



Luxembourg, 17.11.2022

Environmental and Social Data Sheet

Overview

Project Name: *Evolution III*
 Project Number: *2022-0394*
 Country: *Regional - Africa*
 Project Description: Fund targeting renewable energy, energy efficiency, energy access and other resource efficiency projects and related corporate investments.

EIA required: yes

Project included in Carbon Footprint Exercise¹: no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The Fund targets a variety of investments aimed at climate action and environmental sustainability. This includes direct investments into projects as well as investments into companies developing projects. The Fund will target 10-15 investments in Africa. Most projects concern mature renewable energy technologies such as solar PV, biomass, wind energy or hydropower, sometimes in combination with battery storage. In addition, the Fund may invest in energy access projects such as mini-grids and solar home systems. Finally, the Fund may also support energy and other resource efficiency projects.

Environmental Assessment

The environmental and social impact of most of the investments – if appropriately designed and operated - is likely to be limited, with no significant negative residual effects. However, the projects vary considerably in size and nature, from small-scale rooftop solar PV installations for small commercial or industrial clients through larger hydropower projects, with clearly different E&S risk profiles.

It is expected that a full EIA will be required for several but not all investments. Regardless, the Fund advisor will be required to perform an assessment of environmental and social risks for each project and follow through the environmental and social performance during project implementation. For investments subject to an Environmental and Social Impact Assessment (ESIA) and/or biodiversity assessment as defined by national legislation, the Fund Advisor shall ensure that the Environmental and Social Impact Assessment and/or the biodiversity assessment is carried out and that public consultation is undertaken in accordance with national legislation and in line with the EIB Standard 2 – Stakeholder Engagement. The Fund Advisor would also carry out such an assessment if the investment required one (if located in the EU) in accordance with EIA Directive 2014/52/EU amending Directive 2011/92/EU.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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Projects with significant negative social or environmental residual impacts will not be allowed. If a project is likely to affect a nature conservation zone or other sensitive areas as defined in national or international environmental legislation, the Fund Advisor shall ensure to obtain confirmation from the competent authority – following a biodiversity assessment in line with EIB requirements – that the scheme does not have significant negative impacts on any site of nature conservation importance.

As usual in funds, the net emission savings cannot be reliably estimated at this stage, as the expected portfolio of the Fund's Investments is still under development and there is insufficient data. However, during the investment period the Fund will monitor and report CO₂ savings when reliable data becomes available.

Social Assessment

Concerning EIB's Labour standard, the Fund Advisor will be required to undertake additional measures as part of its ESMS in case of concern to mitigate against the risk of forced labour in the supply chain. This will include enhanced due diligence where practically achievable, ensuring that relevant obligations are passed on in supplier contracts.

The Fund's social and environmental management system includes the requirement to establish an appropriate grievance redress mechanism ("GRM") at project level. The GRM will be commensurate with the level of E&S impacts and risks of the underlying project and will be designed to ensure that any individual or community who believes they are or might be adversely affected by a project is able to file a grievance or complaint using the grievance process. Finally, the Fund has established a grievance register at Fund level, and related procedures allowing stakeholders to submit feedback, concerns or complaints.

Other Environmental and Social Aspects

The Fund Advisor is known to the Bank from prior operations with similar investment focus. The Fund Advisor will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB E&S Standards and core E&S requirements, as well as the E&S national laws and regulations. The Fund Advisor's environmental and social due diligence processes are well integrated in the investment process and are documented in detail. The Fund Advisor prepares regular E&S operational reports for each project. On an annual basis, the Fund Advisor prepares and submits to the Bank an aggregated E&S performance report.

The Fund already has an E&S policy in place for the predecessor funds that outlines the investment strategy's specific commitments/requirements and has developed an Environmental and Social Management System (ESMS) in line with IFC and EIB standards at the time of establishing the last predecessor fund, which also includes relevant climate action aspects such as climate risk assessments. The ESMS, inter alia, describes the approach to identify and manage E&S and climate-related risks within investment and portfolio management processes, and defines roles and responsibilities.

Additionally, the Fund Advisor will continue, in line with the practice in the predecessor funds, to organise regular E&S subcommittee meetings where the Fund Advisor will bring E&S aspects, including concerning higher risk projects, to the investors' attention for discussion.

The Fund Advisor team has the experience and capacity to apply the EIB's E&S standards and environmental and social requirements.



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Conclusions and Recommendations

The Fund will be required to adhere to the EIB's applicable E&S standards and will incorporate the EIB's environmental and social requirements into its legal documentation to the satisfaction of the EIB.

All investments shall comply with national legislation and international conventions and agreements ratified by the host country.

With some adjustments to be made to ensure alignment with EIB requirements, which have evolved over time, the Fund Advisor is considered to have an acceptable E&S policy and ESMS as well as good internal E&S capacity to operate the Fund. These adjustments mainly concern the incorporation of the relevant requirements and recommendations related to EIB Guidelines on Hydropower Development and EIB's requirements for sustainable biomass sourcing.

Where an ESIA is required for an investment, the Fund shall require the investee company / project Fund Advisor to disclose the ESIA and relevant studies on its website. If the Investee does not have the capacity to publish the relevant documentation, the Fund will publish such documentation on its own website.

With these conditions in place, the Fund is considered acceptable for the Bank in environmental and social terms.