

Luxembourg, 3 December 2024

Environmental and Social Data Sheet

Overview

Project Name: Outrigger Impact Fund LCFP
 Project Number: 2024-0355
 Country: Multi-Regional (target: Caribbean, Atlantic, Indian Ocean and South China Sea, Pacific)

Project Description: Blue economy fund under the Luxembourg-EIB Climate Finance Platform (LCFP) - 100% funded by the Luxembourg Government, that will provide debt and equity to projects in Small Island Developing States (SIDS), which are disproportionately impacted by climate change. The fund, with a target size of USD 100m, will invest in different blue economy sectors, including, but not limited to sustainable fisheries, waste management, renewable energy, green technologies, and nature-based tourism and conservation. The proposed EUR 10m investment follows a Team Europe approach, whereby the Fund will seek to meet EU policy objectives, mobilise private sector capital from European institutional investors, collaborate with European DFIs and government agencies and the fund aims at addressing these challenges by identifying successful business models, transferring expertise across islands and aggregating projects to scale them up and leverage private financing into the islands.

EIA required: Multiple Investments. Potentially required in some cases.

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

Environmental Assessment

The proposed operation concerns an equity investment in the Outrigger Impact Fund I ("The Fund"), a finance vehicle blending debt and equity, investing across blue economy sectors in SIDS in the Caribbean, the Atlantic, the Indian, the South China Sea (AIS) and the Pacific. The Fund will be supported under the Luxembourg-EIB Climate Finance Platform (LCFP). The LCFP is a EUR 70m mandate backed by the Government of Luxembourg and designed to deploy junior capital in climate adaptation and climate mitigation funds targeting developing countries.

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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The Fund is expected to invest in sustainable blue economy activities such as (i) waste collection, transport, resource recovery etc.; (ii) waste management in ports; (iii) sustainable seafood and fisheries supply chains; iv) low-carbon marine transport; (v) small-scale marine renewables; (vi) nature-based tourism, conservation, protection and management of marine protected areas.

In case any of the projects to be invested by the Fund requires an Environmental and Social Impact Assessment (ESIA) or biodiversity assessment according to applicable laws, the fund manager (FM) shall not commit any EIB funds against these projects, prior to commitment, receiving the environmental permit or the screening out decision from the competent authority, as well as submitting the ESIA report to EIB for publication on the Bank's website.

The FM, Oceanwide Limited, identifies, incubates and makes investments through the Fund that enables small and medium-sized enterprises (SMEs) which contribute to improving the economic and environmental resilience of SIDS to grow and transfer their expertise across islands. It will also contribute to aggregate smaller low-carbon and environmental investments allowing the islands to attract capital.

The Fund investments are expected to generate positive externalities in the form of reduced emissions through low-carbon transportation, reduced pollution going to the ocean through improved waste management, increased biodiversity and resilience of ecosystems through conservation and restoration of protected areas and coral reefs.

All equity and debt investments to be made under the Fund will meet the Bank's Paris Alignment criteria and some may contribute to the EIB Public Policy Goals (PPG) of supporting SMEs and sustainable energy and natural resource management with its sub-objectives of natural resource use, management and protection, as well as waste management. Most of the investments are expected to contribute to the EIB Climate Action & Environmental Sustainable transversal objective and target.

The FM will also ensure that the investments are in compliance with international law, national law and with the principles and standards of relevant EU environmental legislation. The Fund Manager will be required to ensure compliance with the EIB Excluded activities and the EIB Environmental and Social (E&S) Standards.

The investments made under the Fund will target SMEs that support the achievement of a number of sustainable development goals (SDGs), particularly SDGs: Clean water and sanitation, Decent work and economic growth, Sustainable cities and communities, Responsible consumption and production, Climate action and Life below water.

By investing in the management and protection of Marine Protected Areas, the Fund is also expected to contribute to the 2030 targets of the Kunming-Montreal Global Biodiversity Framework.

The Fund assesses the environmental and social risks and potential impacts associated with each investment based on the following frameworks:

- IFC Social and Environmental Performance Standard;
- United Nations Principles of Responsible Investment; and
- UNEP FI Sustainable Blue Economy Finance Principles.

For projects in the area of wild fisheries, fisheries supply chains or aquaculture the Fund will require the investee to be certified under a reputable, internationally recognized certification scheme such as:

- Marine Stewardship Council standards (MSC);
- Aquaculture Stewardship Council Standards (ASC);



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- A reputable, locally recognized scheme where the investee(s) are working in cooperation with a local NGOs or similar organization and which has been vetted by the EIB.

When an investee or the project is not certified at the time of entering into a financing contract with the Fund, the Fund will include a contractual commitment for the investee to get certified under one of the above-mentioned options before the end of the finance contract with the Fund.

The FM will ensure that each underlying project complies with the Environmental and Social Requirements and take all reasonable steps in anticipation of known or expected future changes to these requirements.

Social Assessment,

The projects financed by the Fund are expected to have positive social impacts, with environmental benefits through supporting mainly projects involving the local population, such as projects in the waste management sector, in eco-tourism and management of marine protected areas, in the fisheries sector or in fisheries supply chains and offering stable and fair employment in the targeted regions. The projects financed by the Fund will also ensure fair and safe labour conditions.

The Fund is expected to invest with a gender lens and will seek that a share of its portfolio companies meets at least one of the 2X Challenge criteria around women's entrepreneurship, leadership, employment or services and products. The FM is committed to diversity and inclusion and seeks to have a gender balanced management team and workforce.

The FM's due diligence includes a social risk assessment and development of management plans to address any impacts and risks identified, compliance with national laws and the principles of ILO conventions², in particular prohibition of child or forced labour, non-discrimination and equal opportunity of employment, occupational health and safety, gender-based violence and harassment as well as EIB Standards.

In sectors that are known to be particularly exposed to social risks such as the areas of waste management and specifically waste collection, the FM will adopt a risk-based due diligence proportionate to the level of risks identified to the respective projects.

The Fund has a risk categorization system based on IFC Standards and high-risk projects (Category A) will be excluded from the Fund's financing.

The FM has started developing a gender lens investment strategy that responds to the high percentage of women working in some of the sectors targeted. This strategy is expected to have impact across the full investment value chain.

Environmental and social management capacity

The FM has relevant Environmental and Social (E&S) policies. There is a dedicated ESG team responsible for identifying, assessing and managing E&S risks of investments throughout the investment cycle. The FM will add at least one additional ESG staff to its team or equivalent capacity through external consultants to support its investment decision-making process and monitoring activities. The Fund is finalizing its environmental and social management system (ESMS) to align with the EIB requirements within 60 days from the Fund's first closing.

Conclusions and Recommendations

² International Labour Organisation



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The assessment procedures carried out by the FM for the underlying investments are expected to appropriately address environmental and social risks in line with the Bank's E&S standards. The proposed operation will contribute to the transition to a sustainable and fair blue economy and address high levels of economic and environmental vulnerability of SIDS.

Undertakings

- Within 60 days from the date of the first close, the Fund Manager shall
 - revise and enhance its ESMS to reflect the application of the EIB E&S Standards; the ESMS should be notably amended by a climate risk assessment procedure and a procedure to identify adaptation measures where needed.
 - Appoint a second dedicated ESG officer into the core team to support its investment decision-making process and monitoring activities for the Fund. The selection of the ESG officer is subject to EIB non-objection; Alternatively, the FM shall put aside an appropriate budget to work with external consultants on a regular basis for the assessment and the monitoring of ESG risks.
- High-risk projects (Category A as per the IFC Standards) will be excluded from the Fund's financing.
- The FM shall not commit any EIB funds against projects that require an ESIA or biodiversity assessment according to applicable laws without, prior to commitment, receiving the environmental permit or the screening out decision from the competent authority, as well as submitting the ESIA report to EIB for publication on the Bank's website.
- For projects in the area of wild fisheries, fisheries supply chains or aquaculture the Fund will require the investee to be certified under a reputable, internationally recognized certification scheme such as
 - Marine Stewardship Council standards (MSC);
 - Aquaculture Stewardship Council Standards (ASC);
 - A reputable, locally recognized scheme where the investee(s) are working in cooperation with a local NGOs or similar organization and which has been vetted by the EIB.

Where an investee or the project is not certified at the time of entering into a financing contract with the Fund, the Fund will include a contractual commitment for the investee to get certified under one of the above-mentioned options before the end of the finance contract with the Fund.

- By the end of the investment period, the Fund shall have invested as a minimum 75% of the EIB funds in alignment with the blue economy eligibility criteria under the *Sustainable Blue Economy Eligibility Table for intermediated debt products - OEU countries (2024)* and areas that at the same time make a substantial contribution to the Climate Action and Sustainable Environmental objectives.

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