Impact Report 2019
ALIGNING ECONOMY WITH ECOLOGY
ABOUT THIS REPORT

The Althelia Funds Impact Report, produced during 2019, is based on project submission data from 2018. The full data tables are available via the Althelia website using the investor login.

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Macaws in Tambopata: Photo Credit: Marlon DAG
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DEAR FRIENDS,

It is with gratitude and enthusiasm that we welcome you to the 2019 Edition of the Althelia Funds Impact Report.

Things are continuing apace. This year’s impact report gives an overview of the funds we have under management or advisory. Again this year we’re covering the impacts of the Althelia Climate Fund 1 (ACF1), and also making room for the Sustainable Ocean Fund (SOF) which launched formally in June 2018. We’re also happy to set the stage for new business lines as they go live in the near future.

For ACF1, this year’s report covers impacts already achieved since that Fund’s inception, and those targeted for achievement within the eight-year life of the Fund. On SOF, we make a start by highlighting the first investment, and giving an overview of the Fund’s vision and SDG alignments. A separate detailed impact report just for ACF1 can be found on our website as a downloadable PDF and, in future years, we will be publishing these detailed impact reports for each of our funds.

Althelia Funds are managed and advised by Mirova Natural Capital Limited (MNC) an affiliate of one of Europe’s leading managers of responsible investing, Mirova, who are themselves part of Natixis Investment Managers.

Central to our founding mission, and as a principle that guides all funds we manage or advise, is the belief that financial and economic performance, and social and environmental impact must be effectively combined to address at scale the interrelated challenges arising from climate change, resource depletion and the burgeoning demands of a growing human population. MNC as a platform is itself set up to demonstrate the power of blended finance and a multiple bottom line approach, and funds such as the Althelia Climate Fund are already showing a pathway to positive transformation in the areas of climate, conservation and sustainable social development.

The last year has been another significant one for the platform. As noted, we were happy to announce the first closing of SOF, and that the fund made its first investment in an innovative off-shore aquaculture system that aims to take pressure off wild fish stocks through the provision of high-quality farmed alternatives. Back on land, working with our affiliate Ecosphere+, we have seen the majority of the carbon credits from the ACF1 portfolio placed with high quality buyers seeking to support a transition to lower carbon business models whilst supporting sustainable development and conservation. Althelia Funds were also honoured to be recognised for the third consecutive year as a leading impact investment manager in the latest Impact Assets 50.
When we began this journey in 2013, our aim was to advance responsible investing in the natural capital space to specifically address the major global challenges of climate change, protection of landscapes, biodiversity, soil and marine resources. We have endeavoured to do this by bringing together the required strategic vision and expertise to deliver leadership, scale, impact and value creation for both our projects and investors. We believe the (still unfolding) story that this and previous editions of our Impact Report tells is evidence that our initial vision is indeed taking important steps towards addressing the biggest social and environmental challenges the world faces today.

We thank you for your support and interest in our work and invite you to enjoy this new edition of the annual Althelia Funds Impact Report.

Yours sincerely,

CHRISTIAN DEL VALLE & SYLVAIN GOUPIILLE
Co-Founders and Managing Directors
Selected 2018 Highlights

January
CIMA, our project partner for the Cordillera Azul National Park REDD+ Project in Peru, verified 3.67 million VCUs, an overperformance of 65% compared to their expected figures.

April
A biodiversity study at the Sumatra Merang Peatland Project showed significant levels of rare and threatened species including 18 mammals and 42 birds.

May
In a global first, REDD+ carbon credits generated by the Tambopata-Bahuaja Reserve and Cordillera Azul National Park REDD+ projects in Peru were formally acknowledged by the Peruvian Ministry of Environment, a key step forward in the framework of its climate policy and national emissions reductions commitments.

March
Two new ecotourism sites were opened by FUNDAECO, our project partner in Guatemala, ready for the Easter tourist season.

May
Researchers with the Tambopata-Bahuaja Sonene REDD+ Project took part in a bird survey for Global Bird Day. They identified 60 different bird species in Tambopata National Reserve in one day, contributing to the 1,332 species identified across the country, and placing Peru second only to Colombia in bird diversity.

June
The Althelia Sustainable Ocean Fund (SOF) held its first close on 29th June 2018 with US$ 37.7m in aggregate commitments.
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Ecosphere+ launched an online carbon footprint calculator and e-commerce platform for engaging SMEs and individuals.

In order to bring Althelia Funds under the branding of the wider Natixis and Mirova group, Althelia Ecosphere Ltd changed its name to Mirova Natural Capital Ltd. MNC will be responsible for all natural capital and conservation finance investment funds for the group.

The first SOF investment was completed into Kampachi Worldwide, a best-practice aquaculture business with its first project in La Paz, Mexico.

Mirova Natural Capital was selected as the lead investment advisor to the Agri3 Fund. Agri3 is a first-of-its-kind fund designed specifically to support commercial banks in extending finance to their clients specifically for high impact activities that combat climate change, restore and conserve forests and provide sustainable livelihoods.

Naranjillo’s cooperative restructuring loan was approved, with Althelia Climate Fund made chair of the creditors committee, meaning the project can now begin its work supporting sustainable cocoa and coffee farmers in Peru.

Cordillera Azul National Park project in Peru has been recognised by the IUCN Green List of Protected and Conserved Areas, an internationally recognised standard for how protected areas should be managed.
Overview: Althelia Climate Fund

The Althelia Climate Fund 1 (ACF1) is a first-of-its-kind impact investment vehicle that was designed to finance scalable and replicable forest conservation projects in at-risk areas. The initial focus was on high carbon and biodiversity-rich forests that come under threat due to pressure from a growing population and need for resources such as gold or agricultural products like palm oil.

The €101M fund has been fully committed to over 10 projects located in Peru, Guatemala, Brazil, Kenya, Rwanda and Indonesia. The projects follow various models including grouped mosaic landscape projects, pasture and peat restoration, protected areas with cocoa and coffee agroforestry projects, and involve a diverse set of partners such as NGOs, SMEs and indigenous communities.

ACF1 has been innovating with projects on the ground since its launch in mid 2013, for example using carbon collateralised loans for testing the protection-production-inclusion model, which has been very successful in protected areas in Peru. Its flagship project in Madre de Dios, Tambopata-Bahuaja Biodiversity Reserve, has received several awards, including the UNFCCC Momentum for Change award for its deforestation free cocoa programme. The programme is empowering local farmers to produce sustainable cocoa while protecting the biologically diverse Tambopata National Reserve and Bahuaja-Sonene National Park.

In our ‘payment for performance’ model, farmers receive financing on the condition that they won’t deforest further, will restore 4,000 hectares of degraded land in the buffer zone with cocoa-based agroforestry systems, and that a share of revenues from cocoa sales will go to investors.

The sustainable cattle ranching project in Mato Grosso has also been featured worldwide as a scalable potential solution that limits the footprint of cattle ranching in the Brazilian Amazon, whilst restoring areas of natural forest. After a revision of the original business model, it is now getting ready to scale.

In late 2018, ACF1 finalised the full loan agreement with Nii Kaniti, an indigenous community project run by AIDER (the NGO that runs the Tambopata project) which paves the way to implement and scale community forest management in the Peruvian Amazon. The Nii Kaniti project works with seven indigenous communities to conserve 127,000 hectares of threatened forest and focuses on protecting rainforest and avoiding deforestation on community land through scaling up sustainable community forest management. It integrates conservation activities that put a value on indigenous-led development initiatives, including FSC certified timber extraction and cocoa agroforestry.

ACF1 is committed to create high quality nature-based emission reductions in its portfolio of investment that not only align with the host country REDD+ and Nationally-Determined Contributions.
(NDC) requirements, but also the upcoming Paris Agreement rules in order to help contribute to the development of the global carbon market. Nature based solutions are critical to the Paris goals and have been largely ignored in the past decade. In 2018, ACF’s project partners AIDER and CIMA received formal authorisation from the Peruvian government to “nest” their projects into the national REDD+ system with a commitment to deduct the emission reductions generated by the projects from the national inventory. This is a first-of-its-kind recognition that paves a way towards Paris Agreement compliant REDD+ carbon units. In 2018, ACF, through its subsidiary, Ecosphere+, sold out most of its portfolio well in advance of its 2021 fund close, demonstrating the success of its business model and the potential to scale nature-based projects and natural climate solutions for investments that meet global climate goals.
Overview: Sustainable Ocean Fund

An unhealthy ocean puts all life on Earth at risk. It adversely affects coastal communities who depend on oceans for their livelihoods and food security, with the challenges exacerbated in the Global South or in Small Island Developing States. The Althelia Sustainable Ocean Fund (SOF) is a unique first-generation fund that has been established to create impact by providing growth capital to businesses that harness the ocean’s natural capital.

SOF held its first close in June 2018 with in excess of US$ 50m in aggregate commitments from institutional, private and public investors. Since the first close the SOF team have focussed on refining and deploying the Fund’s investment strategy, building the Fund’s portfolio and securing additional investor commitment to the Fund in the run up to its final close at the end of 2019. The team have also recently hired an ESG and Impact Manager and a Technical Director who are leading the development of the Fund’s impact management framework.

SOF is investing in three broad areas that can create strong returns and quantifiable impact gains that support a healthy ocean:

**Sustainable Seafood**
Investment into capital and technical resources to increase best practice aquaculture and wild-caught seafood businesses that can be certified sustainable and access high-value markets globally. Investments can be made into seafood production and in the supply chain to increase efficiency and sustainability, from production to point of sale.

**Circular Economy**
Investment into key coastal infrastructure and business projects to unlock the value from waste and avoid pollution by upcycling products so that they don’t damage the ocean. The strategy is particularly focussed on plastics and waste reprocessing.

**Ocean Conservation**
Investment into coastal protection and management to improve biodiversity and community resilience; creating business opportunities through tourism, payments for ecosystem services and Blue Economy infrastructure.

SOF invests in established businesses where its involvement can support companies in the Blue Economy to rapidly and sustainably scale, as well as investing in a selection of earlier stage opportunities that we believe have the potential to be best practise models in their sector and deliver scalable businesses.
SOF is focused on emerging markets and small island developing states. Since its first close, SOF has approved two investments at a final investment committee – Kampachi Worldwide and Safety Net Technologies.

SOF has a pipeline of projects that includes recycling approaches for ocean-bound plastic waste, wastewater treatment for oily and greywater, sustainable seafood and insect-based protein production for use in animal and fish feeds.

**BLUE INVESTMENTS CAN TURN THE TIDE FOR OCEAN HEALTH**

- Marine resources are worth around $3 -6 trillions per year, yet the damage to oceans is nearing a tipping point.
- Investing in the oceans requires long-term, self-sustaining strategies around sustainable fishing, endangered species protection, marine tourism, plastic waste management and habitat conservation.
- Positive environmental outcomes and attractive market-based returns are not mutually exclusive - SOF projects plan to demonstrate financial returns alongside quantitative environmental gains.

**SAFETY NET TECHNOLOGIES**

Safety Net Technologies is developing practical solutions, based on programmable LED light, to avoid by-catch in a broad range of fisheries from industrial to small scale. This recently approved investment is in line with the SOF mandate, offering a solution to reduce the negative impacts of fishing on ecosystems by reducing bycatch and discards (fisheries’ resources, but also potentially birds, marine mammals and turtles), and to reduce time at sea by fishing boats with a potential global reach. Existing pilot work includes Peru and Indonesia in addition to commercial trials in Europe.
Impact Themes

2018 PROGRESS
At Mirova Natural Capital, we believe that an impact-driven approach to investment is central to addressing the interrelated challenges arising from climate change, resource depletion and increasing demands from a growing global population.

We look for impacts across seven impact themes which cover the environmental, social and economic benefits our investments realise. These themes are:

**CLIMATE**
Projects reduce greenhouse gas emissions, enhance climate change mitigation and increase the resilience and adaptability of their immediate vicinity.

**ECOSYSTEMS**
Projects protect and strive to enhance ecosystem functions, ecological processes and ecosystem services.

**SPECIES**
Projects have a positive impact on biodiversity and act to improve the conservation status of threatened and endangered species.

**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 enterprises to grow in a way that is environmentally, socially and economically sustainable.

**FAIR ECONOMIC RETURN**
Projects achieve balanced returns for project stakeholders, including investors and local stakeholders.
Althelia Climate Fund 1 Impacts

101,300 ha
of avoided deforestation

41,866,278 tonnes
of CO₂ avoided

2,248,097 ha
under improved management for conservation

Indirect conservation of
228,008 ha

€42,711,091
has been spent on and generated by local communities

1,939 jobs created or supported
152% of the target

89 sustainable enterprises created and supported
174% of the target

Of these, 10% meet our long-term viability criteria, and 15% have gained independent certifications, such as Fairtrade and organic.

115 threatened species populations protected

1,975,213 ha
of critical habitat protected
**ALTHELIA CLIMATE FUND 1**

**CORDILLERA AZUL NATIONAL PARK REDD+ PROJECT**
100% of 2021 target for tonnes of CO₂ avoided

**SUSTAINABLE CATTLE RANCHING IN THE AMAZON**
€30m to local economy through revenues and supply chain spend

**INYENYERI SUSTAINABLE COOKSTOVES**
41% of jobs supported are held by women

**SUMATRA MERANG PEATLAND PROJECT**
The project has hired 22 residents from the local area

**GUATEMALAN CARIBBEAN FOREST CORRIDOR**
5,177 producers and community members trained in ecosystem conservation

**NII KANITI: SUSTAINABLE FORESTRY IN THE PERUVIAN AMAZON**
Overall emissions reductions of 2.25 million tonnes of CO₂ in 2018

**TAMBOPATA-BAHUAJA REDD+ AND AGROFORESTERY PROJECT**
21 tonnes of cocoa produced by the cooperative in 2018

**NARANJILLO COCOA COOPERATIVE**
Obtained full organic certification for more than 500 cocoa & coffee farmers
Thanks to the Sustainable Development Goals (SDGs) and particularly SDG 14, ocean health is now central on the international agenda.

The targets of SDG14 – ‘To conserve and sustainably use oceans, seas and marine resources’ range from reducing marine pollution and protecting coastal ecosystems to ending illegal fishing and addressing the impacts of climate change on the oceans. The Sustainable Ocean Fund (SOF) has been established to seek out, structure and scale investible business solutions to these pressing challenges.

The fund, by virtue of its broad approach, is built around sustainable seafood, the circular economy and marine conservation. Its investments contribute to the following impact targets defined by SDG 14:

- **Sustainable management and protection of marine and coastal ecosystems:** increasing their resilience and restoring them to achieve healthy and productive oceans (Target 14.2)

- **Fight against mismanagement of fisheries, overfishing and illegal fishing and support sound and science driven management of marine resources, rebuilding of fish stocks and sustainable fisheries** (Target 14.4)

- **Support Small Island Developing States and less developed countries to increase the benefits derived from sustainable use of marine resources, including sustainable fisheries, aquaculture and ecotourism** (Target 14.7)

- **Connect small scale artisanal fishers with markets and secure their access to marine resources** (Target 14.B)

With a strict ESG policy and ambitious goals in other social impact areas, SOF investments plan to have further positive impacts beyond the targets covered by SDG 14 that are specifically related to the marine environment. The aim is for SOF to contribute to the SDGs that cover climate, conservation, sustainable industry and innovation, as well as supporting the fight against poverty, inequality and gender discrimination. SOF’s approach, focusing on impact, innovation and responsible investment, contributes to several other SDGs, as summarised in the table below.

**Contributions of SOF**

<table>
<thead>
<tr>
<th>Contribution</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create decent and sustained job opportunities in emerging markets</td>
<td>8</td>
</tr>
<tr>
<td>Promote gender equality and actively fight against discrimination in investments</td>
<td>5</td>
</tr>
<tr>
<td>Sponsors innovation towards cleaner technologies and circular economies</td>
<td>9</td>
</tr>
<tr>
<td>Create new economic opportunities in the Global South and connect local entrepreneurs with new markets</td>
<td>10</td>
</tr>
<tr>
<td>Focus on waste avoidance, reduction and recycling and energy efficient systems</td>
<td>12</td>
</tr>
<tr>
<td>Contribute to carbon sequestration and support production of climate-smart proteins</td>
<td>13</td>
</tr>
<tr>
<td>Support conservation efforts in coastal environments, forests and their associated ecosystems</td>
<td>15</td>
</tr>
</tbody>
</table>
UN statistics show that over three billion people depend on marine and coastal biodiversity for their livelihoods and marine fisheries employ over 200 million people directly or indirectly. In this context, the social component of SOF is significant with investments that are supporting several SDGs. Through investing in developing economies with the objective of setting up long-term projects, often in areas with high levels of poverty, SOF is supporting the creation of long-term employment.

### IMPACT INDICATORS

<table>
<thead>
<tr>
<th>Target Outcome</th>
<th>SOF Key Performance Indicators</th>
<th>SDGs targets associated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate and Environment: Positive impact on climate change and the living environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>Tons of CO₂ e.g. saved through SOF investments</td>
<td>13.1</td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>Volume of waste treated or valued by the projects</td>
<td>9.4; 12.5; 14.1</td>
</tr>
<tr>
<td><strong>Sustainable Land and Seascapes: Improved land/seascape management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable landscape/seascape management</td>
<td># hectares of land and seascape under sustainable management</td>
<td>14.2; 14.7; 15.1; 15.2; 15.9</td>
</tr>
<tr>
<td>Sustainable production</td>
<td>% enterprises meeting MSC, ASC, CCB, IFC or other sustainable certification standards</td>
<td>12.2; 12.6; 14.4</td>
</tr>
<tr>
<td><strong>Biodiversity Conservation: Enabling fair and sustainable economic activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biodiversity conservation: Habitat</td>
<td># hectares of land and seascape under strengthened conservation</td>
<td>14.2; 14.5; 15.5</td>
</tr>
<tr>
<td><strong>Fair Economic Return: Enabling fair and sustainable economic activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livelihoods</td>
<td># of jobs created or directly supported in coastal communities</td>
<td>1.1; 8.5; 14.7;14.8</td>
</tr>
<tr>
<td>Livelihoods</td>
<td># of indirect beneficiaries of the projects supported by SOF</td>
<td>1.1; 10.1; 14.7;14.8</td>
</tr>
<tr>
<td>Sustainable enterprise creation</td>
<td># new enterprises/organisations created or strengthened by the project</td>
<td>9.3</td>
</tr>
<tr>
<td>Long-term enterprise creation</td>
<td>% enterprises within the project operating on commercially viable basis</td>
<td>9.3</td>
</tr>
<tr>
<td>Increased access to capital</td>
<td>$ of additional Finance invested into the project as a result of SOF</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Social and Gender Equity: Empowering women and marginalised groups</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender equality</td>
<td>% direct jobs/non job livelihood created that are held by women</td>
<td>5.1</td>
</tr>
</tbody>
</table>
The Cordillera Azul National Park REDD+ Project

This project is working in a huge landscape of 3.7 million hectares (nearly the size of the Netherlands) to protect 1.6 million hectares of threatened forest. The Cordillera Azul project focuses on establishing sustainable livelihoods in the protected area buffer zone through technical assistance and support for transitioning away from deforestation-causing land use to agroforestry systems for sustainable cocoa and coffee production. In addition, a wide community-driven programme is helping tens of thousands of local people gain access to basic services such as sanitation, health care and education.

Conservation and protection activities inside the forest include biological monitoring and scientific research, as well as surveillance and control of illegal human behaviours. This project is implemented on the ground by the Peruvian NGO, CIMA.

We are immensely proud that this ACF1 project will have fully repaid its loan two years ahead of schedule. This is largely to do with the success of its sale of REDD+ carbon credits and proves the climate finance model that ACF1 has been pioneering since its foundation in 2013. The carbon sales revenues secured will be reinvested in the buffer zone to further strengthen the project and create additional revenue sources, for example from cocoa and coffee agroforestry, that will contribute to the long-term sustainability of the national park. CIMA will have achieved 25 million tonnes of carbon credits issued over its 10 year crediting period, well above the projected 15.7 million tonnes predicted at project inception.

At COP23, in November 2017, the International Union for Conservation of Nature (IUCN) announced our Cordillera Azul National Park project as a pilot for their newly launched ‘Incubator for Nature Conservation’ – one of only 10 sites in the programme. The aim of the incubator was to establish and learn ways to improve conservation financing on protected and conserved areas, showing how a protected area can also be a good business.

The project was also recognised in October 2018 by the IUCN Green List of Protected and Conserved Areas. The programme aims to encourage, achieve and promote effective, equitable and successful protected areas by highlighting examples of best practice.
CIMA has signed 9 Azul Agreements with communities committed to on-going conservation and protecting their forests.

191 ha restored in the national park, with a further 250 ha in restoration phase.


Recent research has shown that household income in the communities where CIMA operates has increased by 11%.

25 associations supported, including 7 women’s associations.

35 sustainable development “Quality of Life” plans are being implemented, including supporting 25 community enterprises.
Cordillera Azul Antbird
*Myrmoderus eowilsoni*

Discovered in the buffer zone of Cordillera Azul National Park.

First seen in 2016, more work has been done recently to identify and categorise the strange, ground walking antbird and it has been formally named *Myrmoderus eowilsoni*. It is endemic to the Cordillera Azul area, its closest relative is the Ferruginous-backed antbird (of which the nearest populations are about 1,500 km to the east in lowland forests of Brazil), it eats insects, the males and females sing different songs, and it lives in the pristine understory of humid forest near the coffee-growing town of Flor de Café in the Cordillera Azul National Park.

Cordillera Azul Carbon Credits and Shell

In mid-April, Shell launched a programme to give customers in the Netherlands the option to drive carbon-neutral through offering offsets at the pump.

This programme is one aspect of Shell’s ambition to cut the carbon footprint of its energy products by around half by 2050. It will be done at no extra cost for customers who choose Shell V-Power petrol or diesel, while those who fill up with regular Shell petrol or diesel can opt to participate for an additional 1 cent a litre. Shell will roll out similar choices to customers in other countries, starting with the UK in late 2019. We are proud that our Cordillera Azul National Park forest conservation project in Peru is part of this programme.
The Sustainable Ocean Fund (SOF) supported an early funding round of Kampachi Worldwide (KWH) to help launch its first project in La Paz, Mexico, in November 2018. The company is aiming to be a world leader in commercially viable, sustainable, high-value marine finfish production. Through wise farming practices and continued, cutting edge research, KWH intend to be a leader in the world’s fastest growing food sector and responsibly deliver high quality and traceable local kampachi fish (Seriola rivoliana) that chefs and consumers love.

In addition to closing the protein gap for the world’s growing population, Kampachi Farms Mexico also creates skilled jobs and provides alternative employment opportunities for the children of today’s artisanal fishermen, displaced by the continuing decline in wild fish stocks. KWH is seeking to showcase a model for sustainable tropical finfish mariculture and produce some of the finest kampachi worldwide.

KWH recently gained the Aquaculture Stewardship Council (ASC) certification, becoming the world’s first certified sustainable kampachi farm.
Kampachi Worldwide is a project partner for this SDGs initiative in Mexico. The project focuses on improving the environmental performance of fish farming through the use of state-of-the-art Kampachi (Seriola rivoliana) hatchery and offshore farming practices. This approach aims to benefit the health of the fish and the health of the environment.

Kampachi Mexico has achieved Aquaculture Stewardship Council (ASC) certification for sustainable aquaculture, demonstrating that offshore aquaculture, when done responsibly, can meet even the most exacting environmental and social standards.

The carbon footprint difference between protein from sustainable aquaculture and other terrestrial sources of protein can be up to a factor of 10. SOF is developing an approach to calculate the net carbon footprint of its aquaculture projects and aims to report on their performance from 2019.

Negligible negative impact on the host environment and local fauna: the farm is managed to avoid harm to the environment and the local fauna in the Gulf of California.

47 local jobs created or directly supported by the end of 2018.
This is Angelique Mugabekazi. She is a Retail Associate Supervisor for our project partner Inyenyeri, a Rwandan fuel-utility company that has developed a unique and innovative model that provides even the poorest households access to a clean cooking solution. Angelique has been working at Inyenyeri since 2011.

What is it like to work with a company like Inyenyeri?
Inyenyeri feels like my other home. Its company culture is full of warmth and love, I have never seen anything like it in other companies. Additionally, Inyenyeri is having a great positive impact on the community that I live in. It is clear that the lives of my community are improving in terms of cooking, cleanliness and general health. I am proud of being in a team that is winning, as well as changing the way we live in our villages.

Have you seen any positive changes in peoples’ lives as a result of using Inyenyeri’s stove?
Yes, I see it in my own community. People like it because it is more economic and cleaner compared to the other means of cooking in our villages, for instance charcoal or firewood. Moreover, they make savings by using it and so they can afford to pay for family health insurance and school fees for their children.

We mainly live in small houses, so the stove is a great solution because you can cook anywhere and everywhere, even in the living room. It is portable and does not leave the place dirty.

Have you learnt anything through your work with Inyenyeri?
I have learned a lot of things since I joined Inyenyeri in 2011. For example, I now manage my time well and I learned this because we work in shifts so I have to plan accordingly, like arriving at the shop early to replace my colleague. Before joining Inyenyeri, I did not know how to use a computer, but I now use one for daily sales. To record data, we use a CRM, and I know that well and use it comfortably.

I have also learned how to live well with others and be a good example in my society. I have learned management skills like planning, effective communication, delegation, decision-making and team building.

What are the most important things about helping people to access clean cooking?
I think the most important thing about helping people access clean cooking is to save them from pollutants like fumes and smoke. Clean cooking also helps to save time and money as well as providing a clean environment.

What are the benefits to the environment?
The Inyenyeri product is made to enable owners to use less biomass wood, which has direct effects on the prevention of deforestation and air pollution.
Inyenyeri feels like my other home. Its company culture is full of warmth and love.”
Carbon markets update

As global carbon emissions hit a record high in 2018, public sentiment is again building on climate action with waves of public protests as well as investor queries to companies about their preparedness for climate change and in customer choices about climate friendly products and service offerings. The IPCC’s 2018 report on Global Warming of 1.5 degrees along with the PNAS report highlighting the ongoing sixth mass extinction due to climate change have also fuelled a realisation by governments, organisations and businesses, that they ignore this at their peril.

NATURAL CLIMATE SOLUTIONS
Natural climate solutions can provide 37% of cost-effective CO₂ mitigation needed until 2030 to keep climate change below dangerous levels. This includes protecting or restoring our forests, grasslands, wetlands, mangroves and agricultural land.

This has had a clear ripple effect in the carbon market for forestry projects, with businesses realising that in order to set and achieve ambitious climate and sustainability targets, they need to incorporate natural climate solutions into their strategies as part of a transition approach. Ecosphere+ has helped to drive this by making the case for forests as a policy and business imperative and working with companies to take action through the purchase of carbon credits from Althelia Climate Fund projects. This has allowed companies to realise their sustainability goals, including the launch of carbon neutral products to reduce scope 3 emissions, protecting forests close to supply chains, or to achieve net zero emissions. More generally, this has helped to prove the climate finance model by channelling funds that underpin the financial viability of projects and community benefit sharing.

A significant volume of carbon credits were issued in the latter half of 2018 and the first half of 2019 and a significant proportion of both VCS and CCB verified REDD+ carbon credits were traded on the market. The theme of nature is picking up in both regulatory and corporate circles, including the much-discussed Global Deal for Nature at Davos.

There are a number of key commitments and announcements that show further movement in the market now, and a trend towards future growth:

- The Taskforce on Climate-related Financial Disclosure has urged firms to disclose plans for addressing emissions and resilience in a “better than 2 degrees C scenario”.
- The Aviation sector is anticipated to deepen engagement in the carbon market once CORSIA’s offset eligibility rules are finalised in early 2020 which will determine the type of projects and
vintages that are eligible for compliance. Some airlines are acting early by launching voluntary programmes. For example, Ecosphere+ began working with Delta Airlines in 2018 as part of their goal to reach carbon neutral growth and reduce carbon emissions by 50 percent by 2050, compared to 2005 levels.

- The International Maritime Organization has set a target to halve shipping’s climate impact by 2050.

- Oil and gas companies continue to make announcements regarding climate targets and natural climate solutions.
  - Shell publicly announced a programme to invest in natural ecosystems as part of their climate strategy, including investing $300 million over the next three years and, from April 17th, launching a programme in the Netherlands to offer fuel at service stations (no extra cost for customers who choose V-Power and 1 cent per litre for regular petrol or diesel). Their marketing material mentions the Althelia Climate Fund project, Cordillera Azul National Park, as one of the anchor projects in this programme.
  - In March, ENI pledged to cut net carbon emissions to zero by 2030; part of the strategy includes investing in planting forests to capture more than 20 million tonnes of CO₂ by 2030. ENI also announced plans to re-forest/conservé an area of 8.1 million hectares in Africa.
  - Norwegian oil and gas company, Equinor, will revise its climate targets next year and assess its investments against UN-backed goals following talks with major investors.
  - BP published its Advancing Low Carbon Energy Transition strategy in April 2018 which highlighted the use of offsets (including forestry), and they continue to run their Target Neutral programme.

- Companies continue to seek carbon neutral offers to customers.
  - Shell’s major offer of carbon neutral fuel at the pump addresses consumer preferences for more sustainable products and reduces scope 3 emissions on a net basis.
  - Volkswagen have announced their first electric car will be carbon neutral throughout its entire lifecycle. VW says it is committed to the Paris Agreement and plans to offer more than 20 fully electric models by 2025.
  - Competition to offer fuels with reduced carbon to consumers is heating up. 7-Eleven launched its RENEW offset program in Vancouver, Canada, expanding its pilot program from the US where customers can opt to offset.
• Companies are under increasing investor and consumer pressure to address deforestation in their supply chains with the most notable example response being Project Gigaton, Walmart’s collaboration with Conservation International, Environmental Defense Fund, The Nature Conservancy and World Wildlife Fund to identify jurisdictions with deforestation risk and connect suppliers like Unilever to work together on this issue. Unilever has therefore committed to reduce deforestation associated with palm oil in Sabah, Malaysia through RSPO certification.

• Switzerland will start buying its first international credits next year to help meet its emissions goal under the Paris Agreement, marking one of the first trades under the pact.

• The world’s biggest public fund for tackling climate change, the Green Climate Fund, has approved investment of about $1 billion in new projects.

• London’s mayor declared a climate emergency. He has set a goal to be carbon neutral by 2030, moved from 2050.

• In June 2019, the UK became the first major economy in the world to pass laws to end its contribution to global warming by 2050. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050 and includes the use of international offsets to reach this target.
Work is continuing on a number of coalitions which will seek to build demand for natural climate solutions including a natural climate solutions alliance within WEF, Business 4 Nature, the REDD+ Business Initiative, the WBCSD and the International Platform for Insetting. Momentum is expected to build through the UN-hosted Climate Action Summit in September 2019.

Domestic carbon pricing schemes are emerging which may bring additional sources of compliance demand either for local projects (e.g. South Africa, Colombia, New Zealand) or potentially for international projects (e.g. Korea).

The market architecture is not yet fixed in terms of the way carbon markets for natural climate solutions (or other emissions reductions) will operate with regard to international trading, relationship with NDCs, national/jurisdictional/project-level accounting and registries. CORSIA rules will start to put some of this in place. However there is currently a parallel track for voluntary activities that may or may not converge over time.

In 2018, the carbon market for REDD+ showed clear signs of picking up, with more companies taking strategic and holistic approaches to integrating natural climate solutions into their business models. In 2018, through working with companies across multiple industries including oil and gas, aviation, natural products, and retail, Ecosphere+ contracted over 15 million tonnes of carbon from the Althelia Climate Fund to be delivered between 2018 and 2021, as well as a number of option contracts.
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