

Luxembourg, 12.07.2023

## Environmental and Social Data Sheet

### Overview

Project Name:	HELIOS CLEAR FUND SCSP
Project Number:	2023-0054
Country:	Regional - Africa
Project Description:	Equity participation in a pan-African private equity fund that aims to deliver high climate impact, both mitigation and adaptation, while achieving its long-term financial return objectives.
EIA required:	Some underlying investments may require an EIA
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

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

### Environmental and Social Assessment

#### Environmental Assessment

The proposed operation consists of an equity participation of up to USD 40m (EUR 36.36m) in Helios CLEAR Fund (the "Fund"), a private equity fund mainly focused on investing in companies active in sectors with positive climate action and environmental sustainability impact in Africa.

The Fund will support climate-related and environmentally sustainable investments in Africa, contributing to climate mitigation and climate adaptation in the region. It will contribute to EU policy objectives regarding combating climate change and supporting sustainable development.

Given that the Fund will be investing in SMEs, most of the environmental and social risks and impacts will be few in number, generally site-specific, largely reversible and readily addressed through mitigation measures and industry good practice. The main E&S risks and impacts of the operation derive from the E&S risks associated with the Fund's sub-projects/portfolio companies. The typical risk areas will include labour and working conditions, gender-based violence and harassment, occupational health and safety, waste management, handling of hazardous materials. The Fund will not invest in higher risk business activities that may include a) involuntary resettlement, b) risks of adverse impacts on indigenous peoples, c) significant risks to biodiversity and cultural heritage and d) significant risks and impacts on environment and community health and safety.

The Fund Manager (FM) will be required to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB Environmental and Social (E&S) Standards, as well as the E&S national laws and regulations and any restricted activities and the E&S requirements defined under the Fund's ESMS.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



Luxembourg, 12.07.2023

The mitigation of key risks and impacts derives from the Fund's capacity to identify and manage the potential environmental and social risks and impacts associated with the investment (projects) in the pipeline and to maintain and operate an appropriate environmental and social management system.

The Fund Manager has put in place a robust Environmental, Social and Governance management system (ESG-MS) which is well integrated into the overall investment process including for the Helios Clear Fund. The Fund's ESG-MS contains a risk categorisation process and incorporates the IFC exclusion list and performance standards. It is thus considered to be broadly in line with the Bank's requirements. As part of its processes, the Fund Manager assesses any potential ESG issues and evaluates potential climate risks very early in the investment process. The ESG-MS is supplemented by the Funds Climate investment Framework. Each investment opportunity is assessed against several KPIs, including emission reduction potential, company decarbonization potential, adaptation impact, system change impact, sequestration opportunities and climate risks and opportunities.

The FM has shared a preliminary pipeline of potential deals, which so far includes companies manufacturing low carbon technologies for transport (e.g. EV 2/3 wheelers), off grid solar solutions for households, small businesses and farmers, companies specialising in recycling and waste to energy solutions, and companies enabling climate change adaptation e.g. through the provision of parametric insurance.

Some of the investments (i.e. waste or wastewater investment) may need to undergo a full ESIA (Environmental Social Impact Assessment), as required by the respective national regulations. Depending on the outcome of the screening, a full ESIA may be required, in which case the corresponding full studies will be published by the investee and / or the FM, and will be sent to the Bank. Most of the other projects, however, may not be subject to an ESIA process due to their size and technical characteristics. Nonetheless, in line with the best international practice and the EIB's E&S standards, they would require a thorough screening in all cases, including their impact on biodiversity and critical habitat, and potentially require public consultation.

The Fund will be contractually required to ensure that all investments are Paris Aligned as defined in the EIB's Climate Bank Roadmap.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

The counterparty has agreed to develop and disclose TCFD-aligned reporting and within 12 months following signature which is in line with the requirements of the PATH framework.

### **Other Environmental and Social Aspects**

The Fund Manager has developed a robust Environmental, Social and Governance Management System (ESG-MS) policies and procedures. The ESG-MS system has last updated in December 2022. It is well in line with the Bank's requirements. The Director of ESG is responsible for the administration of the ESG-MS. He has a strong experience and profile and works closely with the Investment team to ensure the integration of ESG issues in all investment processes. External advisors and Consultations provide sector related dedicated advice if needed.

## **Conclusions and Recommendations**

The Fund's procedures to ensure compliance of the investments with the EIB Excluded and Restricted Lists of activities, the EIB Environmental and Social (E&S) Standards, as well as the



Luxembourg, 12.07.2023

E&S national laws and regulations and any restricted activities and the E&S requirements defined under the Fund's ESMS are considered adequate.

The Fund will, on an annual basis, submit to the Bank an aggregated E&S performance/impact report.