<th>Job creation</th>
<th>% jobs created and supported by the project held by women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs created = new roles available and filled as a result of the project; Jobs supported = producers benefiting from greater economic sustainability as a result of participation in the project e.g. cooperative members</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community empowerment</th>
<th># democratic community engagement organisations created or supported by the project in order to channel project resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisations may include producer cooperatives, or community institutions responsible for administering community share of carbon benefits.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>% of community members engaged in productive activities that are women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of the communities identified as targeted beneficiaries of the project, confirm the % of community members actively engaged in project activities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>% management roles in community engagement organisations filled by women</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.g. % female members of producer cooperatives</td>
<td></td>
</tr>
</tbody>
</table>

### Return on Investment: Benefit flows to local stakeholders

<table>
<thead>
<tr>
<th>Value from PES</th>
<th>$ revenue received from sale of carbon credits by local stakeholders (e.g. community, government, PA management...) from the proceeds of the sale of VCUUs generated by the project, during the reporting period</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Value from Environment Assets</th>
<th>$ revenue received from sale of other goods and services by local stakeholders (producer groups) from sale of goods and services by enterprises supported by the project</th>
</tr>
</thead>
</table>

### Sustainable Enterprises: Build resilience and the ability to respond to social and environmental changes across projects

<table>
<thead>
<tr>
<th>New enterprise creation</th>
<th># new enterprises created or supported by the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises are defined as organisations within or supported by the project, which undertake productive or revenues generating activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-term enterprise viability</th>
<th>% enterprises within the project operating on commercially viable basis (all 5 enterprise viability indicators met)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five suggested indicators of commercial viability include:</td>
<td></td>
</tr>
<tr>
<td>1. profitability (positive net profit, excluding grants);</td>
<td></td>
</tr>
<tr>
<td>2. solvency (availability of financial resources required to cover operations and investments for the next 12 months);</td>
<td></td>
</tr>
<tr>
<td>3. secure trading relationships;</td>
<td></td>
</tr>
<tr>
<td>4. access to finance and ability to repay investment (including Althelia);</td>
<td></td>
</tr>
<tr>
<td>5. positive assessment of management capacity (qualitative assessment by investee and Althelia)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Progress towards enterprise viability</th>
<th>% enterprises mid-way in process of establishing commercial viability (at least 3 of 5 enterprise viability indicators met)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As above</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improved enterprise capacity</th>
<th>% enterprises meeting CCB, IFC or other sustainable certification standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of the new enterprises created or supported by the project (KPI-12), what % has been verified as meeting an applicable certification standard e.g. Fair-Trade, Rainforest Alliance, CCB, IFC performance standards</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sustainable Enterprises: Build resilience and the ability to respond to social and environmental changes across projects</th>
<th>New enterprise creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises are defined as organisations within or supported by the project, which undertake productive or revenues generating activities.</td>
<td></td>
</tr>
</tbody>
</table>
Althelia Ecosphere and the Althelia Climate Fund

Nearly one-fifth of global greenhouse gas emissions are from deforestation and forest degradation; add agriculture and it is nearer to one-third. By comparison this is more than what is emitted from the entire global transportation sector.

Action to slow and stop conversion and degradation of forests and other natural ecosystems is critical if society is to reach the target of limiting future global temperature rises to 2º Celsius, and at the same time arrest what is being called now the Sixth Mass Extinction. As most of the world’s poorest people live in rural areas and depend on natural resources, it is an equal priority therefore to find sustainable land-uses and markets for climate-smart agricultural commodities that support livelihoods and help lift local communities out of the poverty cycle.

Althelia Ecosphere was set up in 2011 as an asset management business designed to meet the challenge through pairing economic and financial performance with premium social and environmental outcomes, impact and risk management.

In 2013 we launched the Althelia Climate Fund along with leading public and private investors, with subscriptions exceeding €101 million. The Fund’s vision is based on integrated rural landscapes that support conservation of natural ecosystems and the species they contain, ecologically sustainable commercial activities, and thriving new and traditional communities.

It’s mission, to finance this transition to sustainable land use, creating new environmental assets that reflect the value of natural capital. Our investments reduce deforestation, mitigate climate change, protect biodiversity and provide a fair and sustainable living to rural communities through activities that offer investors competitive returns.

RESPONSIBLE INVESTING
Managing environmental, social and governance (ESG) risk across our portfolio is fundamental to our success. For us, ESG is not a matter of compliance, but an integrated approach to business that wins a social license to operate, gains the respect of our global stakeholders, and facilitates a commercial return for our investors.

Without generating demonstrable benefits for host communities at our projects, we would not have a viable investment strategy. For that reason our ESG policy incorporates social and environmental performance along side risk management. We actively seek investments that have integrated in their business opportunities to contribute to a sustainable future for their neighbouring communities. We measure and report on these benefits and challenge ourselves to continually improve on our results.

Our commitment to project risk and social and environmental performance is governed by our ESG policy – The Althelia Climate Fund Environmental Social and Governance Standards.
Meet the Team

SYLVAIN GOUPILLE
Founder and Managing Partner
Sylvain is director of Althelia and member of the Investment Committee of Althelia Climate Fund. He works on ensuring rigorous on-board of potential investments in the portfolio, as well as providing relevant reporting to the fund’s investors.

Before founding Althelia with Christian del Valle, Sylvain was heading BNP Paribas’ Climate Finance activity as well as Board member and member of the Investment Committee of the European Climate Fund.

CHRISTIAN DEL VALLE
Founder and Managing Partner
Christian is a director of Althelia and along with Sylvain, a member of the Investment Committee. Previously he co-managed BNP Paribas’ environmental markets business, leading its early movement into the forest and land use space. Christian focuses extensively on the nexus between social, economic and environmental challenges. Earlier field work in sub-Saharan Africa underscored for him the inescapable interdependence of wildlife, natural ecosystems and human wellbeing, and the importance of securing economically sustainable sources of finance for conservation, serving as the initial seeds of Althelia Ecosphere concept.

ADAM GIBRON
Chief Technical Officer
Adam is the Chief Technical Officer at Althelia and is responsible for the technical performance of projects as well as originating deals in Africa and Asia. Before joining the fund in October 2013, Adam was a manager within PwC’s Sustainability and Climate Change team working with corporate and government clients on the design, sustainability, financing, and monitoring of programs to improve land use practices, reduce deforestation and improve livelihoods. Prior to this, Adam was Technical Manager of Rainforest Alliance’s Climate Program and a consultant to the UK’s DEFRA with Accenture.

DR JILL SHANKLEMAN
Senior Social and Environmental Advisor
Jill is responsible for ensuring that Althelia’s ESG Policy and Standard are applied in the projects we invest in. This includes the integration of ESG into due diligence, project monitoring and reporting, and engagement with projects on ESG performance. Jill brings to this role experience as a Senior Social and Environmental specialist in the World Bank (MIGA) and FMO, as well as over twenty years experience advising companies worldwide on social and environmental performance management.

JUAN CARLOS GONZALEZ AYBAR
Director of Latin America
Juan Carlos leads Althelia’s investment deployment in Latin America. He is in charge of project origination and structuring, financial analysis and structuring, financial due diligence, project monitoring, and regulatory and economic assessment. He works closely with Dr Jill Shankleman to ensure that Althelia’s ESG standard is applied in the projects in the portfolio.

EDIT KISS
Director of Business Development and Operations
Edit is Director of Business Development and Operations at Althelia, managing Althelia’s investor relations and project portfolio as well responsible for its global marketing and strategic partnerships.

DAVID BARLEY
Investment Director
David is Investment Director at Althelia and is responsible for structuring and managing projects in the portfolio. He is the leading relation manager for the Bank of America Merrill Lynch.

EMMA KNOTT
ESG Officer
Emma is responsible for coordinating the environmental, social and governance (ESG) aspects of Althelia’s investments. She works closely with Dr Jill Shankleman to ensure that Althelia’s ESG standard is applied in the projects in the portfolio.

CHRISTIAN OCHS
Director of Latin America
Christian is a director of Althelia and along with Sylvain, a member of the Investment Committee. Previously he co-managed BNP Paribas’ environmental markets business, leading its early movement into the forest and land use space. Christian focuses extensively on the nexus between social, economic and environmental challenges. Earlier field work in sub-Saharan Africa underscored for him the inescapable interdependence of wildlife, natural ecosystems and human wellbeing, and the importance of securing economically sustainable sources of finance for conservation, serving as the initial seeds of Althelia Ecosphere concept.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

DAVID BARLEY
Investment Director
David is Investment Director at Althelia and is responsible for structuring and managing projects in the portfolio. He is the leading relation manager for the Bank of America Merrill Lynch.

EMMA KNOTT
ESG Officer
Emma is responsible for coordinating the environmental, social and governance (ESG) aspects of Althelia’s investments. She works closely with Dr Jill Shankleman to ensure that Althelia’s ESG standard is applied in the projects in the portfolio.

CHRISTIAN OCHS
Director of Latin America
Christian is a director of Althelia and along with Sylvain, a member of the Investment Committee. Previously he co-managed BNP Paribas’ environmental markets business, leading its early movement into the forest and land use space. Christian focuses extensively on the nexus between social, economic and environmental challenges. Earlier field work in sub-Saharan Africa underscored for him the inescapable interdependence of wildlife, natural ecosystems and human wellbeing, and the importance of securing economically sustainable sources of finance for conservation, serving as the initial seeds of Althelia Ecosphere concept.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.

NICK OAKES
Consultant
Nick supports Althelia’s investments in Latin America, including new opportunity identification, deal development, working with local partners and monitoring investments.

GUSTAVO GAMIO
Sales and Marketing Advisor
Gustavo is responsible for developing and managing the sales and marketing function in Latin America, including the development of sales and marketing tools and support to initiatives in the region. He has previously worked at the World Bank as a Senior Financial Analyst and at the European Bank for Reconstruction and Development as a Senior, restructuring project manager.

SIMON DENT
New Ventures Director
Simon focuses on new business development at Althelia, including the Althelia Sustainable Ocean Fund, as well as opportunities around responsible supply chains and renewable energy. Previously Simon was a Managing Director at BNP Paribas where he worked in leadership roles in both Europe and North America, setting up and leading the global emissions and carbon sales and trading activity for the bank. Simon holds a Masters degree in Corporate and International Finance from Durham University and a degree in Business Economics from Edinburgh University.