



Luxembourg, MC decision: 18.07.2023

Environmental and Social Data Sheet

Overview

Project Name:	SSA SUSTAINABLE ENERGY PLATFORM
Project Number:	2021-0788
Country:	Africa
Project Description:	Investment platform providing debt financing to small developers in clean electrification sectors, mostly captive solar and energy efficiency technologies
EIA required:	Multi-investment scheme. Potentially required in some cases.
Project included in Carbon Footprint Exercise ¹ :	No

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

Environmental and Social Assessment

The operation consists of an investment into an investment platform (the "Fund" or the "Platform"), which will provide debt financing to small developers in a variety of clean electrification sectors, including energy efficiency and C&I renewable energy solutions. Some of the investments may include battery electric storage systems (BESS). All investments are expected to be located in Africa.

Environmental assessment

The environmental and social (E&S) impact of most of the investments – if appropriately designed and operated – is likely to be limited, with no significant negative residual effects.

The key E&S risks typically include occupational health and safety, labour and working conditions, resource efficiency, pollution prevention and stakeholder engagement and grievance management.

Limited negative environmental impacts could arise from health and safety issues related to the inappropriate handling of batteries (notably at the time of disposal). E-waste (electronic and electrical waste) is expected to arise from the operation in five to ten years (average lifetime of the units and the solar PV productive use systems' appliances). To mitigate this risk, the Fund is committed to actively reducing its adverse environmental impact in this respect. The Bank has requested the Fund to formulate a clear e-waste policy and management plan in line with industry best practice, and compliant with the EIB's Standard 2 concerning pollution prevention and abatement. The Bank will monitor the development and implementation of the e-waste management plan.

In the case of projects with solar PV powered water supply/irrigation service applications, the Fund will only invest in systems associated to permitted boreholes.

The Fund Manager will be required to ensure compliance with EIB Environmental and Social (E&S) Standards as well as national laws and regulations.

It is expected that most of the investments will not require an EIA under national legislations, nor would they fall under the scope of Annex I or II of the EIA Directive, if they were located in the EU. Regardless of this, as part of its overall investment appraisal process, the Fund Manager will perform environmental and social due diligence, commensurate to the E&S risks of the investment, to ensure

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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that potential risks and appropriate prevention, mitigation and compensation measures are identified and satisfactory and meaningful public consultation and participation are carried out, when relevant. The Fund will include relevant E&S conditions in its finance contracts with the borrowers.

EIB Paris Alignment for Counterparties (PATH) Framework

The operation is screened out for the assessment under the PATH framework, as the Fund Manager has less than EUR 500m funds under management.

Social Assessment

The projects financed by the Fund are expected to have positive social impact, with environmental benefits through supporting sound hybrid solar solutions increasing access to energy in the targeted regions and potentially access to other economic and social activities.

The operation is expected to have Significant Impact on the Gender Equality Tag. The Fund Manager has adopted a Gender Equality Strategy and Action Plan to underpin both internal operations and those of the funds it manages. The FM has a 43% female team and it incorporates both gender and social inclusion lenses into its investment decision-making process, as well as in the Fund's monitoring and evaluation framework. The Fund is committed to supporting the developers to increase gender participation in their companies, including at the shareholder, management and employment levels. This is in line with the 2X Challenge criteria, which are designed to direct capital towards women's development. The investment platform has also committed to reporting on gender and social inclusion metrics.

The Fund will be required to have a Human Rights Policy and a Code of Ethics in place, rejecting the use of any form of forced or compulsory labour, applicable inter alia to the supply chain of the underlined solar PV projects, in compliance with the applicable provisions of the relevant E&S standards of the Bank (including EIB Standard 8 - Labour), the national laws and the principles and standards of ILO conventions (in particular prohibition of child or bonded labour, non-discrimination and equal opportunity of employment, occupational health and safety).

The Fund will be required to undertake reasonable efforts to assess and address the risks of forced labour in the supply chain. This will include, on a reasonable effort basis, enhanced due diligence, commensurate with the capacity and leverage of the developers regarding labour issues in the supply chain (supply chain mapping and/or declarations from the supplier, per project) ensuring that appropriate contractual provisions are cascaded to contractors/suppliers of the sub projects.

Other Environmental and Social Aspects

The Fund Manager has relevant E&S policies, an Environmental and Social Management System (ESMS) in place, and acceptable internal resources for identifying, assessing and managing E&S risks of investments throughout the investment cycle. An E&S manager is allocated for the implementation of the ESMS and supports the portfolio team. Finally, the Fund Manager will ensure full adherence of the investments with the EIB Excluded and Restricted Lists of activities, the EIB E&S Standards and relevant national laws and regulations.

Conclusions and Recommendations

The Fund Manager has procedures and systems in place to assess its underlying investments, which are expected to appropriately address environmental and social issues and ensure compliance with the Bank's E&S standards.

As a condition prior to first closing, the Fund Manager shall enhance its ESMS to incorporate the EIB's environmental and social requirements, and incorporate those requirements into its legal documentation, to the satisfaction of the EIB.



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To complement its ESMS, the Fund Manager will also be required to:

- Formalise its e-waste policy and procedures, requiring the developers to comply with them and monitoring and reporting annually on the e-waste disposal and recycling activities undertaken, from collection to disposal/recycling centres, with statistics on volumes of e-waste processed.
- Make reasonable efforts to assess and address risks of forced labour in the supply chain, including, inter alia, enhanced due diligence, commensurate with the capacity and leverage of the developers regarding those risks. The Fund Manager will require its investee company to obtain a supply chain mapping and/or declarations from the supplier (per investment), and to ensure that appropriate contractual provisions are cascaded to contractors/suppliers of the investments.
- Undertake that the average emissions of the investments may not exceed the Emission Performance Standard (EPS) of 250g CO₂-equivalent per kWh on an annual basis, throughout the entire duration of each investment.
- Include appropriate E&S conditions in its finance contracts with the developers and provide regular updates on the Environmental and Social performance of the Fund's investments to the Bank.

With these requirements in place, the operation is acceptable for EIB financing in environmental and social terms.