

1 January 2022

## Livelihoods Carbon Fund SICAV-RAIF

### SFDR Disclosures for Website

#### 1. Objective, article, allocation

**Livelihoods Carbon Fund SICAV-RAIF** (the “Fund” or “LCF3”) Sustainable Investment Objective is to build an innovative and replicable investment-model that will invest globally, with a focus on developing countries, in community-based solutions to restore natural ecosystems, facilitate access to rural energy, and establish agroforestry and regenerative agriculture systems that will ultimately reduce GHG emissions, increase carbon sequestration, generate certified carbon offsets to climate-responsible corporates and contribute towards SDGs while delivering a steady and positive financial return to financial investors. The fund falls under the scope of **SFDR Article 9**.

The Fund expects that investments towards its Sustainable Investment Objective should represent a minimum of **75% of the total assets** of LCF3.

The Fund contributes to the **Taxonomy Objectives** of: i) Climate change mitigation; and ii) Biodiversity and Ecosystems preservation and is expected to invest in taxonomy-eligible activities.

#### 1.2 KPIs

The Sustainability Key Performance Indicators will assess the fund’s attainment of the sustainable investment objective. KPIs will be measured through several metrics such as:

- Hectares of land benefitting from agroforestry project/ avoided deforestation project or wetland restoration projects
- Number of customers benefitting from the investments in the forms of received training, improved knowledge of improved agronomic and land management practices, support to farmers’ organization, product valorisation, access to market.
- Number of women reached to increase women participation
- Women representation across the project governance
- GHG emissions saved
- Carbon offset certified produced

### **1.3 DNSH**

The fund ensure that investments **do no significant harm** through the measurement, monitoring and reporting methodology implemented by the Investment advisor. This includes implementing the following criteria in the investment process:

- Additionality
- E&S benefits for the communities
- Compliance to E&S Guidelines
- Verra or Gold Standards implementation
- Large scale size of project
- Carbon credits generation compliant with Paris Agreement

### **1.4 Index**

The Fund does **not identify an index as reference benchmark**. Nonetheless to verify its offset generation, the fund aims to implement the Verra and Gold Standards' carbon offsetting methodologies as best market practice. Information on their methodologies and carbon offsets calculation can be found by visiting <https://verra.org/methodologies/> and <https://www.goldstandard.org/project-developers/standard-documents> , respectively. Those have been selected to act as index reference until appropriate benchmarks are available to ensure suitable alignment with LCF3's Sustainable Investment Objective.

## **2.1 PASIs**

The Investment Advisor of the Fund, Livelihood Venture SAS, has developed a specific methodology to assess the **principal adverse impacts on sustainability factors** in collaboration with civil society organization.

The AIFM ensures that the Fund considers principal adverse impacts of investment decisions on sustainability factors, and that information regarding such principal adverse impacts on sustainability factors will be available in the annual financial statements following the closing of the relevant financial year of the respective Fund where such data, indicators and assessment are available.

## **2.2 Engagement Policies**

The Fund engages with investees project developers through:

- 1) Continued and close follow-up from local Project Developer's and the Investment Advisor's teams. This follow-up is built and designed to ensure a quick response through corrective actions if an adverse situation materializes. Brief summary of the GP's engagement policies
- 2) Capacity building actions which may be launched for Project Developers over the first years of the projects. Such capacity building initiatives encompass, for example, follow-up on new methodologies and training to adapt them to the projects' reality, training for efficient monitoring actions and processes.
- 3) Long term value creation through capacity building endowment which provides for funding in order to identify the possible actions in that respect, e.g., creating an economic activity around a specific agricultural production in the existing projects. The Investors' technical capabilities in their respective fields are critical to upgrade local know-how in order to achieve that goal. Besides this technical assistance, when needed, external sources of funding (grants, loans, equity) will be sought to provide start-up finance to emerging local economic activities.

### **3.Integration of Sustainability Risks into the Fund’s investment decision-making process**

The Fund integrates sustainability risks in the investment decision making process. The assessment, management and monitoring of sustainability risks is based on the information received from the Investment Advisor, which has developed a specific methodology to integrate sustainability risks the project.

Potential sustainability risks are integrated into the investment decision process and ongoing risk monitoring to the extent that they represent potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns. Sustainability risks are notably integrated into due diligence and research, valuation, asset selection, portfolio construction, and ongoing investment monitoring alongside with other material risk factors by leveraging information and resources:

- information disclosed by investee project (which may include a quarterly financials, earnings calls, general company reporting and / or disclosures, including sustainability-related disclosures);
- publicly available information (such as news reports or industry data); and
- third-party research and data.