

## Environmental and Social Data Sheet

### Overview

Project Name:	SAWARI VENTURES FUND I
Project Number:	2016-0298
Country:	Regional - Mediterranean
Project Description:	The project consists of an equity participation in Sawari Ventures Fund I, a USD 50 m (EUR c. 42.7 m) regional venture capital fund investing in growth and seed stage innovative businesses mostly in Egypt, and to a lesser extent in Tunis and Morocco.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The Fund will invest in innovative growth stage companies and to a minor extent into seed stage companies through an Accelerator. The Fund aims to be flexible and opportunistic with respect to sector and industry focus. Nevertheless, it will mainly invest in innovation-based and knowledge driven companies including: Consumer Internet, Financial Services & Technologies, Education Technologies, Healthcare Technologies, Alternative & Green Energy Technologies.

The Fund has an ESG policy requiring investees, among others, to periodically monitor and report on a set of Environmental, Social and Governance (ESG) compliance metrics, with a particular focus on corporate governance processes (board membership, decision making processes, use of board committees etc.), on social development impact strictly related to business performance (e.g. inclusion impact in low income segment business models, HR practices, job creation progress) and on any environmental impact related to investments conducted by the Fund.

More specifically, once the investment decision is finalized by the investment committee and prior to signing the investment documents, the portfolio company is assigned a team within the Fund. For newly acquired companies, the Fund's team will validate the ESG risks and opportunities, and implement the strategies from the due diligence outcome. The portfolio companies are then reviewed on a semi-annual basis. The outcome of the reviews determines the policies followed to establish governance arrangements, set KPIs for ESG impact, and set reporting guidelines and frequency.

If any issues would be identified during the due diligence, the recommendations made will be revisited and formulated into a performance action plan. The outcomes will be discussed with the portfolio company to set the action plan and KPIs, as well as quantify the costs and benefits arising from the changes. In addition, each team will hold one-on-one meetings at

<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg,  
least once a month with every portfolio company to discuss current updates, communicate the strategy and action plans, outline Sawari's involvement in the upcoming period, and ensure the company's compliance to the plan, ESG, and legal aspects.  
An approved ESG policy, as negotiated and agreed upon between Sawari Ventures and the Bank, will be a condition for disbursement.

The Bank will ensure through its finance contract that the projects financed from the Fund are in eligible areas/sectors for the Bank, do not lead to competitive distortions, and that Bank's requirements on procurement, environment and social matters will be respected.

EIB will receive quarterly updates on the projects in the development, implementation and operation phase as well as more detailed annual portfolio reports. The fund manager undertakes to make available any additional information concerning the investee companies and assure that relevant documentation is kept. He shall also report on any claim or equivalent communication from any Authority concerning any investee company.

EIB will receive regular updates on the projects in the development, implementation and operation phase as well as more detailed annual portfolio reports. The fund manager undertakes to make available any additional information concerning the investee companies and assure that relevant documentation is kept. He shall also report on any claim or equivalent communication from any Authority concerning any investee company.

The Bank will ensure through its finance contract that the projects financed from the Fund are in eligible areas/sectors for the Bank, do not lead to competitive distortions, and that Bank's requirements on procurement, environment and social matters will be respected.

## Conclusions and Recommendations

If located in Europe, the project would not trigger the European Environmental Impact Assessment Directive because the activities do not fall under Annexes I or II of the EU Directive 2011/92/EC as amended, and would therefore not be subject to mandatory Environmental Impact Assessments.

Most of the proposed investments will take place inside buildings at existing RDI facilities already being used for similar activities, and are not expected to have a significant environmental impact on the surroundings. On the contrary, some of the RDI projects are addressing specific environmental issues. Therefore, the RDI results will help among others to allow for a more efficient and reduced use of energy and a better integration of alternative energy sources into the current power distribution network.

The Bank will ensure through its finance contract that the projects financed from the Fund are in eligible areas/sectors for the Bank, do not lead to competitive distortions, and that Bank's requirements on procurement, environment and social matters will be respected. More specifically, the validation of the Promoter's Environmental, Social and Governance Policy by the Bank's Environment, Climate and Social Office is a condition for the finance contract signature.

Therefore, the project has been classified as acceptable in environmental terms for the Bank's financing.