THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

MINISTERO DELL'AMBIENTE
E DELLA SICUREZZA ENERGETICA

UN environment programme

Training: **Environmental and Social (E&S) Risk and Impact Management in Land Use Finance**

November 29th, 2023

UNEP and UNEP-WCMC

Module structure

1 Introduction to risk and impact management

Learners should be able to understand why sustainable land use investments are needed, what issues should be considered, and how to generate impact

2 Responding to key environmental and social risks

Learners should be able to understand the business case for risk management and how to develop a risk management and monitoring framework in screening and post-investment phases

3 Demonstrating positive impacts and leveraging monitoring capabilities

Learners should be able to understand positive impacts that can be generated in this space and which tools and capacities can help with identifying, assessing and monitoring them

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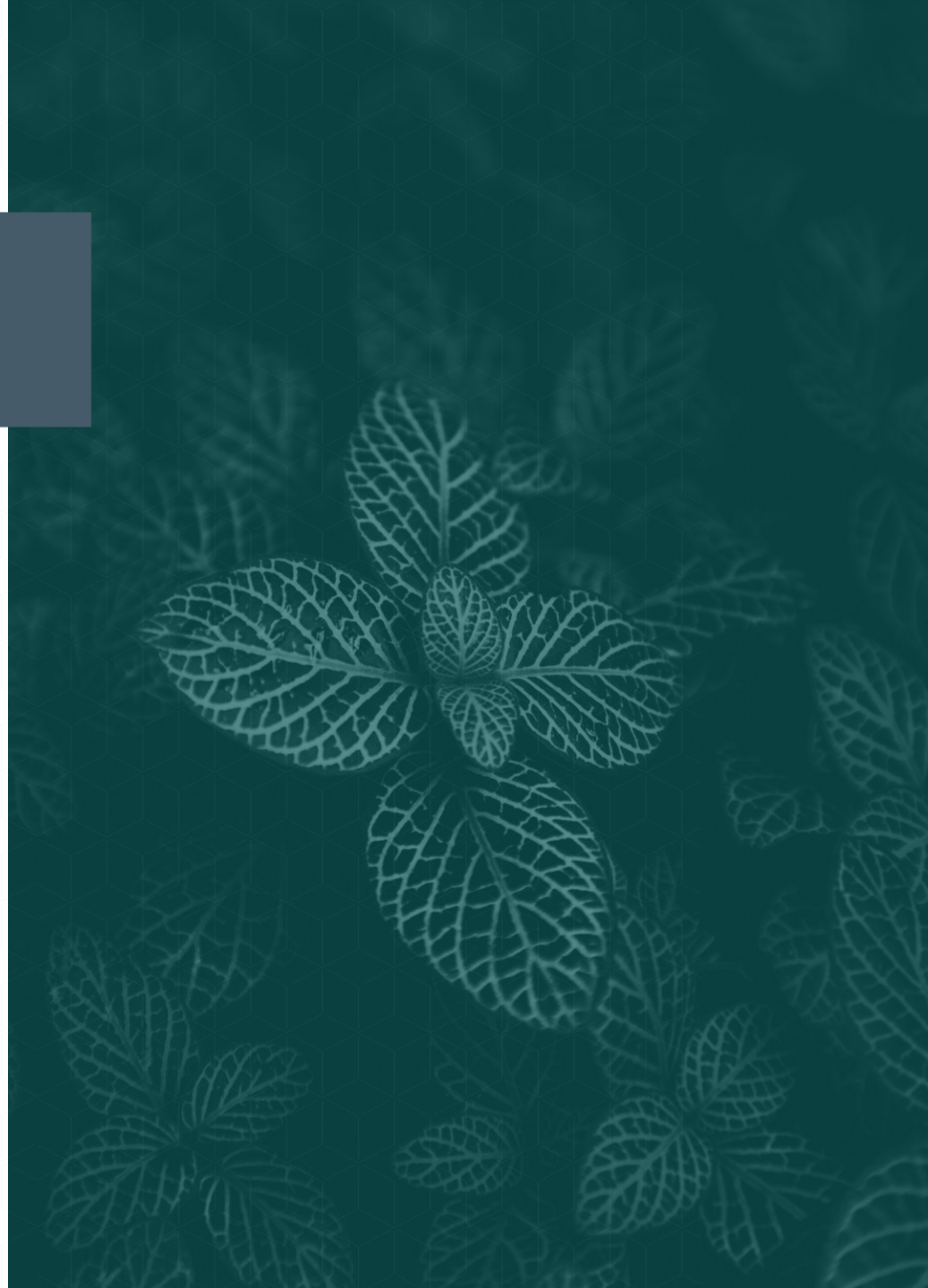
Module 3

Demonstrating positive impacts and leveraging monitoring capabilities

1. An introduction to impact investing and impact strategies
2. Setting positive impact indicators
3. Creating appropriate monitoring systems
4. Reporting for impact



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A refresher on what is covered by this module

After defining impact objectives, funds should focus on setting up a risk and impact management framework:

Risk and Impact Management Framework

Risk Identification	Risk Management and Mitigation	Risk and **Impact Monitoring**	Risk and **Impact Reporting**
• Understand scope of the fund • Determine key risks	• Exclusion lists and eligibility criteria • Risk screening • Due diligence	• Target setting • Monitoring technologies • Impact indicators • Performance-based engagement	• Disclosing on progress • Annual reports • Continuous improvement

Context on impact investing

GIIN defines the *core characteristics* of impact investing as:

1. Intentional contribution to positive social and environmental impact alongside a financial return
2. Use of evidence and impact data in investment design
3. Management of impact performance
4. Contribution to impact investment growth

IFC's Operating Principles for Impact Management establishes nine features of effective impact management

Operating Principles for Impact Management

Strategic Intent

1. Define strategic impact objective(s), consistent with the investment strategy.
2. Manage strategic impact on a portfolio basis.

Origination & Structuring

3. Establish the Manager's contribution to the achievement of impact.
4. Assess the expected impact of each investment, based on a systematic approach.
5. Assess, address, monitor, and manage potential negative impacts of each investment.

Portfolio Management

6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

Impact at Exit

7. Conduct exits considering the effect on sustained impact.
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

Independent Verification

9. Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

Source: OPIM 2023

A general template to setting an impact strategy

An impact strategy, generally framed as a theory of change, helps clarify impact priorities and objectives, as well as setting a concrete plan to reach them. Below is an indication of how to frame your thinking around setting an impact strategy:

1. Set your **impact objectives**

   To set overall impact objectives, consider using the process set up in Module 1 of this training programme

2. Define the **stakeholders** affected by your investments

   Consider parties that you seek to benefit through your impact strategy, whose behaviour you wish to influence, or who will be broadly affected by your investments

3. Understand your **entry point / key actions**

   Examples include providing investment, technical assistance, a product or service, or a combination

4. Be aware of **risks and limitations**

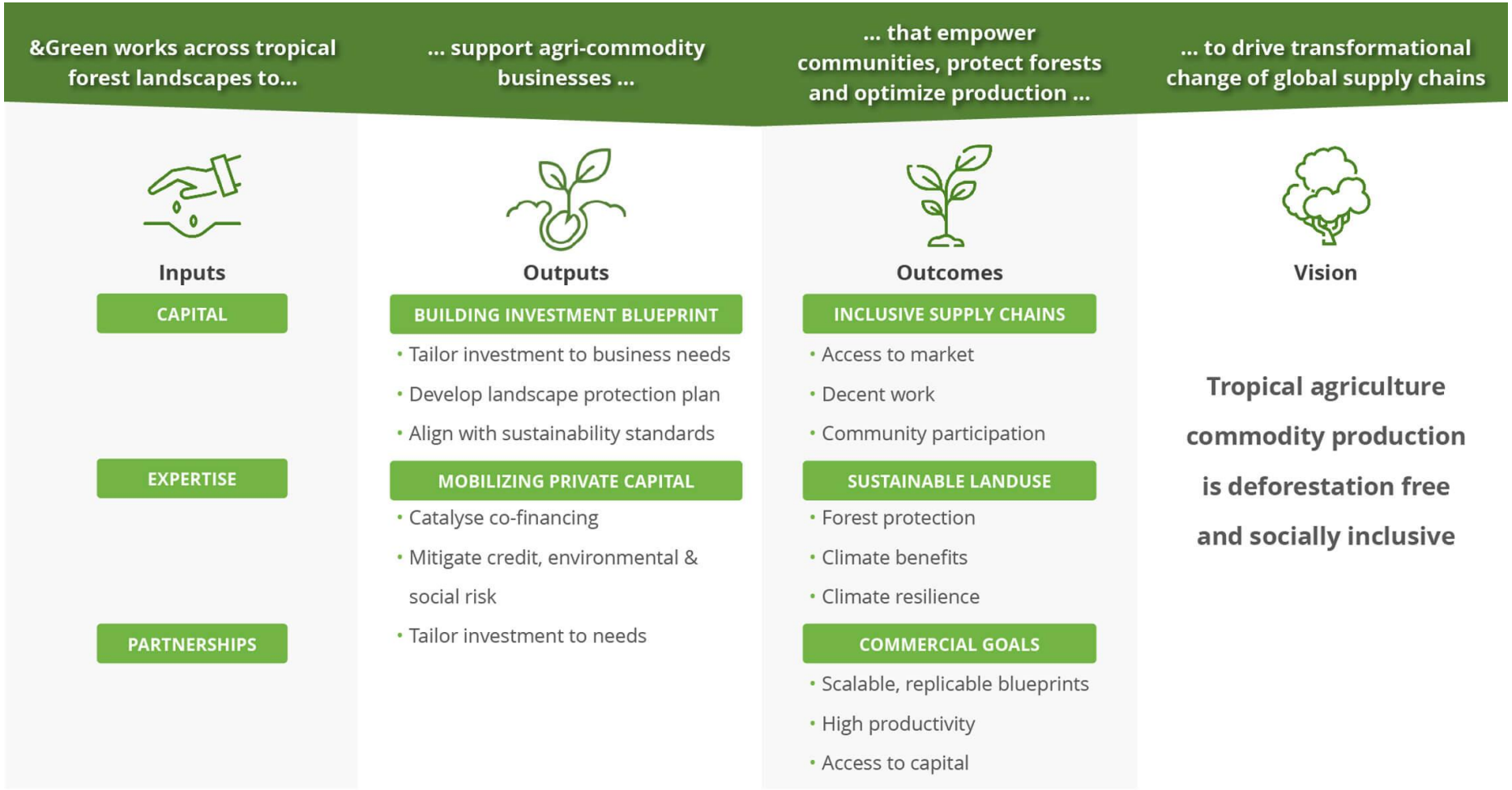
   Consider internal and external barriers to achieving your theory of change and pre-emptively work to address the risks that can result from them

5. Reflect on expected **measurable outputs**

   Understand your data needs for monitoring outputs and set performance metrics and quantitative evidence-driven targets

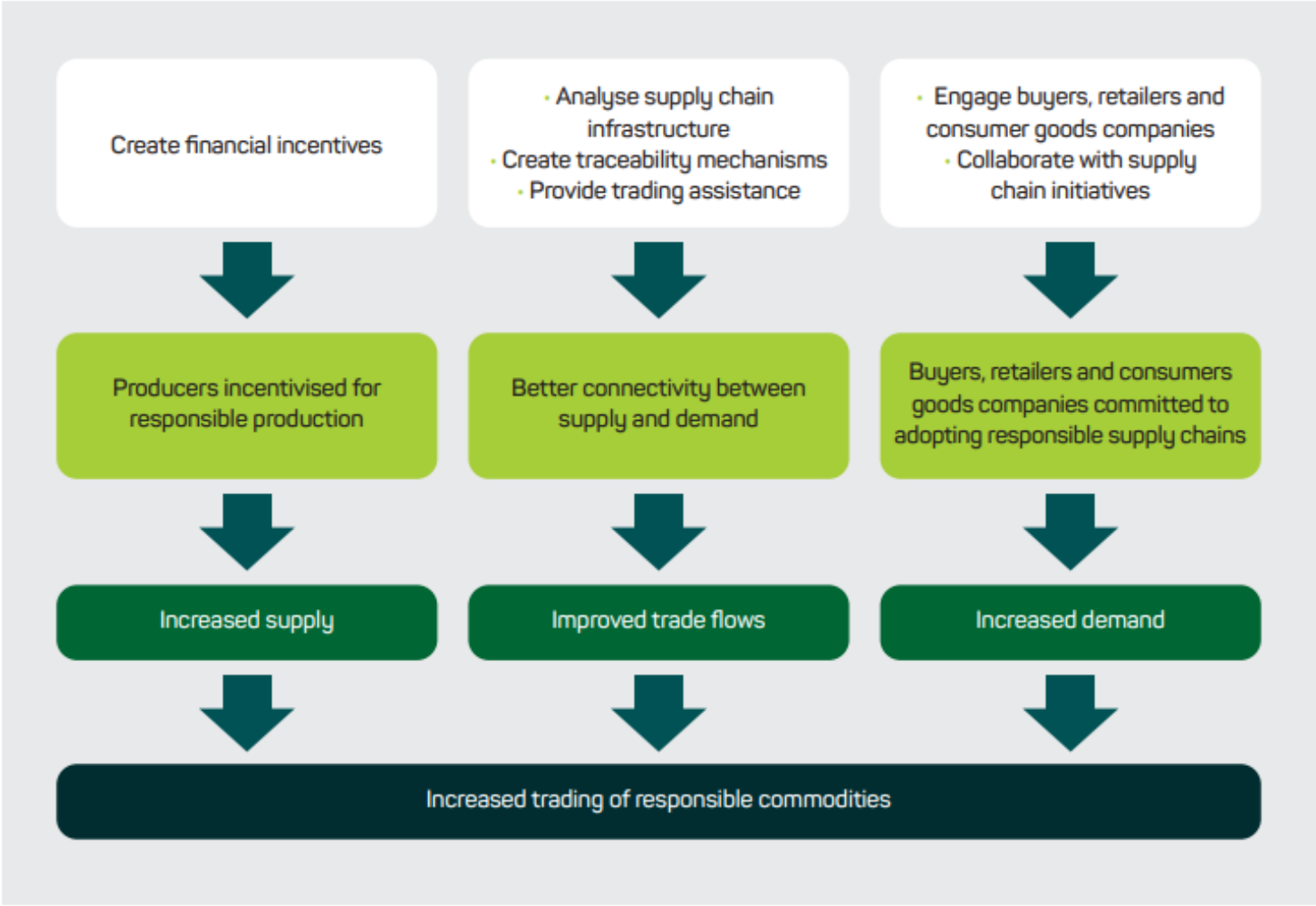
Adapted from IRIS+

Example of a theory of change: &Green



Source: [&Green 2023]

Example of a theory of change: RCF



Source: [RCF 2023]

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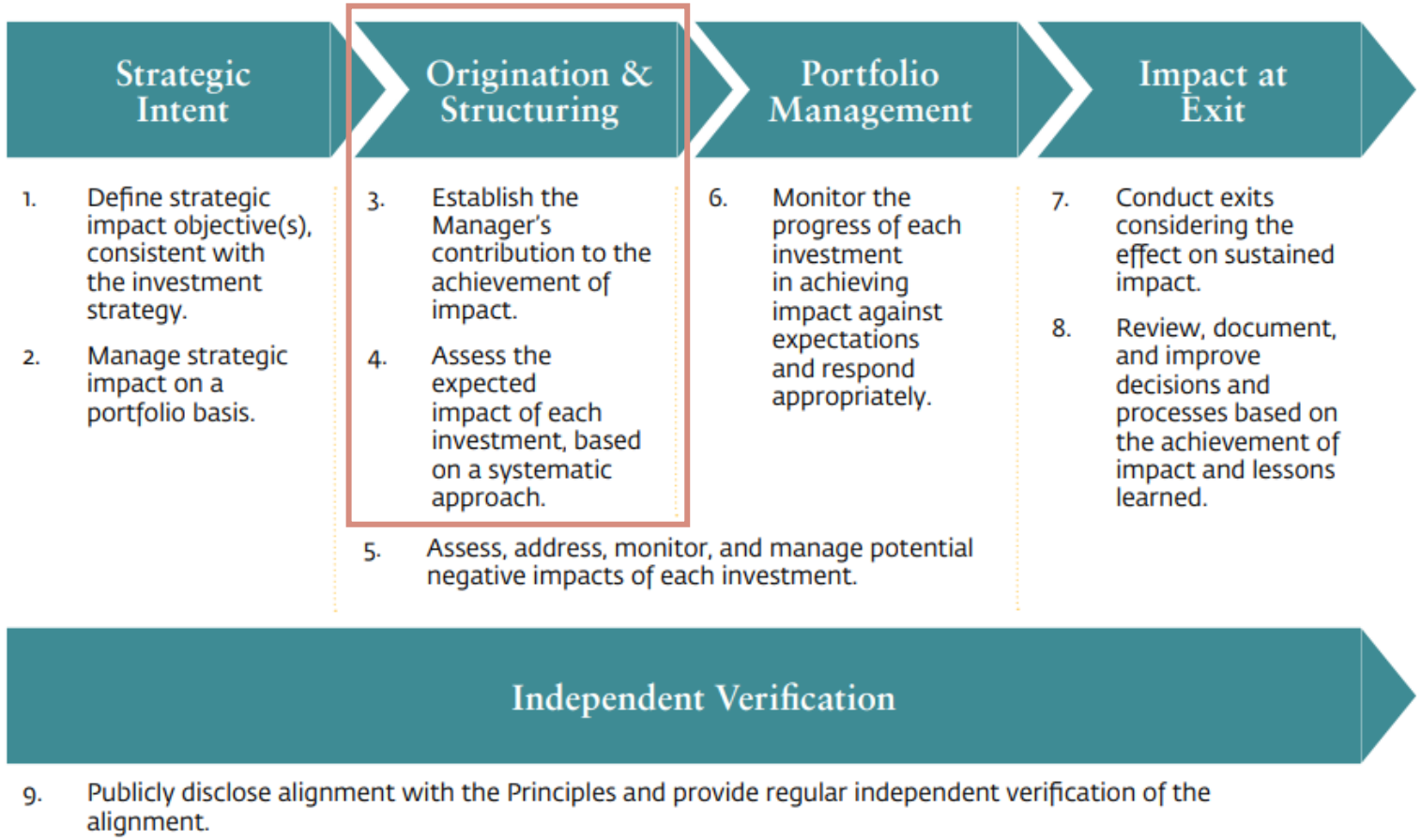
Setting positive impact indicators and impact principles



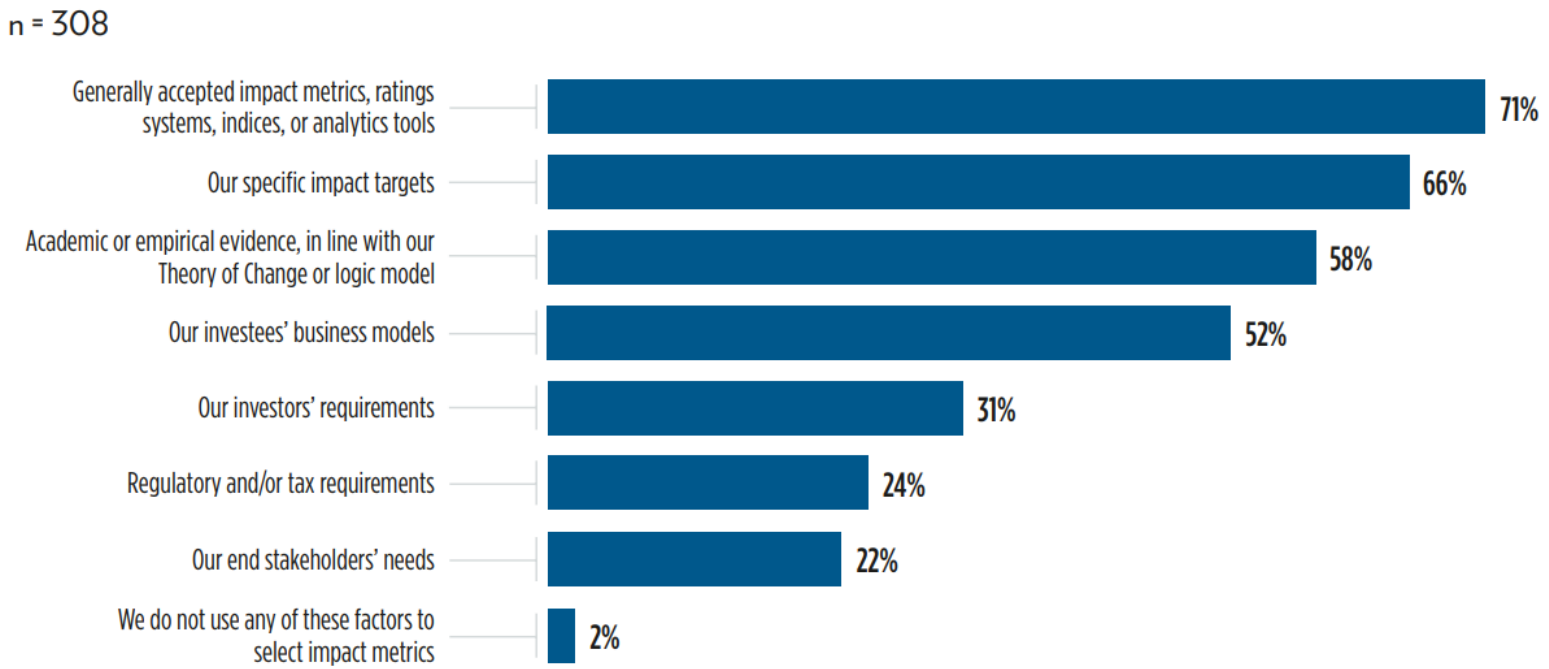
Source: [OPIM 2023]

Operating Principles for Impact Management

According to Principle 3, the Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment

Standardising impact data and tools

Standardisation of impact indicators allows investors to consistently assess performance and targets over time and benchmark their performance against peers. When selecting impact indicators, investors use a series of factors to inform their decision:



Source: GIIN Survey 2023

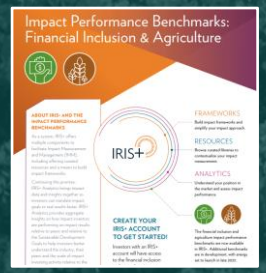
Land Use Impact Indicators

Positive Impact Indicator Directory (2022, updated 2023)

UN environment programme | Land Use Finance Impact Hub

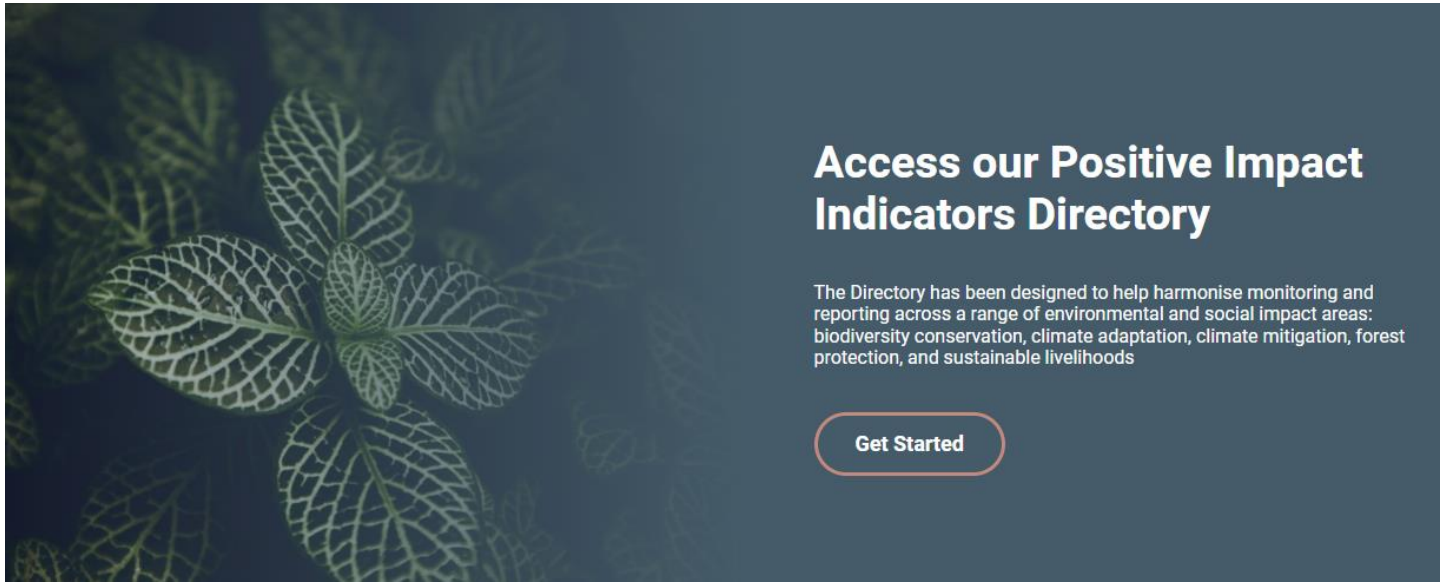
Innovative Finance for the Amazon, Cerrado and Chaco (2022)

IRIS+/GIIN Agriculture Impact Performance Benchmark (2023)



Introduction to UNEP's Positive Impact Indicator Directory

Born out of an understanding that standardization would help scale up investments in sustainable land use, the directory consists of a harmonized shortlist of key performance indicators across five impact areas.



Climate Action

Livelihoods

Biodiversity

Sustainable Production

Forests

Connecting SDGs to UNEP's Impact Indicator Directory

Different indicators can support specific SDGs and help investors track their impact. For instance, indicator *LG01 – Number of households reporting increased income* is connected to several SDGs and requires the fund to be able to internally or externally conduct on-the-ground verification

- *Capacity to access and use accurate spatial data*
- *Capacity to develop project specific criteria*
- *Capacity to conduct on the ground verification*

Access the Directory here!

Impact Area focus: Livelihoods

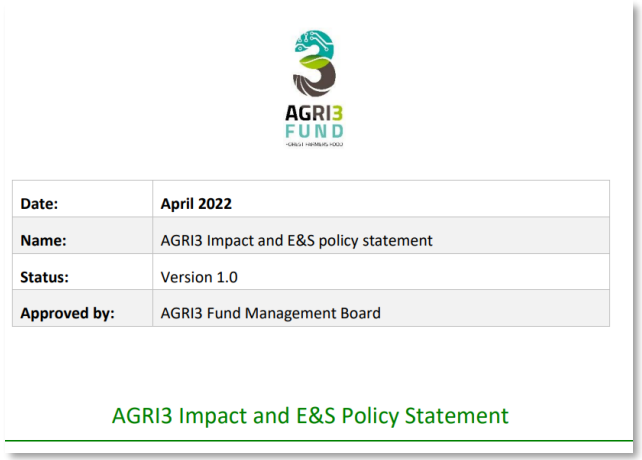
Livelihoods

Impact Area	Code	Indicator
Livelihoods	LG 01	Number of households reporting increased income
	LG 02	Number of people benefitting from increased access to essential services
	LG 03	Number of jobs created
	LG 04	Fund transaction meets one or more of the 2X Challenge criteria for gender lens investing

In land use investments, devising an impact strategy that brings tangible benefits to stakeholders on the ground promotes socioeconomic empowerment while also leading to better outcomes in conservation, sustainable management, and restoration.

For instance, a study shows that supporting women's participation in forest projects in India is associated with a 28% greater probability of forest regeneration (UNDP 2016).

Examples of funds focusing on this impact area



Impact Area focus: Sustainable Production

Sustainable Production

Impact Area	Code	Indicator
Sustainable Production	PRO 01	Increase in yield on existing production area
	PRO 02	Agricultural area covered by sustainable production techniques
	PRO 03	Number of people benefitting from increased access to substantive value chain infrastructure
	PRO 04	Number of people applying best management practices in sustainable agriculture and/or forest protection
	PRO 05	Soil organic carbon and healthy soil
	PRO 06	Pesticide use on farm

Transitioning to land use practices that can promote sustainable development while meeting present and future food demand is key to meet climate and nature targets – without creating leakage issues.

For instance, this could be done by increasing share of agricultural area covered by agroforestry systems or silvopasture, or subject to techniques such as crop rotation, intercropping, and use of organic fertilisation.

Example of fund including this impact area

Impact Area focus: Climate Action

Climate Action

Impact Area	Code	Indicator
Climate Action	CMA 01	GHG sequestered through restoration of native vegetation
	CMA 02	GHG emissions avoided due to non-conversion of natural habitat
	CMA 03	GHG emission reduction and sequestration from changes to on farm practices
	CMA 04	Number of people whose resilience has been improved as a result of project activities
	CMA 05	Volume of water storage capacity
	CMA 06	Number of different crop varieties, and animal breeds, Species Cultivated

A robust accounting of the climate mitigation and/or adaptation outcomes of your project is important to demonstrate impact in this area.

For instance, an investor focusing on climate adaptation might collect data on the number of people whose resilience has been improved as a result of project activities to be able to evaluate fund's performance and communicate results

Example of fund focusing on this impact area

Impact Area focus: Biodiversity

Biodiversity

Impact Area	Code	Indicator
Biodiversity	BIO 01	Area of Critical Habitat under management for protection
	BIO 02	Area of on-site Natural Habitat under management for protection
	BIO 03	Area of avoided conversion of natural ecosystems
	BIO 04	Area under management for ecological restoration
	BIO 05	Species Threat Abatement and Recovery (STAR) value of land under management for protection
	BIO 06	Species Threat Abatement and Recovery (STAR) value of land under management for restoration

Investors are increasingly interested in funding activities that protect and enhance biodiversity. Conservation and restoration of ecosystems to address biodiversity loss are can also mitigate the effects of climate change.

For example, monitoring the area of avoided conversion of natural ecosystems allows the investor to track the positive impact of their project and provides a measurable biodiversity-related indicator

Example of fund focusing on this impact area

Impact Area focus: Forests

Forests

Impact Area	Code	Indicator
Forests	FOR 01	Area of natural forest under protection
	FOR 02	Area under management for forest restoration
	FOR 03	Forest under sustainable forest management

Forests are central to several SDGs, and crucial to reach climate and biodiversity targets. Among other things, forests are key to combat climate change, purify air and water, prevent natural disasters, and are home to a wealth of biodiversity

Thus, impact funds might choose to focus on the protection, sustainable management, and/or restoration of forests. In each case, being aware of the area of forest being managed is essential to determine impact of investments

Example of fund including this impact area

Cross-cutting topics: gender

Gender aspects are cross-cutting *(indicators in **bold**)*:

Impact Area	Code	Indicator
Livelihoods	**LG 01**	**Number of households reporting increased income**
	LG 02	**Number of people benefitting from increased access to essential services**
	LG 03	**Number of jobs created**
	LG 04	**Fund transaction meets one or more of the 2X Challenge criteria for gender lens investing**
Sustainable Production	**PRO 01**	**Increase in yield on existing production area**
	PRO 02	Agricultural area covered by sustainable production techniques
	PRO 03	**Number of people benefitting from increased access to substantive value chain infrastructure**
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	PRO 05	Soil organic carbon and healthy soil
	PRO 06	Pesticide use on farm

Impact Area	Code	Indicator
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Cross-cutting topics: climate adaptation

Climate adaptation aspects are cross-cutting *(indicators in **bold**)*:

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Forests	**FOR 01**	**Area of natural forest under protection**
	FOR 02	**Area under management for forest restoration**
	FOR 03	Forest under sustainable forest management

Cross-cutting topics: biodiversity

Biodiversity aspects are cross-cutting *(indicators in **bold**)*:

Impact Area	Code	Indicator
Livelihoods	LG 01	Number of households reporting increased income
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Poll | **Have you heard of the Positive Impact Indicators Directory, and do you consider it a useful resource to scale up private finance in sustainable land use?**

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Open to audience | **Any questions on the Impact Indicators before we move on?**

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Impact funds that have adapted UNEP's Indicators

RCF
Responsible Commodities Facility

Impact
Amount of vDCF soy produced in the main crop season
Number of farms involved
Area of native vegetation conserved
Area of native vegetation conserved in excess of legal requirement
Protection ratio (% area protected/total area financed)
Area of native vegetation deforested or converted to other uses
Carbon stocks maintained in forests protected by the RCF
GHG emissions from land use change (tCO2e / t soy produced)

Source: RCF 2023

AGRI3 FUND

Forest protection and restoration	
1. Natural ecosystems (forest and non-forest) under management for protection	Unit: hectares
2. Natural ecosystems (forest and non-forest) under management for restoration	Unit: hectares
3. Production forest under sustainable forest management	Unit: hectares
4. GHG sequestered through protection or restoration of natural ecosystems	Unit: tCO_2e
Sustainable agriculture	
5. Degraded land rehabilitated	Unit: hectares
6. Agricultural area under sustainable management (defined per project)	Unit: hectares
7. Increase in agricultural yield through sustainable intensification	Unit: change per ha/year - disaggregated by commodity
8. GHG emissions reduced from changes to farm practices	Unit: tCO_2e /year
Improved rural livelihoods and enhanced opportunities for women	
9. Number of participants reporting increased income, (preferably disaggregated by gender), and where relevant by local communities	Number of people
10. Number of people not included in 10 above, benefiting directly or indirectly from Fund transactions (preferably disaggregated by gender)	Number of people
11. Number of people trained in, and technology transferred for, best management practices in sustainable agriculture/forest protection, preferably disaggregated by gender	Number of people
12. Client meets one of more of the criteria for the 2X Challenge on Financing for Women	No of criteria that are met

Source: AGRI3 2021

Impact funds that have adapted UNEP's Indicators

KPIs 2022	DSNG	RONCADOR	MARFRIG	HSJ	FS	HDL	TOTAL
Forest Protected (ha)	10,693	63,465	2,774,229	1,697	779,292	721	3,630,097
Climate Benefits (tCO2e)	46,323	-56,800*	5,328,493	10,466	1,300,559	544	6,629,585
Ecosystems with Improved Resilience (ha)	86,951	121,957	2,774,229	6,057	783,331	6,109	3,778,633
People with Increased Resilience (#)	19,171	429	5,761	885	931	27,170	54,347
People Benefitting (#)	19,171	429	5,761	885	931	27,385	54,562
Capital Mobilized (USD Million)	607	120	7,153**	1	568	1***	8,448

Source: [&Green 2023]

And...

Restoration Seed Capital Facility

UNEP's Indicators have also been tailored for use by IFACC

CORE IMPACT INDICATORS

(For mechanisms with direct property-level impact)

1. **Dollar amount committed**
2. **Dollar amount disbursed**
3. **Number of hectares financed**
    a. Area of already cleared pasture converted by the project into soy production
    b. Area of sustainability intensified agricultural crop production financed by the project
    c. Area of sustainably intensified beef cattle production financed by the project
    d. Area of natural ecosystem protected, within financed project
    e. Area under ecological restoration, within financed project

ADVANCED IMPACT INDICATORS

1. **Avoided natural ecosystem conversion, within financed project (beyond legal requirement)**
2. **Avoided and sequestered GHG emissions**
    a. Avoided GHG emissions due to non-conversion of native vegetation – on farm
    b. Sequestered GHG through restoration of native vegetation
    c. GHG emissions impact from changes in on farm practices
3. **Yield increases due to Project intervention**
4. **Number of direct beneficiaries (detailed by gender)**
5. **Number of direct beneficiaries receiving technical assistance as a result of the Project (detailed by gender)**
6. **Number of small-scale producers benefited by the project (detailed by gender)**

Sources: IFACC 2022a and 2022b. The boundaries and names shown, and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Going further: GIIN/IRIS+ Agriculture Benchmark

GIIN's Agriculture Impact Performance Benchmark follows IRIS' Five Dimension of Impact structure and allows investors to measure their performance across seven KPIs (e.g. change in farmer income, how sustainably land is managed, GHG emission mitigation) and score their investments. 18 agriculture impact investment funds have contributed data, and 16 of them contributing to its design. UNEP indicators contributed to build the framework.

WHAT	HOW MUCH	WHO	CONTRIBUTION	RISK
What outcomes does effect relate to, and how important are they to people (or the planet) experiencing it?	How much of the effect occurs in time period?	Who experiences the effect, and how underserved are they in relation to the outcome?	How does the effect compare and contribute to what is likely to occur anyway?	Which risk factors are material, and how likely is the effect different from the expectation?

Livelihoods

Sustainable Production

Climate Action

Source: WEF 2017 from IRIS+

5-min break

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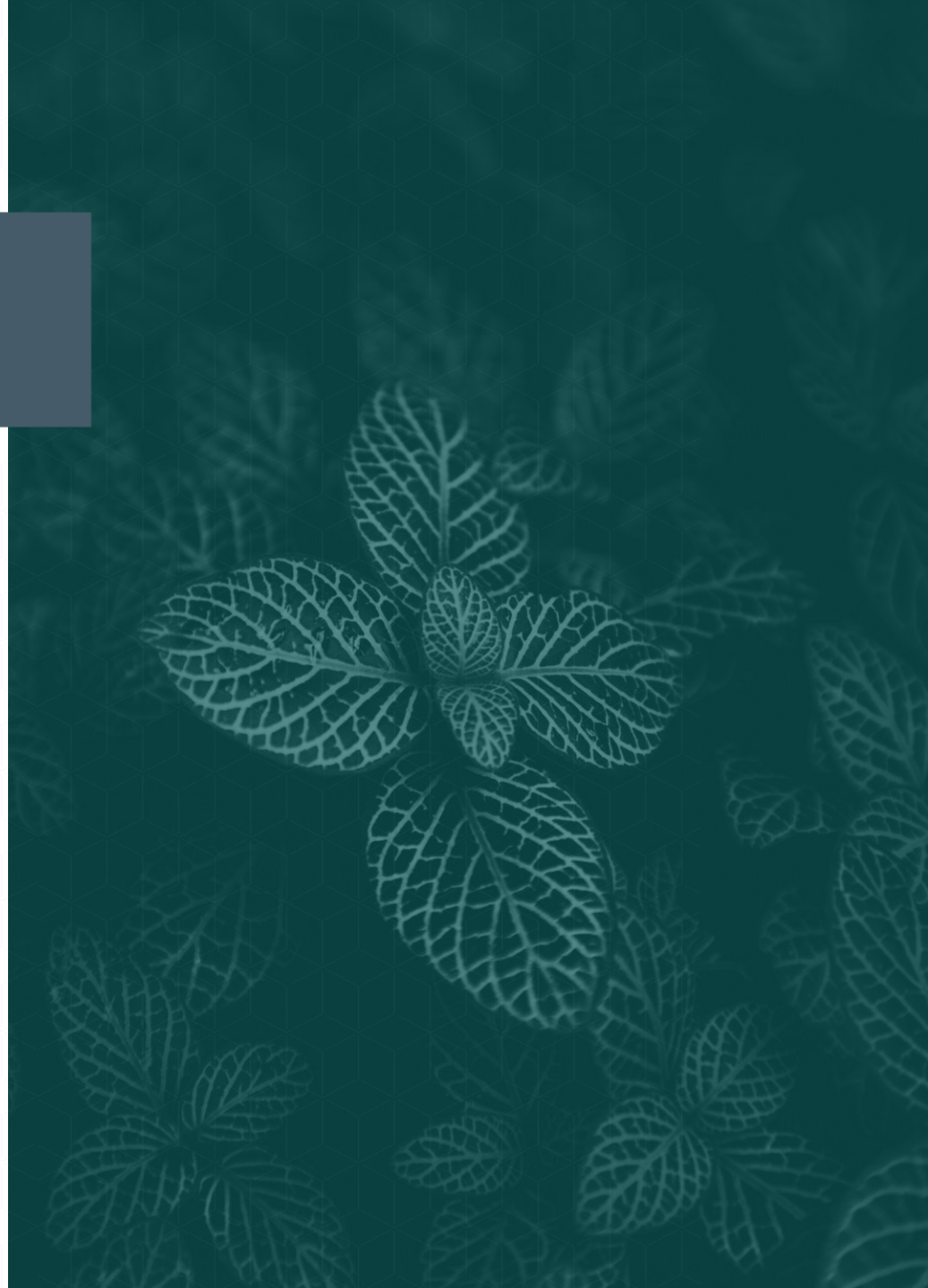
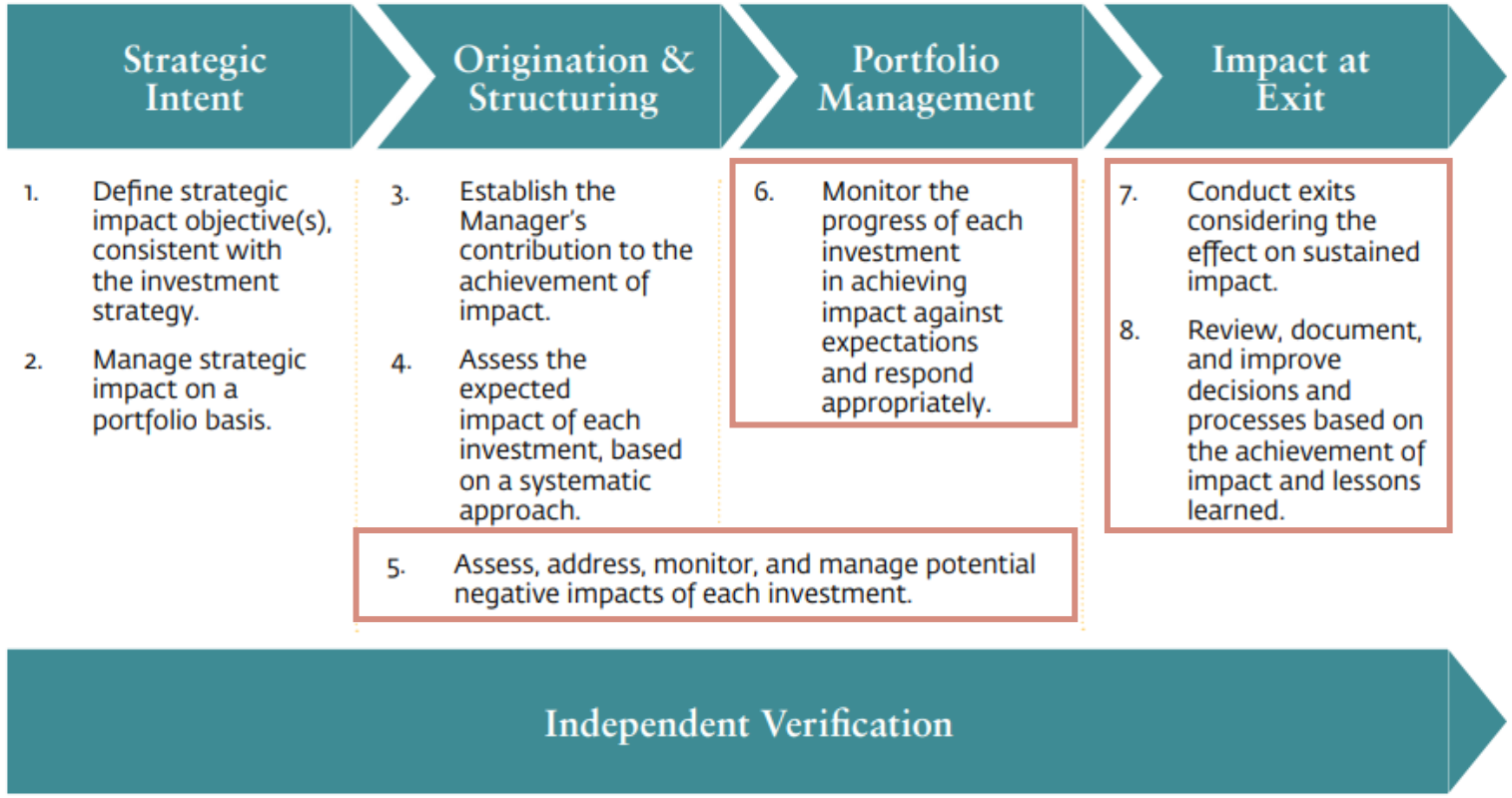


Creating monitoring systems and impact principles

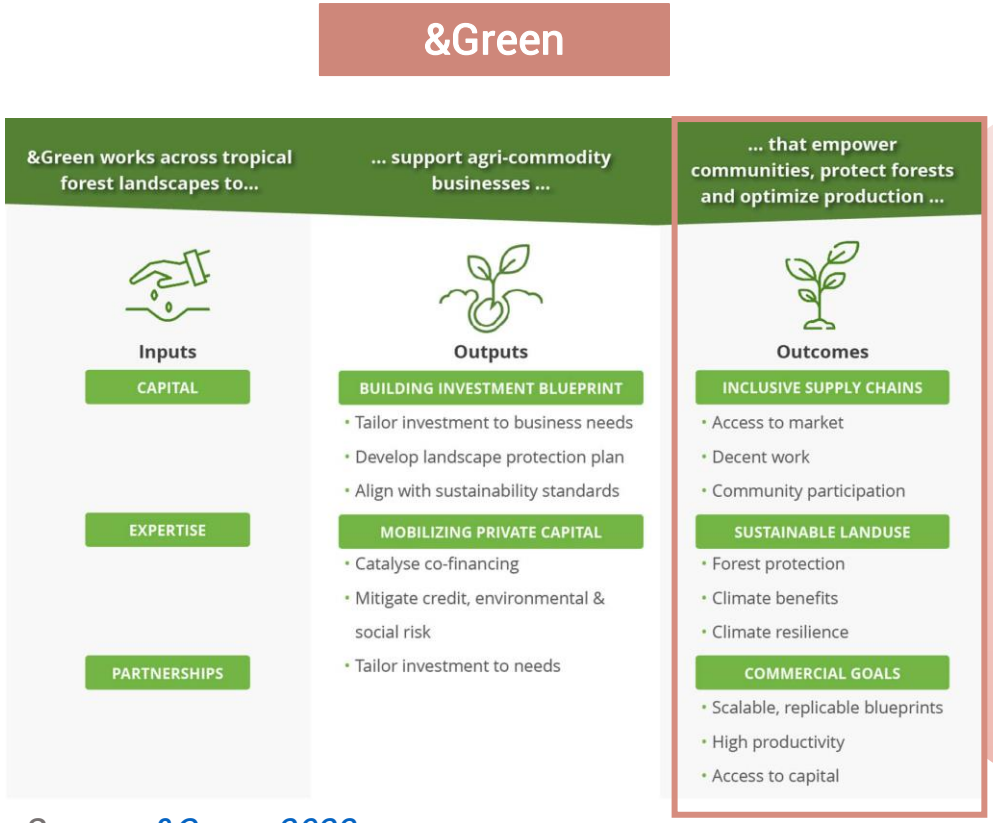


Source: [OPIM 2023]

Operating Principles for Impact Management

According to Principle 6, the Manager shall […] monitor progress toward the achievement of positive impacts. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported

Theory of change, data needs and impact monitoring



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*In 2022, there was a fire that affected ca.800 ha of forest at the farm, resulting in the GHG emission rate higher than the sequestration rate.

**Equity calculated on a controlling basis

***Includes shareholder loan

… And the results of your impact monitoring should inform your ongoing assessment against your theory of change! **Are you achieving the impacts your aimed to achieve?**

Measuring impact indicators requires data

When determining data needs for monitoring impacts, investors should consider the entire data value chain, as well as their impact strategy / theory of change to see which data is fit for purpose.

1. Gathering data with remote sensing
2. Gathering data on-the-ground
3. Processing and analysing data
4. Data visualisation and sharing





Source: UNEP-WCMC 2023

Investors should seek to create collaborative relationships with project developers, as well as with Indigenous Peoples and local communities from the onset and throughout their projects *(if applicable)*. Given their knowledge and on-the-ground presence – they can help design, conduct and evaluate monitoring processes and optimise positive impact

Monitoring technologies for climate and nature impact

Step		Key developments
1 Remote sensing	a	**Satellite remote sensing:** increasing spatial, temporal, and spectral resolution of satellites support refinement of existing impacts, and opportunities for measuring new impacts.
2 Gathering data on-the-ground	a	**Terrestrial (sensor) data:** networks of sensors can contribute to more automated and standardised monitoring of species and habitats, although traditional observer-based methods will still be needed.
	b	**eDNA/genomics:** the use of eDNA makes biodiversity surveys and nature mapping cheaper, easier, and more comprehensive although not all species can be mapped using eDNA.
	c	**Citizen science:** the impact of citizen science could massively increase due to the use of mobile applications and increased public interest, although data inconsistencies and bias will always remain.
3 Processing and analysing data	a	**Data processing:** less time and effort is needed for data filtering, processing and storing (i.e. due to increased processing power, cloud storage); and aggregation and integration of nature and climate datasets is becoming easier
	b	**Integration of nature/ climate data with supply chain data:** integrating asset and supply chain data (collected using both remote sensing and observational data) is technically feasible and could have great impacts on reporting and accounting
	c	**Data analysis:** applications and importance of Artificial Intelligence for processing and analysing nature & climate data are increasing, as the amount of 'raw data' is expected to increase.
4 Data visualisation	a	**Data visualisation and sharing:** private parties are accelerating a shift from directly selling unprocessed data, to selling analysed information, which can be used by everyone (less expertise is needed) and anywhere (accessible via a laptop with internet).

Source: UNEP-WCMC 2023

Monitoring technologies for climate and nature impact

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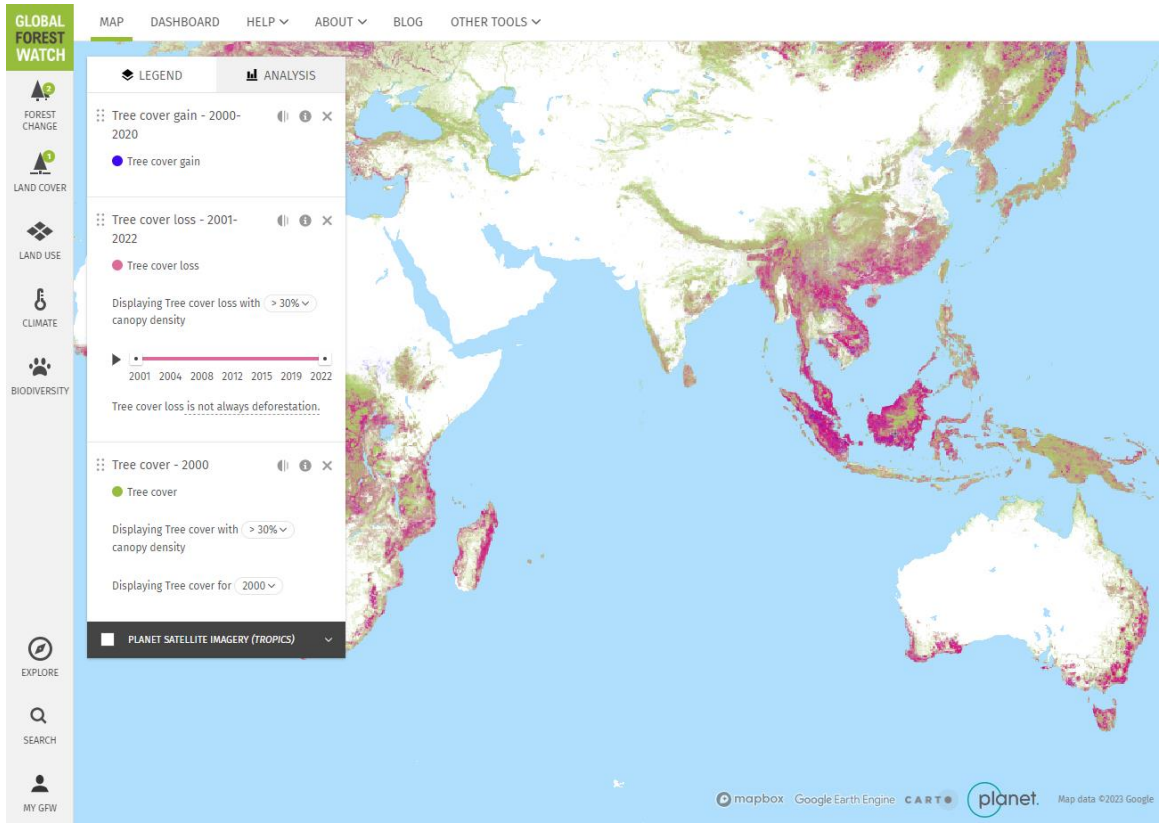
	b	**eDNA/genomics:** the use of eDNA makes biodiversity surveys and nature mapping cheaper, easier, and more comprehensive although not all species can be mapped using eDNA.
	c	**Citizen science:** the impact of citizen science could massively increase due to the use of mobile applications and increased public interest, although data inconsistencies and bias will always remain.
3 Processing and analysing data	a	**Data processing:** less time and effort is needed for data filtering, processing and storing (i.e. due to increased processing power, cloud storage); and aggregation and integration of nature and climate datasets is becoming easier
	b	**Integration of nature/ climate data with supply chain data:** integrating asset and supply chain data (collected using both remote sensing and observational data) is technically feasible and could have great impacts on reporting and accounting
	c	**Data analysis:** applications and importance of Artificial Intelligence for processing and analysing nature & climate data are increasing, as the amount of 'raw data' is expected to increase.
4 Data visualisation	a	**Data visualisation and sharing:** private parties are accelerating a shift from directly selling unprocessed data, to selling analysed information, which can be used by everyone (less expertise is needed) and anywhere (accessible via a laptop with internet).

Source: UNEP-WCMC 2023

Examples of spatial data and databases

Global Forest Watch and Global Forest Watch Pro help users view spatial data on recent and historic tree cover loss. They also hold information on biodiversity, Indigenous and Community lands, soil and climate



GLOBAL FOREST WATCH

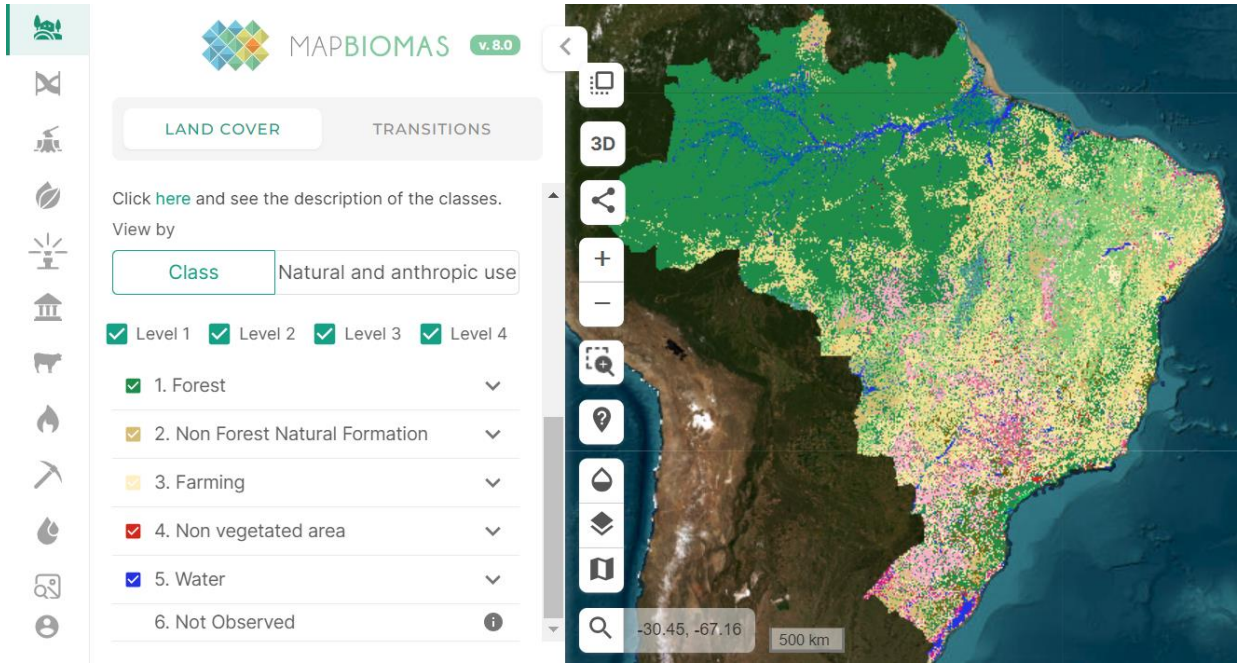
GLOBAL FOREST WATCH PRO

Source: Global Forest Watch 2023. The boundaries and names shown, and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Examples of spatial data and databases

Mapbiomas allows users to view processed spatial information on land use (e.g. pasture, soil and water data). It looks at various jurisdictions, with the most developed version being Brazil's.

Another Brazil-specific map (relevant for soy) has recently been released by BVRIO and shows deforestation and conversion risk factors in the Cerrado region.



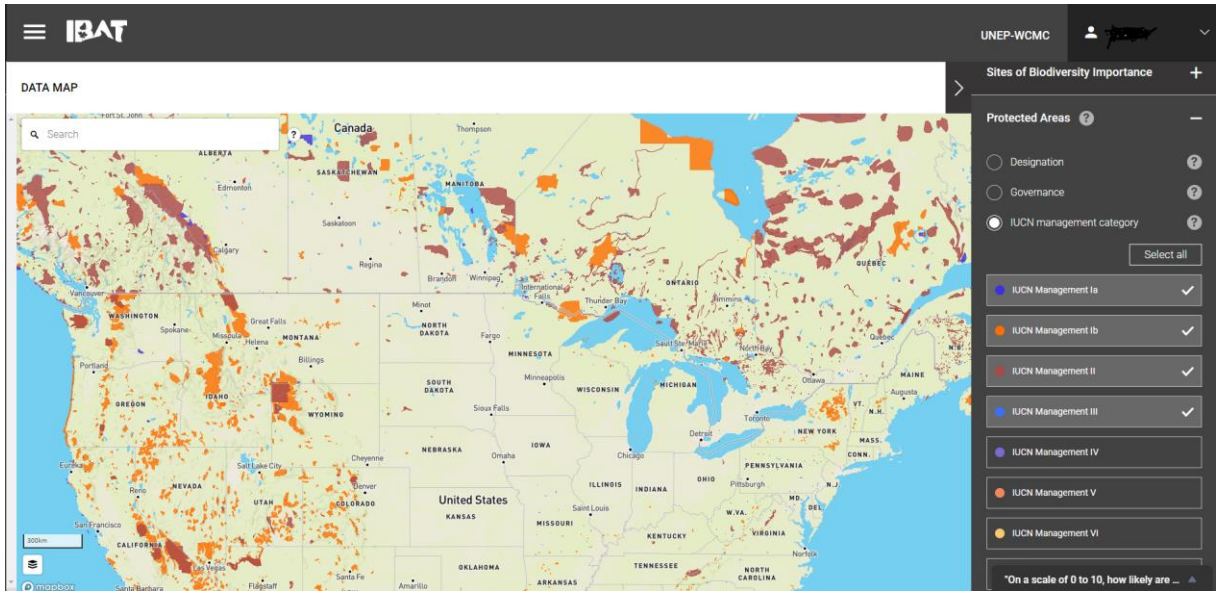
MAPBIOMAS

Source: Mapbiomas 2023. The boundaries and names shown, and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Examples of spatial data and databases

The Integrated Biodiversity Assessment Tool (IBAT) hosts and maintains three global biodiversity datasets: **IUCN Red List of Threatened Species**, the **World Database on Protected Areas** and the **World Database of Key Biodiversity Areas**.

It also allows users to access the **Species Threat Abatement and Restoration (STAR) layer**, which provides spatial indication of the relative potential contribution to reducing species extinction risk through either threat abatement or restoration activities

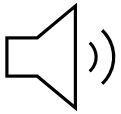


IBAT STAR

Source: IBAT 2023. The boundaries and names shown, and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

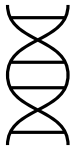
Examples of on-the-ground data

On-the-ground data should be seen as complementary to remote-sensing and essential to devise comprehensive impact strategy and ensure effective impact monitoring



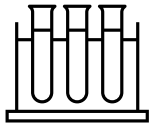
Eco- (or bio-) acoustics

- A tool to estimate a biodiversity index by recording the sounds of birds, insects, or amphibians using sound recorders placed in different landscapes (used by Eco.business Fund)



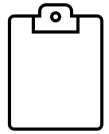
Environmental DNA

- A technology that enables rapid species inventories to be made from trace DNA released by organisms. More research and resources needed to grow databases and improve precisions (e.g. case studies from NatureMetrics)



Field-level soil sampling

- On-the-ground measurements of soil organic carbon are useful to better assess land productivity and health (used by Land Degradation Neutrality Fund)

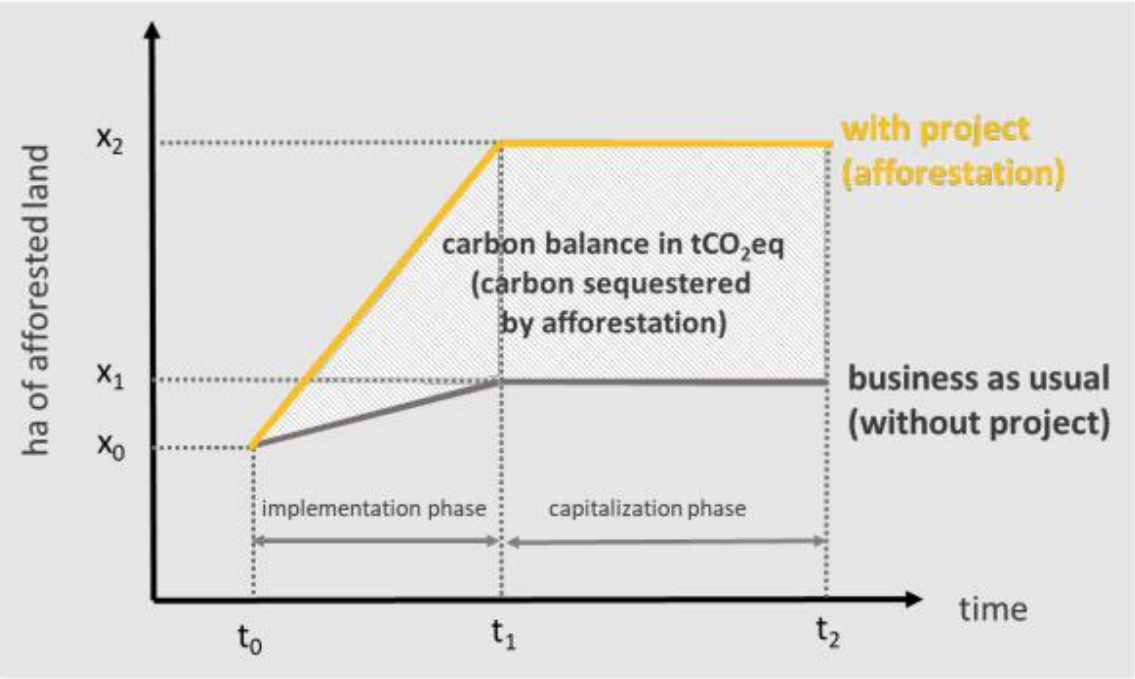


Stakeholder surveys

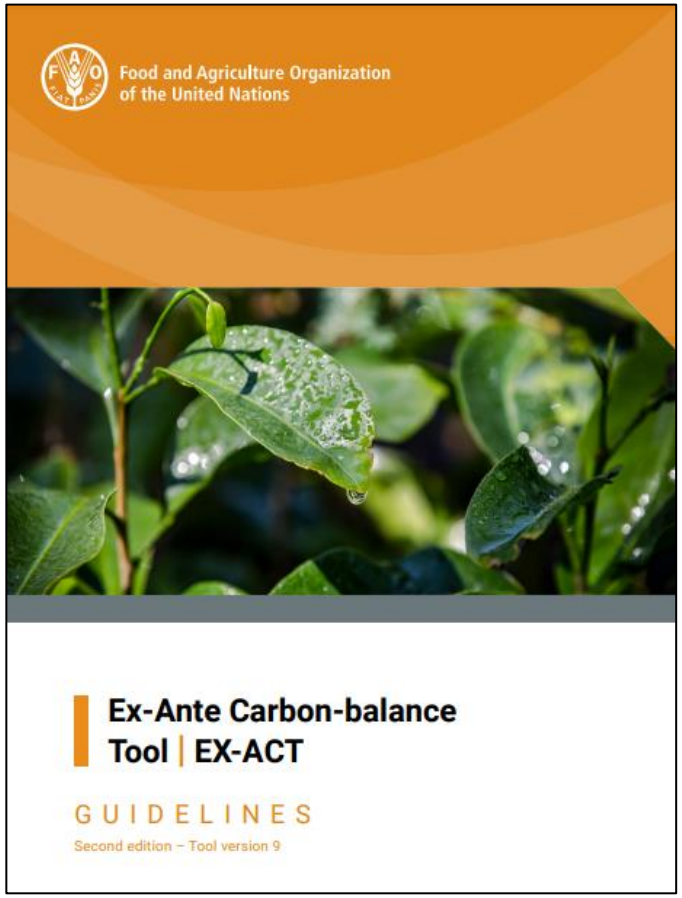
- Important tools to gather important project-level data on metrics ranging from sustainable production to gender and livelihoods (used by Agri3; &Green; AgDevCo). Platforms such as Workahead can help gather and analyse survey data

Other data tools: FAO's EX-Ante Carbon-balance Tool (EX-ACT)

EX-ACT provides its users a land-use-based accounting system that estimates and tracks the outcomes of agricultural interventions on GHG emissions at any stage of their implementation (*ex ante*, during and *ex post*)



Source: [FAO 2022]



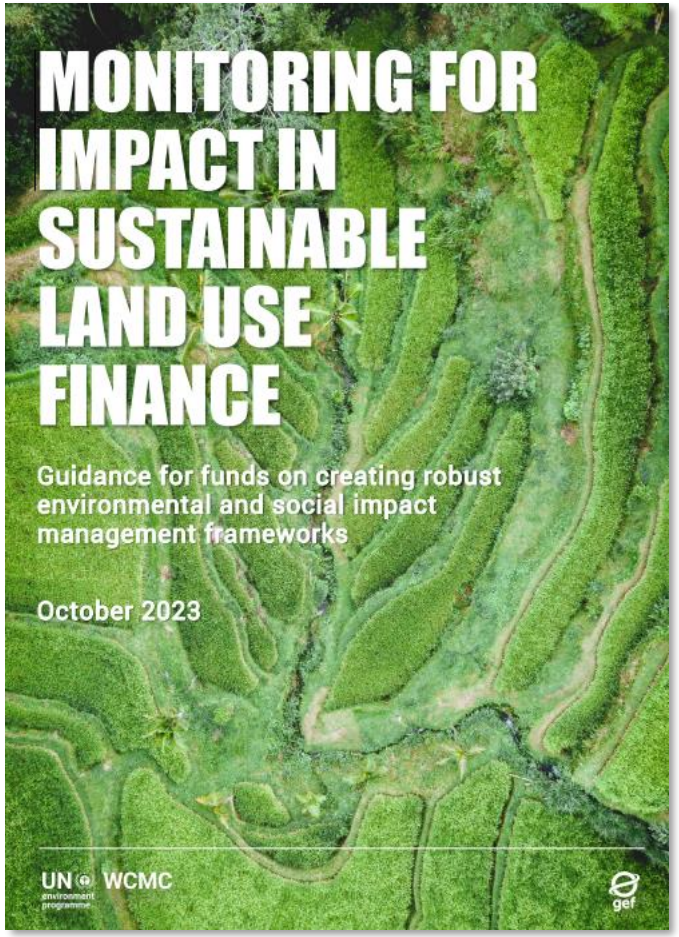
Considerations on implementing an impact framework

1. Impact monitoring is required throughout the investment period. It often is a condition to receiving funding and should be about impact measurement and compliance.

2. Carrying out impact monitoring requires expertise and costs. Funds need to provide a cost-effective way of measuring impact indicators selected

3. Long tenures of investment mean that long-term thinking is essential (e.g. technological change, impact permanence and institutional memory)

4. Impact monitoring (and reporting) in land use is a “work in progress”



Open to audience | **Have you used any of these resources for monitoring positive impacts? Are there any other resources that you would like to recommend?**

Drop links to your favourite resources in the chat

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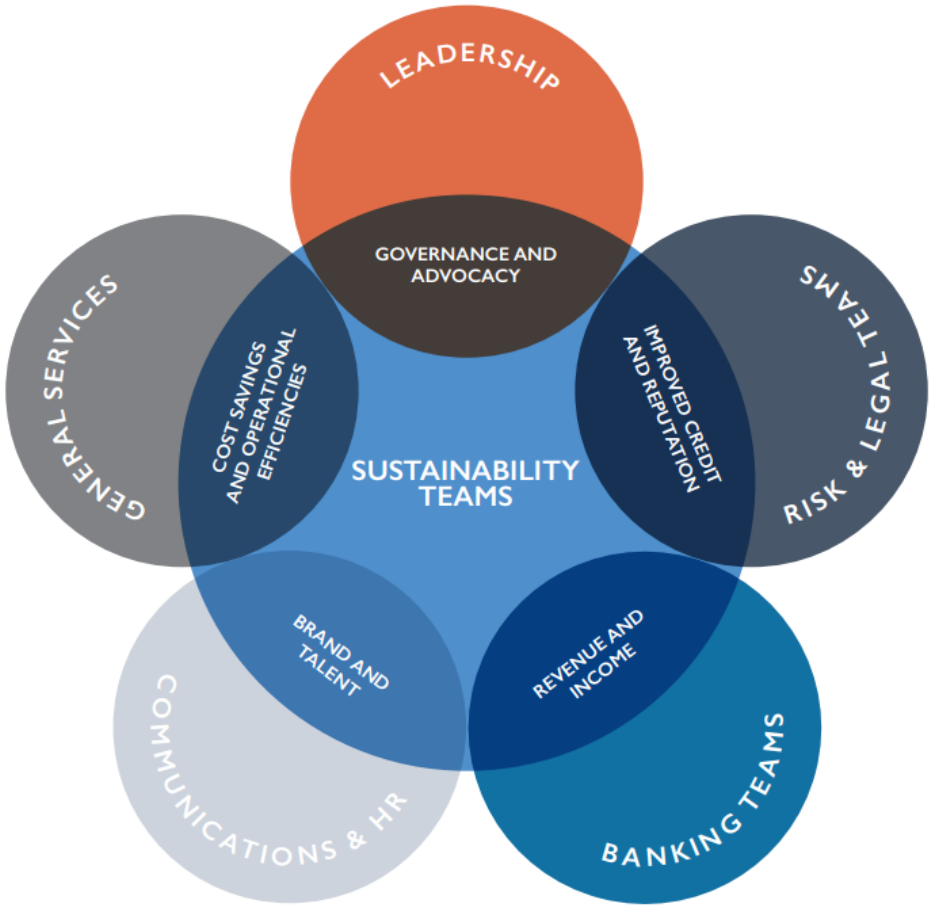
The case for building internal capacity

Ensuring appropriate internal capacity on E&S risks and impacts in land use projects is fundamental to ensure effective monitoring and implementation.

Investing time and resources into building in-house capacity vs outsourcing E&S assessment activities should be weighed against cost considerations, impact objectives, and data needs.

Building a dedicated team with a range of analytical skills (ESG research, geospatial, on-the-ground and engagement) allows for more control and flexibility. Such team should also be well-integrated into institutional decision-making processes.



Source: [UNEP FI 2016]

An example of deforestation-related skills across an institution

Expanding the responsibility from the dedicated E&S team to the broader fund / institution is key to ensure long-term sustainability of land use investments

	Front Office (Relationship manager)	**Middle Office** (risk officers, ESG analysts, financial reporting analyst)	**Back Office** (Data analysts)	**Executives (C-Suite/Leadership)** (CEO, Board, Advisory Board)
Skills	❖ Understanding of potential deforestation risk with new clients (and knowing when to escalate) ❖ Substantially engage/assist clients in building a deforestation risk mitigation plan.	❖ Understanding of deforestation risks to the bank and relevant sustainability standards ❖ ***Risk officers and ESG analysts:*** Identify and measure severity of deforestation risk ❖ ***Financial reporting analyst:*** Identify and measure financial impact of deforestation risk	❖ Understanding how to support the middle office to process data relevant to deforestation risk (e.g. spatial data) ❖ Understanding of datapoints to capture deforestation risk (reputational, legal, financial)	❖ Awareness on how deforestation risk can influence financial materiality

Source: UNEP Deforestation Risks for Banks 2022

Poll | **For the financial institutions in the audience, do you currently have sufficient internal capacity to implement your impact monitoring framework?**

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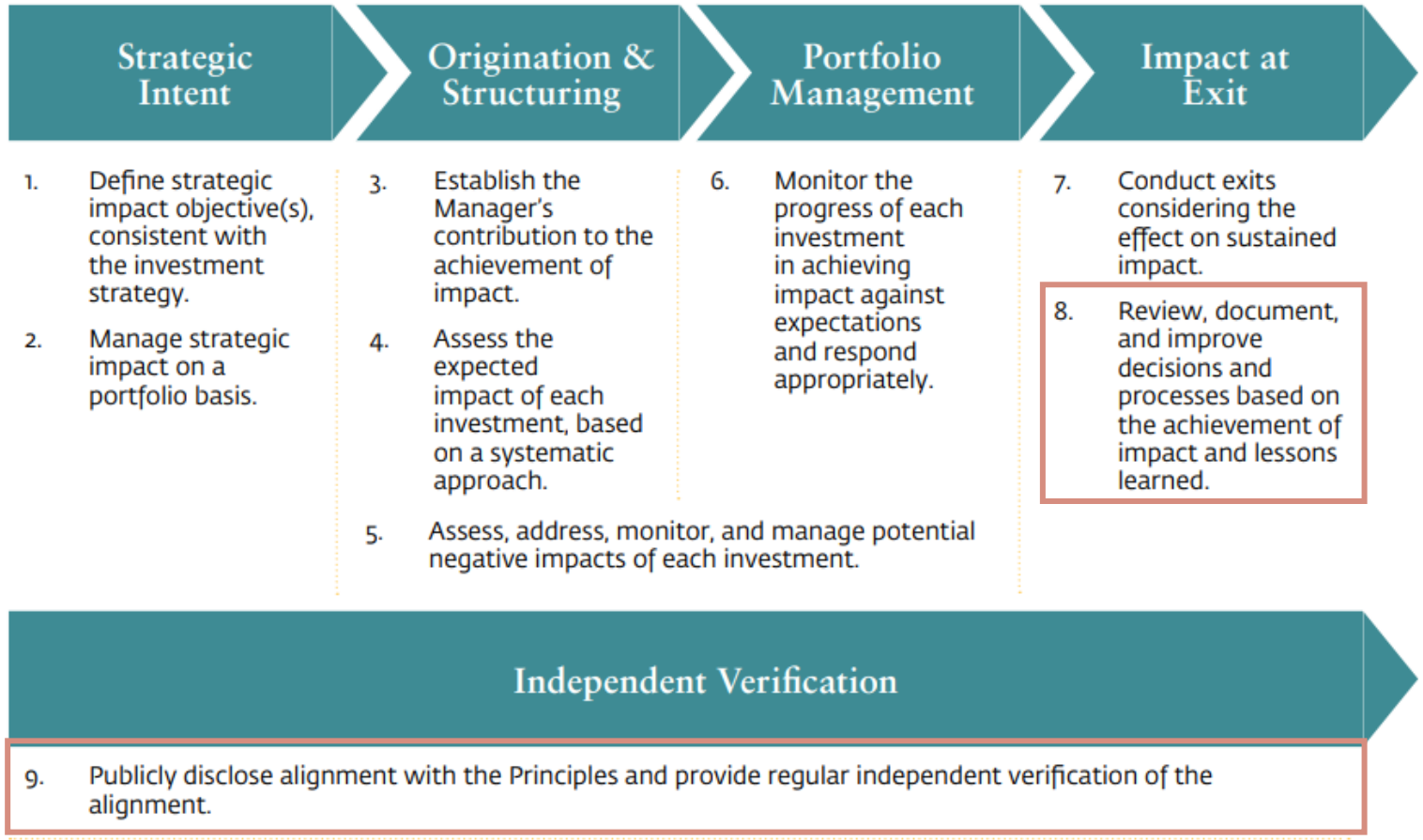
Module 3

Demonstrating positive impacts and leveraging monitoring capabilities

1. An introduction to impact investing and impact strategies
2. Setting positive impact indicators
3. Creating appropriate monitoring systems
4. Reporting impact

Reporting impact and impact principles



Source: [OPIM 2023]

Operating Principles for Impact Management

According to Principle 8, the Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes

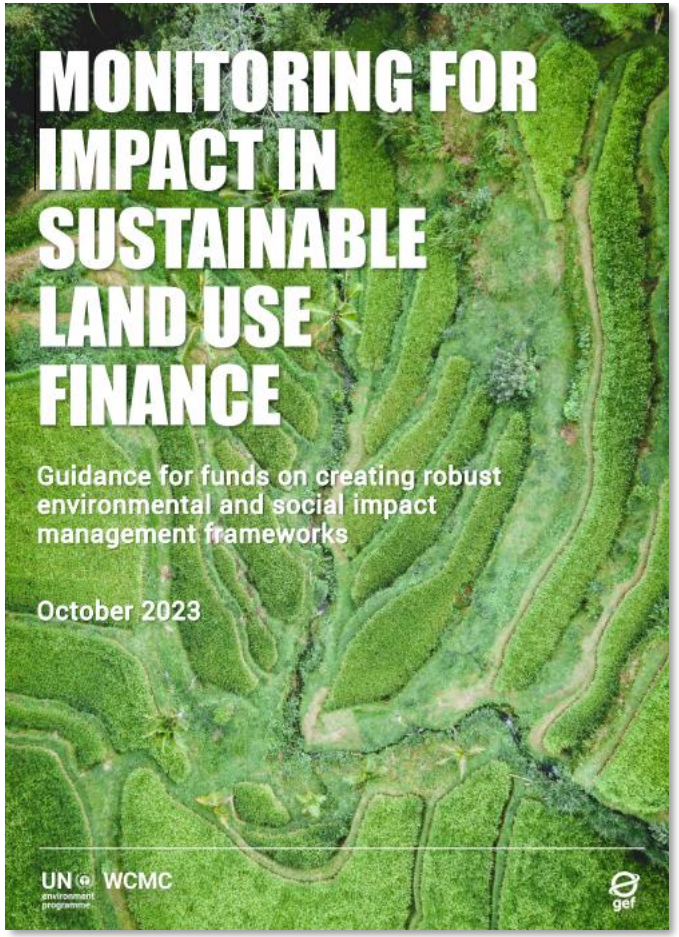
Disclosing and reporting impacts in sustainable land use

1. Impact funds should disclose some level of detail on their impacts to ensure accountability to their funders and other partners and bring about internal reflection

2. Releasing impact reports on a yearly basis is most common, with impact tracked across the portfolio and compared to previous years

3. Impact reports can take a range of forms, reflecting need for flexibility in this space

4. When possible, funds should seek verification of key impact indicator data points



Examples of annual reports from funds: AGRI3

Source: AGRI3 2022

Examples of annual reports from funds: &Green

Source: &Green 2023

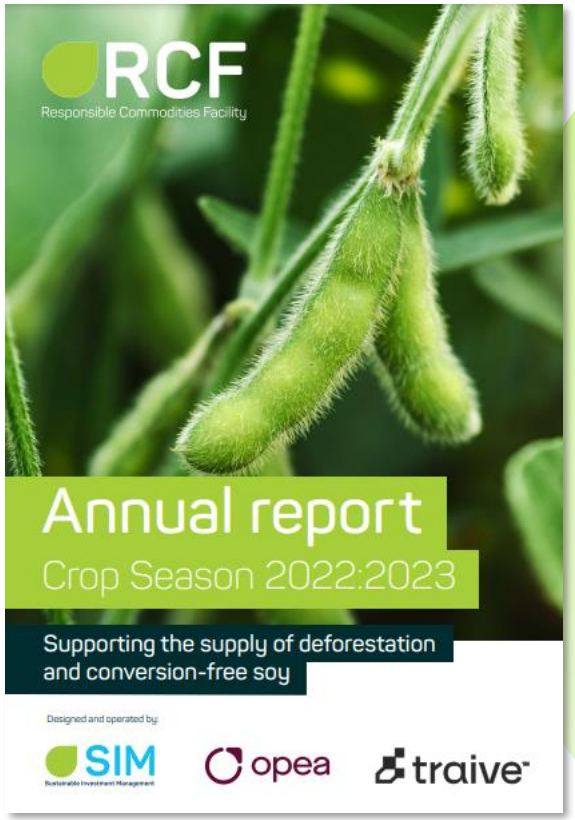
Examples of annual reports from funds: &Green

KPI
REPORTING

KPIs 2022	DSNG	RONCADOR	MARFRIG	HSJ	FS	HDL	TOTAL
Forest Protected (ha)	10,693	63,465	2,774,229	1,697	779,292	721	3,630,097
Climate Benefits (tCO2e)	46,323	-56,800*	5,328,493	10,466	1,300,559	544	6,629,585
Ecosystems with Improved Resilience (ha)	86,951	121,957	2,774,229	6,057	783,331	6,109	3,778,633
People with Increased Resilience (#)	19,171	429	5,761	885	931	27,170	54,347
People Benefitting (#)	19,171	429	5,761	885	931	27,385	54,562
Capital Mobilized (USD Million)	607	120	7,153**	1	568	1***	8,448

Source: &Green 2023

Examples of annual reports from funds: RCF



Source: RCF 2023

Contents

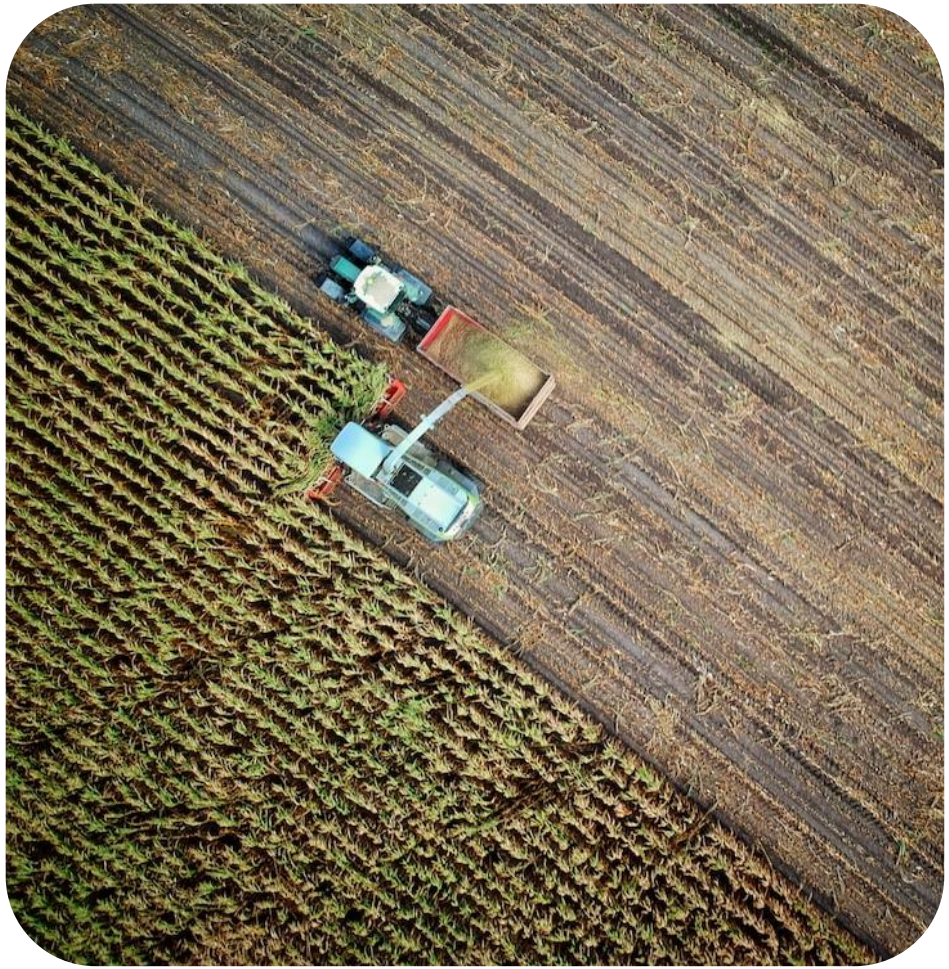
Q&A

Summary and key messages

Identifying E&S impact goals and formulating impact strategies / theories of change are fundamental steps to set your investments for success. In the land use space, it is important to understand which specific positive impacts can be generated, who the relevant stakeholders are, and understand what your entry point is

There are a series of positive impact indicators that can be used by investors in this space depending on their data needs (e.g. UNEP Positive Impact Indicator Directory)

Investors should be aware of the various resources that are available for monitoring the impact of their investments and carefully consider internal capacities when venturing into the sustainable land use space



A summary of key topics from this training programme

Module 1

1. Introduction to the sustainable land use space and the role of private financing
2. Setting up impact objectives of the fund
3. The building blocks of an E&S risk and impact framework
4. Examples of impact funds in the land use space

Module 2

1. The business case for E&S risk management in land use finance
2. Identifying E&S risks
3. Managing and mitigating E&S risks
4. Monitoring and reporting on E&S risks

Module 3

1. An introduction to impact investing and impact strategies
2. Setting positive impact indicators
3. Creating appropriate monitoring systems
4. Reporting for impact

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG

MINISTERO DELL'AMBIENTE
E DELLA SICUREZZA ENERGETICA

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Thank you!